

Monitoring Highways England

First consultation document

Eurovia UK response

June 2015

Introduction

Eurovia UK welcomes this opportunity to submit comments to the Office of Rail and Road (ORR) on how it will monitor Highways England on its management, modernisation and maintenance of the strategic road network.

As a Highways England supply chain partner, our response is based on a detailed review of the consultation document, the Roads Investment Strategy (RIS) and Highways England's Delivery Plan; in particular the Performance Specifications described within these, engagement with key stakeholders within our organisation and attendance at both the Roads Stakeholder Workshop on 14th January 2015 and the Monitoring Highways England Stakeholder Event on 13th May 2015.

Eurovia UK, (including Ringway, our dedicated highways term services business, and our joint venture companies - BEAR, Ringway Jacobs and South West Highways), currently delivers highway maintenance and improvement works through partnership with strategic (Highways England, Transport Scotland and Transport for London) and local authority clients.

Operating on both local and strategic road networks, our teams are responsible for maintaining and improving almost 57,000 kms of the UK's highways network – the largest highway maintenance portfolio in the UK with over 2,000 km of strategic road network, 246 km of DBFO motorway and trunk roads, and over 54,000 km of local authority network, including nearly 600,000 street lights.

Our design, construction and maintenance services enhance valuable highway assets by implementing cost effective and sustainable solutions for our clients. Recently we added whole life modelling, network management and asset management skills to our portfolio, with the Ringway Hounslow Highways and Ringway Island Roads 25-year Private Finance Initiative concessions.

Eurovia UK has been highly influential in shaping the UK's highways industry and developing best practice guidance, providing expertise and resources for such forums as:

- Chartered Institution of Highways and Transportation (CIHT)
- Highways Term Maintenance Association (HTMA)
- Highways Maintenance Efficiency Programme (HMEP)
- ADEPT (Association of Directors of Environment, Economy, Planning and Transport)
- UK Roads Board

We have strong representation within these forums with a number of our Directors holding key positions:

- We are founding members of the HTMA, and the Ringway Managing Director, Bill Taylor, currently holds the position of Vice Chairman – taking up the Chairman role in 2016
- Rob Gillespie (Director, Hounslow PFI) is the only private sector representative on the UK Roads Board and UK Roads Liaison Group
- Ringway Director, David Gibby was elected into the prestigious role of President of the CIHT in June 2014



Question 1

Are you clear what our role will involve? Are there aspects of our role which you would like more clarity about?

Response

In general, we are clear that there are four main aspects of your role, and commend your consultation document for being clear and concise. We are also very clear that you will be monitoring actual delivery against anticipated delivery on the Strategic Road Network (SRN) only.

However, there are some aspects of the service which Highways England delivers, and in particular, the way in which the SRN is defined and managed, which we feel have not been fully understood or represented in this consultation document.

We have summarised our thoughts on these below:

Monitoring Delivery

Supply chain capacity and performance is key to delivery on the SRN and Highways England is committed to working collaboratively with its supply chain to deliver its Delivery Plan. However, the Highways England supply chain has not been referenced within your role, or indeed this document.

The Performance Specification referenced in the RIS was only published in December 2014, whilst the Delivery Plan and its performance expectations and specification published in April this year. As these documents set out the objectives and performance framework for Road Period 1 (RP1) from 1 April 2015 to 31 March 2020, this does not allow for differences or changes from the performance criteria already specified within existing contracts. Will there be any allowance made for the necessary contractual changes which may be required to enable suppliers to deliver the new Performance Specification? How will the future procurement cycle be taken into account by the ORR in terms of the quarterly monitoring regime proposed?

For example, we are aware, as set out in Section 4.2.3 of Highways England's Delivery Plan, that there is a move towards a new operating model in terms of maintenance of the SRN, and that this is being trialled within Area 7. The changes around procurement models and performance criteria inherent in this shift of emphasis will have a necessary impact on the monitoring framework. It would therefore be prudent for the Highways Monitor to allow for some flexibility and movement in this area.

