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18 June 2015

Dear Richard

Thank you for the opportunity to respond to your consultation document 'Monitoring Highways England' published in March 2015.

This is effectively the first time a performance management framework is to be introduced for the strategic road network. This coupled with the recent creation of Highways England and the extension of ORR's remit to encompass the roads sector, means the process of monitoring the network and its operator is an emerging one. It will be important to establish a scrutiny function that is in keeping with both the letter and spirit of the legislation; one that advocates positive behaviours and acts in the best interests of all parties.

Introduction

We are pleased to note the recognition of the Highways Agency's strong reputation for delivery and past performance. We are rightly proud of our achievements, but acknowledge there is much to do to deliver the step change in performance and investment required in the first roads period and beyond.

Highways England's role is to operate, maintain and modernise the strategic road network in line with the Road Investment Strategy, reflecting public interest and to provide effective stewardship of the network's long-term operation and integrity.

Our Strategic Business Plan published in December 2014 outlined the main activities and strategic outcomes we will achieve in response to the Road Investment Strategy. Our 2015-2020 Delivery Plan, published in March this year set out how we intend to deliver those outcomes, measure our success and identify future goals and plans that will improve customers' and communities' experiences of the network.

The comments set out below are intended to inform development of the monitoring framework for the strategic road network.

Understanding the sector

We recognise your need to build understanding of the wider roads sector, the work undertaken by Highways England and to compare and contrast the strategic road network with other transport and infrastructure networks. We will continue to do all we can to help broaden your knowledge of our business and the wider sector.

We will also continue to work collaboratively with you and a wide range of stakeholders to deliver a better service for our customers, and jointly develop work streams in our mutual interest such as benchmarking and sharing good practice.

Establishing an effective monitoring regime

We welcome the intended focus on ensuring delivery of strategic outcomes. However we acknowledge the importance of understanding the basis on which these outcomes will be delivered and how progress in achieving them is openly demonstrated.

The Road Investment Strategy established a comprehensive and wide ranging suite of indicators to measure the performance of the network and Highways England as its operator. It will be important to take a balanced and proportionate view across all the measures when assessing performance. This will help to ensure the right incentives to improve the performance of the network and the company are established and maintained.

We are keen to better understand your priorities for 2015/16 and the remainder of the first roads period, in order that we can respond as positively and proactively as possible. The establishment of the Road Investment Strategy and creation of Highways England has established an entirely new approach to scrutiny. All parties acknowledge the need to develop a flexible monitoring regime that will continue to evolve, as we all seek to better understand the needs and priorities of our customers and the communities in which they live.

It will be important to develop a monitoring regime that is proportionate to the input of resources and information required. The monitoring process must also be transparent so that our shareholder and stakeholders can clearly identify the positive and tangible benefits that are delivered for our customers and local communities.

Efficiency and effectiveness

We acknowledge the role ORR will play in providing independent assurance to government concerning the efficiencies we are delivering. However we would emphasise that efficiency is only one aspect of measuring the overall performance of the company. In assessing value for money and outcomes that will be valued by customers and communities, it will be necessary to consider economy, productivity and importantly the effectiveness of the benefits delivered.

Data and information

We acknowledge the work already undertaken to set out the roles and responsibilities of the Highways Monitor and the Department for Transport, both as shareholder and client. We concur that there is more to be done to clarify such roles and to articulate the responsibilities of each respective party. Such clarity will be essential in establishing a transparent and readily understood monitoring regime to stakeholders and other interested parties including the media.

We strongly echo the identified need to agree accurate, defined and measurable baselines across our business notably for investment, efficiency, operational and financial performance. Those baselines must be evidence based and meaningful to the company in delivering our objectives, and to you in your role as monitor. The acquisition and maintenance of good quality, proportionate and transparent base data will help the company realise tangible benefits for our customers, at the right time, and in the most efficient way.

We recognise that effective monitoring will require good quality data and information. We will continue to build upon, develop and improve our existing data capability, in line with previous National Audit Office recommendations and feedback from yourselves and others. We will work with you and the Department for Transport to develop robust governance around the sharing and publication of data.

Informing future Road Investment Strategies

The consultation document briefly outlines the work you will undertake in preparing for the next Road Investment Strategy. We will commence work to produce our Initial Plan later in 2015, so it will be important to be clear about the role you will play in developing the Road Investment Strategy leading up to its publication in 2019/20.

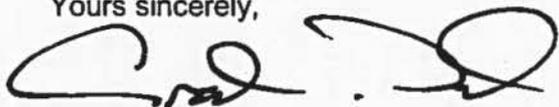
The Licence sets out the requirement for Highways England to develop route strategies. We note your need to assess progress in producing these and our other strategies and plans, as set out in the Road Investment Strategy, the Licence, and our Strategic Business and Delivery Plans. In the coming weeks we will agree how best to engage with you regarding the development of these strategies and plans and the areas in which you can add most value.

Escalation and Enforcement

We welcome early engagement in your plans to develop an effective and transparent monitoring and enforcement policy in line with the provisions as set out in the Infrastructure Act. We fully support a proportionate approach that affords the company flexibility to undertake its role in accordance with its legal duties and obligations and delivers real value for its shareholder, and the taxpayer. We will respond in detail when the formal consultation on enforcement is issued in the summer.

We welcome the approach set out in the document and will continue to work with you, the Department for Transport and other stakeholders in developing the initial monitoring framework.

Yours sincerely,



Graham Dalton
Chief Executive