



# Developing the Highways Monitor: Stakeholder Event

13 May 2015

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## Summary

This note provides a summary of a stakeholder event that was held on 13 May 2015, with a range of roads stakeholders. The presentation slides have also been circulated.

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## A New Function for ORR

### **Anna Walker, Chairman, ORR**

1. Anna Walker introduced the event, highlighting ORR's important role in monitoring the performance of Highways England. There are various efficiencies and benefits that can be achieved by coupling this monitoring responsibility with rail regulation within the same office. She also emphasised the need to seek input from all stakeholders in developing the highways monitoring framework.

### **Stephen Glaister, Non-Executive Director, ORR**

2. Stephen Glaister remarked that Highways England is a highly capable entity with a very strong record of performance as the manager of the Strategic Road Network (SRN). Highways England, ORR and Transport Focus are ultimately all trying to achieve the same results and outcomes. He also reiterated that the roads function will be integrated across the ORR office and will not sit in isolation. The relevant skills needed for the monitoring role are either already in place, or are presently being hired.
3. Stephen noted that there are four separate features of the reform characteristic of this Road Investment Strategy (RIS):
  - a) Highways England has received a dramatic increase in funding (capital investment increasing by a factor of approximately 3 by the end of the Road Period, from 2015/16 to 2019/20).

- b) For the first time, a RIS is now in place, set by the Department for Transport, to be delivered by Highways England and monitored by ORR. There will be an opportunity for all parties to be involved in the development of the next RIS.
- c) Highways England must now be, more than ever, a customer-facing organisation. Its role is now focused more on the delivery of a service to its users.
- d) A range of Key Performance Indicators (KPIs) and Performance Indicators (PIs) have been established, which will be monitored. Performance against these KPIs and PIs will be reported back to the Secretary of State. This will ultimately provide better outcomes for users of the SRN.

## Our Approach to the New Monitoring Regime

### **Peter Antolik, Highways Director, ORR**

1. Peter Antolik provided an overview of the ORR's role as the Highways Monitor, which primarily involves holding Highways England to account against the RIS and its licence, as well as monitoring Highways England against aspects of its framework document. The Highways Monitor's first consultation document provides an outline of its role and its relationship with Highways England. Although ORR knows its broad responsibilities as the Highways Monitor, it is open to suggestions on how these responsibilities should be discharged.
2. The monitoring framework is founded on three key principles:
  - a) It will be outcomes-based: the Highways Monitor will primarily focus on delivery of outcomes, measured through KPIs and delivery of KPI targets. The Highways Monitor will monitor PIs to provide additional indicators of performance. The focus on outcomes will avoid unnecessary or unhelpful focus on details.
  - b) It will draw on constructive engagement with Highways England and the stakeholder community to ensure that the monitoring and enforcement framework developed is fit-for-purpose, integrates stakeholder views and is robust, clear and transparent.
  - c) It will focus on efficiency and value for money. This will in part be informed by a programme of benchmarking, and will draw on ORR's experience of carrying out benchmarking and efficiency assessments in rail.
3. Peter set out the Highway Monitor's initial plans for 2015-16.

## **Martin Fellows, Strategy and Planning Director, Highways England**

4. Martin Fellows reiterated that Highways England has earned a strong reputation for delivering, whether in support of growth, or taking cost out the business. Historically the focus has been on making better use of its assets, operating the network and responding to the need for change and Government priorities.
5. Highways England has published its Strategic Business Plan and Delivery Plan in response to the RIS. The Company's ambition is about delivering a better experience for customers, stakeholders and the communities it serves, transforming the way they think about those who use SRN, their sometimes conflicting needs and how they go about balancing them. The company's Strategic Business Plan sets out its key strategic outcomes, namely:
  - Supporting economic growth
  - A safe and serviceable network
  - A more free-flowing network
  - Improved environment
  - An accessible and integrated network
6. Highways England will focus on modernising, maintaining and operating the SRN. Modernising the network will include new expressways, cycling facilities and crossings, as well as support for vulnerable users. Maintenance includes a comprehensive renewals programme and a 'fence-to-fence' approach to delivering work across the network.
7. Martin set out what Highways England will deliver in 2015-16 and over the Roads Period. The company plans to start 112 schemes in the next five years. The next two years will see development of a range of strategies and plans to support delivery. Martin emphasised the important role stakeholders will play in their development.
8. Strong relationships will be key to the success of the company be they Highways England staff, suppliers and stakeholders, or customers and communities. Building on the positive and collaborative relationships with ORR and Transport Focus will be vital in providing Government with the independent assurance regarding performance and efficiencies.
9. Finally Martin outlined the areas of focus for the coming months, including greater clarity of roles of the key players including DfT, helping to inform ORR about the sector and business, prioritising time and resource in areas that matter most to our customers, and helping to enable effective monitoring through the provision of good quality data.