Delivering value for money for stakeholders

More definition is needed around stakeholders. It would be useful to have a list of these referenced within this framework document – certainly beyond those already referenced in Section 5, specifically paragraph 5.4.

We believe that there are a number of existing networks and forums, such as ADEPT, CIHT, HTMA, HMEP and the UK Roads Group, which are more representative of stakeholders'

views than those proposed, and we believe that these organisations would provide a solid foundation for engagement across our sector.

Fines

It is unclear how the enforcement of a fine will be applied if Highways England contravenes compliance with its licence, and whether this fine would be cascaded through to the supply chain.

Integration with the local road network

There is no detail in the consultation paper about how the Highways Monitor will assess or review Highways England's 'management of integration'. The partnership agreement recently signed with Kent County Council and the 'Memorandum of Understanding' with Transport for Greater Manchester (TfGM), are examples of Highways England working more closely with local authorities, although this type of partnership is not referenced in this document.

Although Highways England covers strategic routes in England, these are still less than 5% of the highway network in England with circa 154 other Highway Authorities having roles in policy and implementation for other road journeys. Will the ORR be developed to include all 'A' road-type journeys and not just Highways England roads? We believe that integration between local principal roads and strategic roads is key for strategic transport planning and customer journey experience. The Highways Monitor should therefore have a role to play in monitoring Highways England's performance in developing and managing such partnerships and integration. We see this as a key decision for the Highways Monitor, in particular as road user evidence builds through the Transport Focus remit.

Use of expert consultants/road panels

In view of the Highways Monitor's desire for transparency about issues which might be identified (6.2), we support a proportionate approach. However, we would have concerns about the intention to use independent expert consultants for deep-dive reviews, unless this was an independent consultant, engaged on a long-term agreement to undertake such deep-dive reviews across the whole of the Highways England to achieve transparency and continuity.

As a monitoring body, we believe that the Highways Monitor's role should be to monitor the performance of this long-term consultant against pre-defined criteria so that any review or audit of specific contract performance can be undertaken on both the Contractor and Highways England on a fair and equitable basis.

We are cautious of a scenario whereby the 'independence' of consultants, who may be part of broader joint venture or contractor/supplier partnerships, may be questioned. It is imperative that this review process is truly 'independent' and not brought into question by established partnerships or existing supplier relationships. If consultants are appointed on a long-term basis it will also enable more consistency of monitoring across different contracts, Contractors and Highways England divisions.

In addition, the intention to establish a 'Road Expert Panel', as described in 2.22 and 5.8, made up of technical and other specialists' is a duplication of the role of existing forums which might better fulfil this advice and support function. Specifically, the UK Roads Liaison

Group, incorporating the UK Roads Board is a well-established roads panel and could be used to perform this function. The UK Roads Board includes representation from all strategic highway authorities including:

- Department for Transport
- Highways England
- Transport for London
- Transport Scotland
- Northern Ireland Roads Service
- Welsh Assembly Government

In addition, local highway authorities are also currently represented through HMEP, ADEPT and TAG.

Independent Reviews

Within the consultation document it states:

'We think that it is important that we too are held to account. We and the Secretary of State will jointly commission independent reviews of how effectively we exercise our functions at intervals to be agreed'.

We would express our concerns about the need to 'monitor the monitor' and also that the proposal is to jointly commission these reviews by the ORR and the Secretary of State, who has appointed ORR to the role of Highways Monitor.

It also states that the 'ORR is a trusted source for publishing rail industry analysis including official statistics ('we are ONS accredited'). Will this accreditation cover its role as Highways Monitor and if so, is this not the evidence needed to ensure that the ORR is performing a credible role?

'Monitoring Highways England' highlights the fact that ORR has already engaged the National Audit Office (NAO) to assess management of the SRN (4.10). We suggest that an alternative proposal, with more transparency and less cost, might be for the NAO to perform the independent review of ORR, which would ensure consistency with audits within other government offices / functions.

