

## Video transcript:

### Drilling down into ORR's five-year assessment

Feras Alshaker, Deputy Director, Highways, discusses ORR's annual assessment of road period 1 at Highways UK.

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#### How did the role of the Highways Monitor begin?

It is part of road reform. Part of roads reform was creating Highways England as an organisation from the Highways Agency. Transport Focus took on a role in monitoring the user satisfaction on the road user network, and the ORR took on the Highways Monitor function, which is to monitor and hold Highways England to account for its delivery.

#### Why is the Monitor's role important and why is there a need for Highways England to be held to account?

We do three things broadly. The first is to monitor and report on Highways England's delivery of its KPIs in the road investment strategy, the RIS. We monitor those key performance indicators and we look at the risk to the achievement of some of the targets within those. The second thing we do is monitor Highways England against the broader requirements of its licence and how it is licensed to operate, and the duties and the obligations which are contained within that. And we have some regulatory powers to enforce that licence if we deem that necessary.

And finally, the third thing that we do is to provide advice to the Secretary of State for Transport. We have a duty under the 2015 Infrastructure Act to promote efficiency, and we provide advice, particularly on efficiency, to the Secretary of State, which we publish on our website, and that informs what goes into future RIS.

## The first road period has come to an end. What has Highways England achieved and what has ORR helped deliver?

We have had to take some corrective action or ask Highways England to take some corrective action during the first road period, in particular around some of the KPIs.

On road pavement, the condition of the road surface, we noticed that Highways England was not achieving what was in its KPI.

For that, we did some deep dives, some further investigation work, and we found that the way Highways England was recording the data was not as it should be.

And Highways England have taken corrective action in that and are recording the data in a better way. And it hit its KPI for that particular area.

Then elsewhere on customer satisfaction it has a target of achieving 90 per cent customer satisfaction. It was not doing that in parts of the road period.

We asked it to take corrective action and we started an enhanced regime of monitoring to make sure it was doing the right things.

And we saw towards the end of the road period that they came really close to hitting that target so they moved from about 83 per cent customer satisfaction to 89.3 per cent customer satisfaction. A really steep increase.

And we could see that they were doing everything that could be reasonably expected of them to try and hit that target, which was good.

We also asked them to address a backlog of structures and inspection, particularly on road bridges. That is a really important area, given some of the challenges that we have seen in Europe, some of the tragedies we have seen in Europe. But broadly, we concluded in our annual assessment that road reform has worked, so the high-level outcome areas government were trying to achieve. They are starting to see the fruits of that investment in policy and changing the way things were.

We have seen the messages in our annual assessment, which summarise how Highways England has performed through the whole first road period. We have three clear messages.

One is that they have done some good work on safety, but there is more to do to achieve its really challenging target. We will know how they have done for the first road period next year, when the Department for Transport releases the figures on people who have been killed and seriously injured on the network. There has been an improvement, but there is more to do.

Second is that they broadly delivered their capital investment commitments. So there was change. The first RIS did envisage 112 schemes being either completed, started, and that has been reduced in agreement with government, based on further investigation work and understanding what is actually required to deliver those.

And finally, it had a really challenging efficiency target and it reacted very well to our challenge, particularly that we made at the end of the fourth year that it really needed to up its game in terms of the evidence it was using to show that it was hitting its target, and we concluded that it did hit its target of £1.2 billion pounds worth of efficiency over the first road period.

There is more to do in the second road period, it has got a more challenging target, but it has performed well during road period one.

## **What challenges did you face to get that delivered and see those improvements made?**

It is a really interesting question because we are a new organisation, Highways England are a new organisation, they are transforming, we are learning our role, interpreting our role, understanding the data that we require and the data that is available to be able to carry out our work.

I think that is probably been the biggest challenge: working out those relationships between us. How often do we get the data? What format does the data come in? We have still got some way to go in terms to really satisfy ourselves in that area and make sure we are ready for road period two.

But we have made big strides in the previous five years, and I am sure we will make big strides again in the upcoming years in the second road period.

## The ORR published a new holding Highways England to account policy for road period 2. What's new?

Perhaps it would be good to reflect on how the road period started in a second, but in preparation for that, we have been thinking about how our monitoring and enforcement works, trying to be really clear on what some of our obligations were, and the legislation under which we operate allowed us to levy fines, and allows us still to levy fines on Highways England if we deem it necessary and appropriate.