## Question and Answer Session 1

1. A panel question and answer session was held covering the presentations. The following themes were discussed:
  - Stakeholders agreed that there are benefits of being involved in the development of a monitoring framework, but queried how monitoring was being performed if the monitoring framework has not yet been finalised. ORR stated that monitoring has commenced, and that it is currently developing templates, documentation and processes to support the monitoring role. ORR emphasised that the monitoring role will be an evolving process and that it expects to receive some data in June 2015, which will help form preliminary views of performance.
  - One stakeholder suggested that there is potentially a missing element in the KPI assessment framework, and asked whether it is possible to measure the reliability of the SRN, as well as users' perceptions of the likelihood of being delayed in their journeys. Highways England explained the challenges around developing a widely understood metric and that they are working to develop a delay in roadworks indicator in the first Roads Period. Highways England welcomes suggestions from stakeholders and external parties in developing this measure.
  - One stakeholder asked whether it is possible to cycle-proof highways and major roads as part of its "fence-to-fence" approach to delivering works, including planned maintenance works. Highways England briefly outlined the approach to making the network more accessible for all including cyclists. Developing a more holistic approach to delivery will in time, enable multiple interventions to the benefit of all roads users and cause minimal disruption.
  - One stakeholder questioned whether there is a formal responsibility to investigate all incidents and accidents and to learn lessons, since there appears to be an obligation to do so only where an accident is fatal. Highways England advised that 'hot and/or cold' debriefs were undertaken in conjunction with other parties following serious incidents. ORR noted that there had been some brief consideration of giving ORR an investigative role into safety as part of its remit, but that its role is currently limited to monitoring and enforcing the safety requirements set out in the RIS and licence.
  - Some stakeholders suggested that focus on certain KPIs and PIs might misdirect focus away from key issues and areas of concern. For example, a KPI target has been set to clear 85% of incidents within one hour, but it may be that the remaining 15% of incidents cause the greater delays and therefore warrant more focus. Highways England emphasised that it is necessary to focus across the full range of KPIs and PIs to get a more complete and balanced understanding of performance. ORR added that it has the ability to request

more information from Highways England, if and when required. These requests may expose more data and shed light on underlying performance.

- One stakeholder voiced concern that much of the capital works and investment in the SRN would be delivered during off-peak hours, which would heavily impact the freight and logistics sector. Highways England and ORR stated that they understood the issue and that Highways England will continue to work with all parties to determine the best approach for delivering capital works. It was also acknowledged that there is a need for long-term planning of work and communication of work, in order to make the investment programme and work schedule clear to the sector, customers and other interested parties.
- Stakeholders noted that very few local authorities were represented at the event, and asked whether there should be more collaboration with local authorities in the development and discussions of the framework. ORR and Highways England agreed that more local authorities should be engaged through the stakeholder process.
- One stakeholder suggested that all parties should be more ambitious with the national multimodal network. ORR agreed that a range of suggestions and benchmarks could inform the next suite of KPIs and PIs to be developed as part of the next RIS. There is a good opportunity here to look across sectors and develop the suite of KPIs and PIs, where appropriate.

## International Benchmarking

### **Richard Anderson, Managing Director, Railway and Transport Strategy Centre at Imperial College**

1. Richard Anderson discussed the work of the Railway and Transport Strategy Centre, as well as the range of benchmarking data available to his team. The benchmarking process for the roads industry will likely be more challenging than it is for the rail industry. The roads industry should take note of the following lessons from rail in developing its benchmarking process:
  - The benchmarking process will take time, and the industry should aim for a continuous process of development.
  - The industry should establish a framework that fosters knowledge and data sharing, and should identify who is best to take ownership of the benchmarking process.
  - A balanced scorecard approach should be adopted: it's not just about cost, but also about outcomes.
  - There is a need to consider who the potential peers are for benchmarking purposes.

- The dual engagement of government / regulator / monitor and the operators needs to be handled very carefully.
  - Certain countries have a higher level of transparency are therefore more likely to be possible to benchmark against.
  - The industry should ensure that involvement and engagement in the benchmarking process is positive, not punitive. Involvement should give real value to participants.
2. ORR noted that observing the variability of networks across the world helps us to identify new ideas and concepts that could be incorporated into the framework.