Question 2

Do you agree with our strategic objective for our highways monitoring role?

Response

Role of Highways Monitor in advising the Secretary of State

We agree with the strategic objective for the highways monitoring role as defined in 4.6. However, we would like clarity on the extent and influence of this advice.

We support the existing process for development of the Roads Investment Strategy (RIS), whereby multiple stakeholders are consulted and their views understood and included in the development of this strategy. The current bias towards the SRN in the RIS should be mitigated by greater representation and advice from those authorities representing the Local Roads Network (LRN), alongside those managing and monitoring the Strategic Roads Network (SRN).

As previously stated, although Highways England covers the strategic routes in England, these are still less than 5% of the Highway network in England with circa 154 other highway authorities having roles in policy and implementation. We believe that it is important that the experience and views of these authorities should be given equal consideration, proportionate to the role of local roads, in meeting the social and economic needs of communities across the UK.

ORR's role should remain focused on monitoring the performance of Highways England and any influence on future strategy developments should be in this context. In this regard, the specific roles of the Department for Transport and ORR in terms of development of the RIS should be more clearly defined.

Question 3

Are there specific ways you would like us to engage with you beyond the industry forums already referred to in this document?

Response

Industry bodies

Despite having provided highway services since 1976, we do not recognise the industry forums identified in 5.4 as being particularly influential in shaping the industry to date. As previously identified in our Introduction and our response to Question 1, we believe that there are a number of existing networks and forums, such as ADEPT, CIHT, HTMA, HMEP and the UK Roads Group, which are more representative than those proposed, and who would provide a solid foundation for engagement with more representative bodies for our sector.

We also believe it is important to widen the input to include organisations such as the RAC Foundation and focus groups like the Road Ahead Group, to provide a more effective challenge and to promote more radical change in the way in which our roads are managed.

Information events

Events such as the stakeholder workshops held in January and May this year have been very informative, and we would welcome similar updates – perhaps on an annual basis only. There are also a number of annual Conferences, such as HTMA, CIHT, Surveyor, ADEPT, etc, to which ORR could contribute in terms of providing the industry with an update on performance and progress towards Highways England's targets, and dissemination of key messages.

There needs to be a balance between monitoring and engagement, but clearly the focus for ORR must be the robust monitoring of Highways England and its supply chain.

Question 4

Have we identified the key areas that require monitoring? Are there particular areas of Highways England's performance and efficiency you consider require specific focus or an alternative monitoring approach?

Response

Monitoring the business

As Highways England has transformed from an executive agency of the DfT to a government-owned public company, it should be monitored and measured as a business as well as a highways operator.

During recent industry engagement, Highways England stated the need for detailed measures of productivity and output by its supply chain. This level of rigour should also be applied to its monitoring. This is needed to ensure the Government, and ultimately the tax payer, can be confident that the company is being managed in an efficient and competent manner and is achieving value for money from its own resources.

A large element of value comes from the effectiveness of end-to-end processes. Therefore, as well as monitoring the detailed measures and productivity of the supply chain and Highways England, there should be measures on the performance of the whole end-to-end process. This may mean contractors, or indeed Highways England, may need to invest more resources in making the overall process more effective.

Reviews should be focused around business improvement and monitoring cultural development and maturity of the Highways England organisation.

Keeping the Network in Good Condition / Whole Life Performance

We also firmly believe that there is a need to seek measures that show real 'whole life cost' benefits in the design and execution of UK roads. Within the RIS and Delivery Plan, the measure around 'Keeping the Network in Good Condition' is focused entirely on the pavement (or road surface). More detailed understanding of other assets needs to be strengthened. In our opinion, this measure does not promote the innovation which we know is possible around selection of high quality, long-term products and treatments.

In addition, this asset-based bias does not pick up on more cyclical activities, such as litter, grass, and other amenity indicators, which are certainly present within many Local Authority performance specifications. We know through our own experience on these networks, that these are a key influencer in terms of users' experience of the road network. Monitoring the maintenance of other assets is also important because it directly impacts on the long-term condition and operations of the main carriageway asset, for example, drainage, lining, bridge joints and bearings. Although the Delivery Plan picks up on some of these issues within 6.1.9 'Other Environmental Initiatives', these items have not been identified within the performance specification and therefore, may be lost to the Highways Monitor.

