



NCE Conference: UK Roads

7th July 2016

Key Points from Joanna Whittington's Speech

Thank you for inviting me to speak at the New Civil Engineer's UK Roads conference today.

ORR is an organisation which at its heart has been set up to protect the interests of road and rail users – improving the safety, value and performance of railways and roads today and in the future.

Effective and efficient transport networks matter to all of us: they feed the economy and wider society by contributing to productivity and economic growth.

As the road and rail networks have become government owned, companies dependent in a significant way on government funding, government requires independent assurance about the performance and efficiency of those companies.

I would like to discuss further today:

- how the regulatory framework can support the roads reform agenda in providing independent assurance to the government and
- how the regulatory framework can help to protect the interests of road users, today and in the future

ORR took on the role of monitoring Highways England at the point of the latter's creation in April 2015.

We provide an independent view on Highways England's performance and efficiency to government and other stakeholders, reporting transparently on Highways England's delivery of its £15 billion Road Investment Strategy.

the value of transparency

Transparency is our main mechanism for delivery, having two key benefits:.

- it provides assurance to funders their money is being well spent and more broadly to users that when they invest in their own businesses, decide where to live, or as a commuter where to work they do so knowing that there is a road network they can rely on
- it provides an incentive to Highways England to enhance its reputation and good standing by outperforming the expectations of funders and users.

For transparency to deliver these benefits it is important to establishing a clear monitoring framework

So in November 2015, we published our Highways Monitoring Framework, clearly setting out our evidence based approach.

We report, openly and transparently, our assessment of Highways England's performance and expect to publish our first annual assessment in the next couple of weeks.

We are proportionate and targeted in our monitoring, focussing on the outcomes that matter to users of the network. We draw on our experiences from rail regulation; for example, where we want the monopoly business to look to its own customers, with regulation playing a role in the outputs, rather than detailed inputs.

The eight outcomes in our monitoring framework directly and indirectly reflect the interests of users.

Directly, through monitoring road user satisfaction. And indirectly, by monitoring, for example, network availability and incident clearance to support the smooth flow of traffic.

effective controls

Where effective controls are already in place within Highways England, we place *reliance* on these controls to focus our own activities in the most efficient and effective way.

So we can step back where Highways England are making good progress and this means that we can carry out our role with a small but very effective team.

And because we are joined up across rail and road sectors, we draw on that experience to understand risks such as supply chain capability, and cost and performance drivers that are common to both.

Our 6 month assessment of Highways England's performance was published in December. It provided an early view on the progress Highways England had made and we were able to report they had made a positive start in their new role and delivered well against both performance requirements and delivery of their investment programme.

We highlighted a number of areas of further work including improving safety, getting clarity on the capital programme, improving the quality of data reporting, and ensuring that any changes to its plans are transparent.

capital programme and supply chain

It is important we look at the delivery of the capital programme. Whereas the eight outcomes and associated Key Performance Indicators reflect interests of current users and funders - effective and efficient delivery of the capital programme *today* is about the outcomes that road users in *future* will receive.

And in a world of long life assets, this monitoring work is the most effective way of protecting their interests.

After our six-monthly assessment, we commissioned a study on the highways infrastructure supply chain published in April 2016 aimed at understanding the capacity constraints within Highways England's supply chain that could influence deliverability of the RIS investment programme

It included work with Highways England's suppliers to understand capacity and constraints to delivery of the investment programme; building a strategic model of demand so that we could understand the risk of capacity constraints for RIS delivery; and building an understanding of the demand from adjacent industries.

Overall, the study concluded that the RIS will bring a material increase in demand from the highways supply chain with current phasing meaning the most significant demand will come towards the end of the RIS 1 period.

The study provides a number of key conclusions – notably for Highways England to improve suppliers' visibility of requirements, and therefore their ability to plan for upcoming RIS demand.

We have welcomed Highways England's engagement throughout this process and their recognition of the impact of their forward programme on the supply chain, the importance of engagement with the supply chain to give greater visibility of future work and take forward work to improve its portfolio, programme and project management capability.

Highways England has separately committed to a plan to improve its baseline assumptions for capital investment and its assessment of deliverability for RIS1.

consultative

In developing our approach to monitoring Highways England, and rolling this out, we have sought to be very consultative and to listen to what we are told.

But we are developing a new function in a sector, which is new for us, and so we must continue to review how we are doing and whether changes in our approach are warranted.

Inevitably a large part of our focus this year has been on our relations with Highways England. I am glad to say this has been positive and constructive.

As well as cementing our relationships with other stakeholders interested in the motorway and trunk road network we also have an extensive engagement plan with businesses involved in the delivery of the investment programme, either as operators, in scheme design and delivery, or in the day to day operation of the network.

In our first year, we have had 37 separate meetings with highways stakeholders. We have heard about a wide range of issues - road user and logistics sector priorities; safety of road users and road workers;

highway supply chain confidence and capability to deliver the RIS; improving environmental performance and integration.

We have also hosted 5 stakeholder events focussing on how we monitor, and how well placed the supply chain is to deliver the RIS. And we have been out to see issues first hand and the challenge and complexity of delivering.

This includes our board visiting the M60 to look at the challenges of rolling out the smart motorway and the benefits that will feed through to road users.

preparing for RIS2

Looking forward we will continue to build on relationships and build more mature relations with Highways England.

We will work with them to develop their internal assurance process beyond financial reporting and strategically we are beginning to prepare for the succeeding investment programme, RIS2, and understanding what role we will play to maximise the effectiveness of our contribution.

It is important that the case for long term commitments to road investment that government put in place by moving to five year funding periods continues to be made.

ORR has a key role in reporting to Parliament – and giving independent advice to government, to help take the important choices and decisions on road – and rail infrastructure.

There are many potential ramifications to Brexit I do not intend to comment on these except to say that the case for good, safer and efficient transport will remain whatever the UK's relationship with the EU.

As part of that, the importance of securing commitments to long term funding to underpin those networks is also unchanged.

consumer voice

We are also working to ensure the consumer voice is better reflected in decision making.

Road user satisfaction is one of the outcomes for motorway and trunk roads that we monitor. The existing measure (NRUSS) has a relatively modest sample size, and limited reach to road users beyond motorists.

We are working closely with bodies such as Transport Focus to ensure that the new measure of road user satisfaction which will replace the NRUSS survey from 2017, provides a more robust, better understood measure of satisfaction.

In addition, we are also working with Transport Focus to determine road user priorities for the existing performance outcomes, and what the Performance Specification for the next RIS should contain and how stretching it could be.

the dividend from rail

Finally ORR is in a unique position to add value to the Road Investment Strategy by looking across its rail and road activities.

There are potential lessons too in improving safety performance for road users, and those working on the road network. - ORR has offered its support to Highways England here, based on our rail experience.

Looking across road and rail will also require a continuing change of approach within the ORR; however I see this is an area of opportunity; with sub-national bodies and others looking for a multi-modal view in decisions taken as part of future RIS investment plans and priorities and the railway equivalent known as the periodic review also gets underway.

So ORR is hard at work. We're really keen to hear more from stakeholders and are keen to engage so please talk to us.