

**John Larkinson**  
**Chief Executive**



Jim O'Sullivan  
Chief Executive  
Highways England  
By email only

01 June 2020

Dear Jim

## **Holding Highways England to account during the coronavirus pandemic**

First, I want to thank you and everyone at Highways England for the work that you are doing to keep the strategic road network open during this time of unprecedented public health challenge. Highways England is playing a vital role in making sure that critical workers and essential supplies are kept moving.

I am pleased that we have kept in regular contact during the pandemic. As we have discussed, the framework for holding Highways England to account is flexible. The ORR will use this flexibility so that it can take into account the extra-ordinary situation the company faces and focus activity in the most proportionate and efficient way possible.

However, it remains as important as ever that Highways England delivers efficiently and effectively and that ORR provides independent scrutiny for funders, road users and communities. Therefore, I am writing to you to set out how ORR will hold Highways England to account during the remainder of the pandemic.

### **Context**

The pandemic has happened when we were transitioning from the first five-year road period to the second. In some regards this has made identifying the impacts on monitoring Highways England's delivery clearer. However, at an appropriate point Highways England, DfT and ORR will need to jointly take stock of the package for both the remainder of the road period and beyond.

While I have not made any assumptions on the long-term impacts of the pandemic on factors such as travel demand or government policy, as these will only become apparent over time, there are a number of known factors that could affect the performance specification – which is the key basis from which we monitor.

1. Apart from the efficiency key performance indicator (KPI), the DfT is not currently contemplating changes to the other KPIs and targets in the performance specification. However, this may change as the government's response to the pandemic moves into subsequent phases.

2. Transport Focus has rightly suspended its survey activity to ensure social distancing, so there will be a period of time when we don't have data from the Strategic Roads User Survey (SRUS).
3. The RIS2 delay KPI is based on the RIS1 out-turn. As traffic levels at the end of March were at historic lows, this would provide an unrealistic baseline. You recognise this and we will need to discuss an appropriate value to be used.

The RIS2 documentation was published in March and since then our teams have worked collaboratively as you finalise Highways England's Strategic Business Plan and Delivery Plan – which includes a baseline position on the capital programme and an efficiency delivery plan. We have also been working together on a suite of other documents that will frame the business as usual working arrangements (such as the efficiency and inflation monitoring manual).

As is usual in delivering a capital programme, once this baseline has been established circumstances will change. But in the current situation it is even more important that changes are transparent to those affected (particularly the supply chain) through the existing change control mechanisms. For our purposes we are assuming the following.

1. At the start of Road Period 2, there were 32 major enhancement schemes in construction.
2. Highways England is expecting to start work on at least 12 major enhancement projects, and open four to traffic, this year.

### **Key underpinning principles**

Before explaining how ORR intends to hold Highways England to account it is useful to set out a number of principles.

#### *Highways England data / information:*

- Highways England continues to provide ORR with established data submissions and reports, except where we agree these are not relevant or proportionate.
- Highways England continues to engage with ORR on its response to the pandemic, in particular continuing to keep clear records of decisions taken – such as impacts on delivery of the capital investment programme (maintenance, renewals and enhancements) and efficiency.

#### *Highways England's risk management and planning:*

- Highways England maintains strong governance and assurance processes – providing clarity on how it is managing risk on the network while delivering essential work.

- Highways England engages with ORR on its preparations for returning to 'normal' operation as the impacts of the pandemic decrease.
- Highways England manages risks to the supply chain – including retaining a pipeline of work in preparation to continue or resume work where it may have been deferred, or accelerate work where appropriate, balancing measures to support supply chain sustainability with efficiency considerations.

#### *ORR scrutiny of future delivery and risk:*

- ORR continues to review and report on Highways England's performance, focusing on a forward-looking assessment: assessing future plans and risks to delivery of these.
- ORR places less emphasis on holding Highways England accountable for performance targets set prior to the pandemic, where these become less relevant. Instead, it will place more emphasis on a qualitative assessment of whether Highways England is doing everything reasonably practicable in all relevant circumstances as required by its licence and on its delivery of the governments' priorities for dealing with the pandemic.
- ORR reports publicly on Highways England's delivery, particularly on what this means at the time but more importantly what this means looking forward. As a minimum, we will report in our annual assessments.

#### **How ORR will hold Highways England to account**

As the situation remains fluid, it is helpful to describe our approach in the context of the following broad phases, although the precise timeframes for each of these will depend on wider government decisions:

- initial response to the pandemic (primarily in the lead up to, and during the current restrictions); and
- returning to 'normal' operation as we return to a 'steady-state' of road use and traffic volumes, recognising that the exact form is not fully known yet.

#### *Initial response*

Highways England has acted with speed and decisiveness in response to the pandemic so far. The company has established its strategic intent for delivery during the current restrictions, which are:

- Safely maintain critical services at all times and minimise impact on staff, customers and their supply chain.
- Monitor the situation so that the company has a clear understanding of how its impact is developing, and anticipate likely requirements / actions to mitigate its effects.

- Use of the company's crisis management arrangements for coordination and communication measures to manage the cross-company response as safely as possible.
- Follow government and PHE advice on how to mitigate the effects of the outbreak and be prepared to implement new advice

Overall, we agree that these are the right areas of focus. It is particularly worth recording that Highways England's response to date has included:

- making changes to working practices and processes to deal with the pandemic while protecting its staff;
- continuing to deliver capital works where possible. Highways England has reported no operational issues and has been able to recover programmes over Easter, e.g. on the A500 and M4;
- taking measures to support the wider sector, such as making daily payments to suppliers;
- assessing the capability of its supply chain to identify risks to delivery; and
- engaging with government on the impact on Highways England's business.

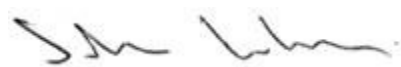
#### Resumption of 'normal' operations

As Highways England returns to a 'steady-state' of operation, we will focus on its:

- planning for maintenance, renewal and enhancement activity – commencing delivery of RIS2 and ensuring any backlog of work is recovered or accelerated as soon as practical, while retaining a focus on efficiency;
- explanation and quantification of the impact of the pandemic on performance and efficiency, any gaps to RP2 plans and how these will be addressed;
- planning to mitigate risks to customer service, e.g. traffic officer operations and future journey times from re-programming of capital works; and
- collaborative working with industry and stakeholders.

I have copied this letter to DfT and Transport Focus.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Larkinson', is positioned above the printed name.

John Larkinson  
Chief Executive