Road users often look to Europe more positively in the main road experiences and we need to recognise that Highways England must force more long-term product performance on to its supply chain to get better quality of work, better designed road assets and real long-term performance benefits. Highways England, as it is structured today, is set up for short-term performance measures and as a result, the specifications and risk transfer identified in the RIS do not promote the experience seen in Europe.

Benchmarking

It is difficult to know which other companies could be benchmarked against Highways England to understand relative efficiency, as there is no comparable model; unless the intention is to benchmark against global companies. It is not clear when monitoring of efficiency begins.

At the stakeholder workshop on the 13th May, a presentation was given on benchmarking of rail and mass transport systems across the world. During this presentation, it was stated how difficult it is to establish international benchmarking. This was in the context of similar 'closed' transport systems. This suggests therefore, that establishing an effective international benchmarking network for roads would be extremely challenging.

Any international roads benchmarking that the ORR wishes to establish, should be a long - term objective and include work with established organisations such as the World Road Association where best practice is already developed and shared. Benchmarking of the solutions already delivered in Germany and France should be actively reviewed along with the specification evolutions seen in Scotland.

The short to medium objectives should focus on the implementation of a robust monitoring for Highways England to ensure it is providing value for the UK taxpayer.

Stakeholder perception

It would be useful to have a forum for suppliers and the use of 360 degree reviews to monitor how suppliers feel about Highways England (production, logistics, contracting, relationships, programming, consistency and alignment of policy, etc.).

We understand that Transport Focus will undertake more specific work around road users' experience. However, we are concerned that this is an area which will prove very difficult to measure. For obvious reasons, the approaches undertaken to understand road users experience on the rail network will not translate to road users.

Question 5

We have set out our initial plans for reporting on Highway England's performance and efficiency. Is there further information or analysis that you think we should produce?

Response

We have already made most of our points in this area in our response to Question 4, however, there are a couple of additional comments set out below.

Reporting on day-to-day expenditure

We support the publication of annual monitoring reporting statements and quarterly reports on operational and financial performance.

However, we believe that reporting should be more frequent, particularly with regard to day-to-day expenditure and costs of running Highways England as a government-owned company. This would ensure that in addition to the monitoring of project and operational delivery, ORR monitors Highways England's internal business management.

Whole Life Performance

As previously stated, we also firmly believe that there is a need to seek measures that show real 'whole life cost' benefits in the design and execution of UK roads – a link needs to be made with product and workmanship quality, productivity and long-term performance.

Roadworker Safety

We welcome the commitment to measure annually the Accident Frequency Rate for construction and maintenance workers, as set out in Section 4.1.3 'Safer People', within the Delivery Plan. Reference is made to the need to develop enhanced lead indicators in this area and this is an objective which we whole-heartedly support.

The focus on productivity, value for money and efficiency improvement, should never compromise quality or safety in the way Highways England and its supply chain deliver services across the SRN. We trust that the Highways Monitor will equally value the way in which services are delivered, as well as performance outcomes which it achieves.

Question 6

Is there specific information relating to Highways England which is not currently in the public domain which you think should be prioritised for publication?

Response

Challenges for monitoring

We recognise and agree with the challenges for monitoring identified by in paragraph 17 of the Executive Summary. However, it would be beneficial to see some SMART goals around these challenges providing measurable and time-bound outcomes for these objectives.

Data Improvement Plan

The consultation paper refers to the development of a Data Improvement Plan to enable Highways Monitor to monitor the performance and efficiency of Highways England. This is expected to be agreed by summer 2015 but no specific date is given.

This should be published as soon as possible, as the plan is key to understanding Highways England's longer-term planning and forecasts of the volumes of maintenance and renewal work that it will undertake.