

Speech to Highways UK – 7 November 2018

Measuring the performance of the SRN

Stephen Glaister, Chair, ORR



**[Check against delivery]**

Good morning. I am Stephen Glaister, chair of the Office of Rail and Road.

It is three and a half years since Highways England replaced the Highways Agency as a government-owned company with greater autonomy, and the Office of Rail and Road took on its highways monitoring role.

So we are now moving towards the end of the first five year Road Investment Strategy, RIS1 and we are all engaged in determining the next five years, RIS2.

This is an opportunity to review how things have gone.

The objectives of the highways reform were

- 1) To create a stable, five year plan. That is, there should be a properly considered plan...and that it should be stable!  
Changes could only be made with due process & not on a ministerial whim.

- 2) This would facilitate cost efficiency
- 3) There would be greater transparency to Parliament and the general public
- 4) There would be greater attention to the needs of the users

The independent Office of Rail and Road acquired duties in relation to: judging cost efficiency; transparency; and user needs. We monitor and make public reports to ministers.

Simultaneously our sister organisation, Transport Focus took on the role of researching what users actually want: and they have done a great job.

Broadly, I would judge that the reform has been a success. Crucially, the budget for RIS1 has fended off raids in a way it probably would not have done under the old regime.

And in last week's Budget the government announced increased funding for RIS2. That is some indication of confidence in the new system on the part of the Treasury.

## Our role

There are two key parts to our role:

1. Monitoring performance now: understanding and reporting whether Highways England is delivering the current Road Investment Strategy with the required performance and efficiency.
2. Understanding what might be achievable in the next Road Investment Strategy. So we look at future performance, what efficiencies might be available in the next road period – and we advise whether plans strike the right balance between being achievable and providing a level of challenge to Highways England.

In carrying out these roles it is vital that we report publicly.

- We publish an annual assessment of how the company is performing
- We publish reports informing the next Road Investment Strategy – for example, our annual benchmarking report.

## **How has Highways England been performing to date?**

Highways England has done well in meeting its targets for the current road period.

We can see that the performance specification is focusing on things that matter to customers, particularly as traffic on the network continues to grow:

- It has met its targets for keeping traffic flowing.
- The network condition measure is above the 95% target.
- It has been delivering safety improvements – but has further to go.

Highway England is also making real steps to improve its capital delivery – for example, establishing a portfolio management office – and it will continue to mature.

But that is not to say that everything is perfect. Some of the improvements that we intended roads reform to bring about will take time to deliver.

## **What we want to see in RIS2**

We're now working on RIS2.

Highways England is starting to take a long-term view in terms of its planning. It is thinking about its portfolio of investment and making sure that it is planning it.

And that 5 year package gives stakeholders much clearer sight of what's going on.

- Road users understand what investments are being made in the network and where there might be road works taking place.
- Highways England is clear about what it is being asked to deliver and can plan for it - and its supply chain can too.

We are already seeing that the emerging plans for RIS2 are built on a stronger evidence base and on a better understanding of road user priorities than for RIS1

Plans for major improvements to the road network will be better developed, so there is a clearer understanding of the costs and the scheduling required.

We will reassure ourselves that Highways England has built its plans based on a good understanding of the asset need; plans which reflect what Highways England needs to do to maintain and renew its assets as efficiently and effectively as possible.

It is crucial that the Government continues to commit to these 5 year investment periods. It was not straightforward to secure that in relation to railways for the final PR18 determination that we published last week! The roads industry should not take it for granted either.

It is important that Highways England's performance continues to be judged over a balanced set of metrics, with targets which reflect road user and stakeholder priorities.

These targets and metrics need to be appropriately focused.

## **RIS2: ORR's role**

I've talked about our priorities for RIS2 – but what is ORR actually doing?

The Draft RIS, published last week, gives the first view of what the Government want Highways England to deliver over the period 2020 to 2025. We now know the funding available: but not the detail of the schemes

Next Highways England will produce its Draft Strategic Business Plan. We will assess this as part of our Efficiency Review using the best evidence available to us.

Informed by our Efficiency Review, the department will produce its final RIS in 2019 and Highways England will produce its final Strategic Business Plan – and then get on with delivering it.

To support our efficiency review we are carrying out work in four areas:

1. We have carried out a set of capability reviews jointly with Highways England. This looked at their capability in terms of

managing its assets, its procurement capability and its portfolio and programme management. We know that the company can continue to improve in those areas and that will lead to better, more efficient delivery in road period

2. We are benchmarking Highways England's costs and its practices – for example, how it manages its roadworks. Our work is giving indications of where there might be opportunities for Highways England to improve performance and efficiency.
3. We are looking in detail at performance in the current road period and using that to inform RIS2. We know what efficiencies are being successfully delivered now, and we are developing our understanding of the trajectory of efficiency improvement.
4. Finally, and most importantly, we've started working with Highways England to understand its emerging plans. Highways England is best placed to understand its costs and to understand the efficiencies it might realise – so it's for Highways England to set out a robust plan, supported by clear evidence.

## **Conclusion**

In conclusion: I've mentioned it several times, but I just wanted to re-iterate how important it is that the new roads structure is allowed to mature and that the government sticks to the fixed funding periods to allow Highways England to run the roads network in the way that best suits the requirements of its users.

At the moment all the evidence suggests we are on the right track.