But it was a high percentage of the total RIS value we were allowed to fine them, and we decided to limit how we would fine Highways England by sizing it based on the size of Highway England's variable pay allocation.

So we cannot tell Highways England that it cannot pay any bonuses or that it has to take any fine out of its bonus pot.

Any fine that we did deem necessary could potentially be paid from that pot rather than cancelling work out on the network to benefit the road user if Highways England chose to if that situation ever arose.

## How has the pandemic impacted the start of the second road period?

For us as an organisation, like every other organisation, every individual around the country has made changes.

We have had to adapt to working from home and I think we've done that quite well.

I think Highways England have also had to do the same in changing the way that they work, particularly for their office staff and changing the safety arrangements out on site for people making improvements and maintaining the network.

So it has been important that we understand the measures that Highways England are taking and the impacts on them. They have been open with us sharing their internal reporting on how many people are not well and how many people are working from home and all of these sorts of things.

We have asked them to just be transparent with us about the challenges they are facing, and they have been. And they have been reacting, of course, to requests from government to try and accelerate work, to try and keep the economy going, and they have been trying

to take advantage, of course, of lower traffic levels on the network to bring work forward so that they are not disrupting road users and impacting on traffic.

So that has been some of the areas.

But we have got a flexible regulatory framework. We can adapt the way we monitor to react and anticipate what is going on in the wider world. We do not operate in a bubble. So we have been doing that and we've been cognisant of the operating environment that Highways England has been in.

Now at some point ourselves, Highways England and government need to sit down and say, what has been the impact of the pandemic on the RIS?

Are there some things in there that in terms of targets or baselines need to be changed to take into account the impact that the pandemic has had? And it is really for Highways England to carry out that analysis - it knows its business better than anyone else - and to bring those to the table so that we can start a sensible discussion and a good example is some of the traffic figures. In the RIS it sets out quite sensibly that traffic should not fall any lower than the very end of road period one.

Well, at the very end of road period one was two weeks into the national lockdown. Traffic levels were at historic lows. It probably is not sensible that we use that for a baseline. So what baseline should we use?

## **Is Highways England's task going to be bigger in the second road period?**

Absolutely. You can see that just in the in the figures the outturn I think for road period one was about 17 billion in terms of spend. Road period 2 and RIS2 is funded at £27 billion. There is a lot more to do on the network.

Highways England, as I said earlier, has delivered well in the first road period and government has put a lot of faith in Highways England.

And clearly there is going to be a lot to do to help the country recover from the effects of the pandemic, and also in terms of their capital programme.

The projects that are out there to be done are getting more difficult. They are more complex. There are some enormous projects in there like the lower Thames Crossing, like the A303, really complex stakeholder and engineering environments that they need to work on, that are outside of the norm. And that will present its own challenges.

And just generally the portfolio is more complex. That puts strain on the supply chain. So it is really important that Highways England manage that portfolio in an effective way to deliver efficiently.

## **How can the supply chain work with the Highways Monitor to help deliver major improvements in the second road period?**

We will continue to scrutinise and challenge Highways England's plans where we think it is appropriate to do so, and we will continue to provide transparency on what Highways England's doing.

I think that is a really important and valuable part of the role of the monitor that nobody else can provide, with the powers and duties and obligations that we have.

And a part of that in terms of forming our opinion on how is best to challenge and when to intervene, if we need to intervene, is understanding what is the perception of other stakeholders.

We are a small but effective team in the ORR. But we really need to understand what that stakeholder environment looks like and whether that is local authorities, subnational transport bodies, the supply chain, users in terms of, you know, we talked about, road users, but particularly freight users as well, and ports and other businesses that really rely on the strategic road network to be able to get by.

And gathering their views and interacting with all of those people, which is one of the things we were really hoping to get out of actually going to Highways UK this year.

So we are doing as best we can in the situation we are in.

But we I would encourage people to get in contact with us, and when we have got consultations to respond to. Our door is open at all times.

So thank you for the for the opportunity to come and speak today.

I think it is going to be really valuable for us going forward and I absolutely welcome any questions that anyone has.



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