## Road User needs and Experiences

### Phil Carey, Roads Advisor, Transport Focus

1. Phil Carey explained that Transport Focus is required to advise the Secretary of State on how Highway England's activities affect users of the SRN. Transport Focus holds Highways England accountable to road users, whereas ORR holds Highways England accountable to taxpayers. Often there is an overlap between these two roles.
2. Phil discussed how Transport Focus will apply its skills which it has developed from its rail and bus activities: assessing user satisfaction, identifying priorities for improvement and getting industry buy-in for action on behalf of users.
3. Transport Focus faces some challenges in discharging its responsibilities: users rarely know the difference between the SRN and local roads; it is difficult to gather users' views immediately after their trips; and benchmarking information for highways is not as readily available as benchmarking for rail users. In addition, the road operator is just one of many influences on road users.
4. Phil set out Transport Focus' initial research programme, including the findings from its initial qualitative research. He set out the need to establish relationships, including with users, Highways England and ORR.

## Question and Answer Session 2

1. A panel question and answer session was held covering the presentations on international benchmarking and road user needs and experiences. The question and answer session covered the following themes:
  - One stakeholder asked how user satisfaction fitted with the suite of KPIs, and whether any had the highest importance. It was recognised that user satisfaction is affected by many of the outcomes being monitored. ORR stated that the safety of the network is a clear priority. There will be a focus on efficiency, but this should not detract from safety of the SRN.
  - One stakeholder observed that there is scope to make better use of appraisal tools and models to determine the optimum timing for interventions on the network. Highways England and ORR recognised that there is more to do in developing a minimum whole life cost approach. It was suggested that there may be greater use of appraisal tools in Scotland.
  - Some stakeholders asked whether ORR would rely on research conducted by Transport Focus to discharge its monitoring responsibilities, or whether ORR would conduct its own research. ORR noted that it would rely on the work of Transport Focus where appropriate to the KPI, PI or specification being assessed.
  - One stakeholder noted that many businesses have fleet managers that, although not on the road, could still be considered SRN users. ORR, Transport Focus and Highways England agreed that these parties should be engaged as part of the stakeholder engagement process.
  - One stakeholder queried how positive feedback was received and reported. ORR and Transport Focus agreed that there should be also be focus on highlighting positive performance. It was noted that 90% user satisfaction (which was achieved by the Highways Agency in recent years) is very high.
  - One stakeholder asked whether a five year Road Period was sufficient to encourage long-term asset management. It was noted that the Road Investment Strategy includes a strategic vision to 2040. ORR stated that in regulatory regimes control periods of 5 to 8 years are usual to provide a balance of longer-term certainty and funding, and the uncertainty associated with longer-term plans – however it is important to have a longer-term strategy in place.
  - One stakeholder asked how ORR would commission research to inform key issues, including international research and work. It was also noted that a range of new innovations have been made available recently, as has a range of data, and that ORR should be mindful of these in developing its approach to monitoring. ORR agreed that it should be tapping into existing international research wherever it is relevant and available. Highways England noted that it

has a research plan and a dedicated innovation fund, and that it aims to be more forward thinking in its approach.

## Closing Remarks

### Richard Price, CEO, ORR

1. Richard Price noted the really positive steps that have been taken in the sector - substantially increasing investment and implementation of a five-year road investment strategy, giving greater scope to match that the SRN delivers to the needs and expectations of road users. He said it was much to the Department for Transport's credit that they had put in place a framework which learned lessons from other sectors, giving Highways England greater commercial flexibility which will help it to deliver an ambitious programme and respond to road users. Monitoring HE's progress was an important component needed to make the new approach work.
2. Richard noted that the workshop had provided a diversity of views. He encouraged all stakeholders to contribute to the on-going development of the framework and to respond to the Highways Monitor's first consultation document by 19 June 2015. Certain additional stakeholder groups had been identified through the event and their views would be sought going forwards - including local authorities, representatives from the supply industry, representatives from the freight and logistics sector, academic researchers and police and criminal justice representatives.
3. Richard thanked attendees for their contributions and looked forward to continued positive engagement.

**ENDS**



Use of the name, the Office of Rail and Road, reflects the new highways monitor functions conferred on ORR by the Infrastructure Act 2015. Until this name change is confirmed by legislation, the Office of Rail Regulation will continue to be used in all documents, decisions and matters having legal effects or consequences.



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