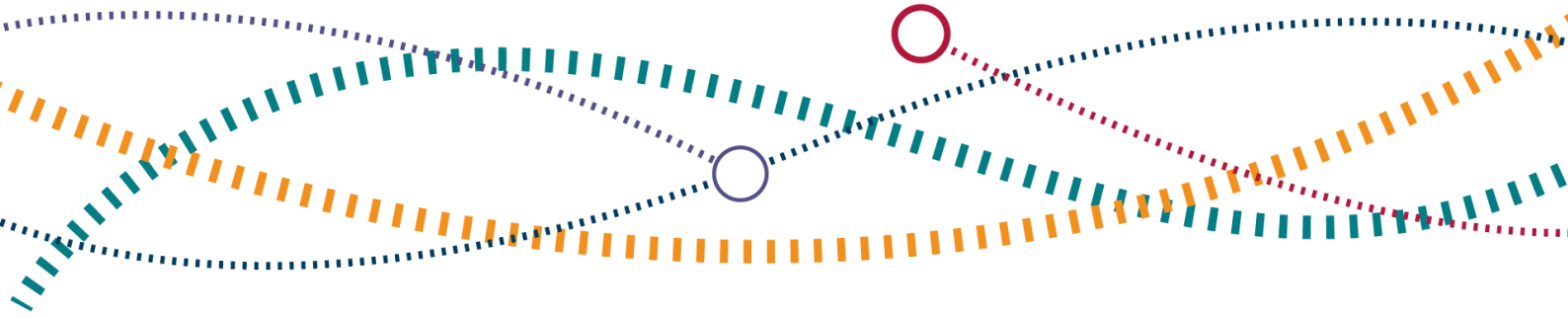
Advice to Department for Transport on an interim settlement for National Highways for 2025 - 2026.

Advice Note 2: Performance Specification

12 December 2024



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Executive summary

The second road period (RP2) is due to end on 31 March 2025. National Highways' funding for the period April 2025 to March 2026 will be determined through an interim settlement. The Department for Transport (DfT) has asked ORR to review the company's preliminary plans for 2025-26 and provide advice to inform the final settlement. This advice note describes our assessment of, and recommendations for, DfT's performance specification for National Highways for 2025-26.

All parties have been working at pace to respond to the decision to defer the start of road period 3 (RP3) and recent changes to available funding for 2025-26. We would therefore like to thank National Highways colleagues for their hard work developing the company's proposals for the performance specification for 2025-26.

The performance specification is a core element of the wider performance framework that seeks to ensure that National Highways is delivering the outcomes sought by the Department for Transport (DfT). The performance framework consists of the performance specification, the capital specification and descriptive commitments. Separate advice is being prepared by ORR on the capital specification and descriptive commitments.

The performance specification includes key performance indicators (KPIs) and performance indicators (PIs). As for the second road investment strategy (RIS2), DfT is proposing that these serve six outcome areas:

- improving safety for all;
- providing fast and reliable journeys;
- a well maintained and resilient network;
- being environmentally responsible;
- meeting the needs of all road users; and
- achieving efficient delivery.

We have considered options for improving the performance specification for 2025-26. We propose that the structure of six outcomes is supported by 13 KPIs, 12 of which are targeted and one is set as an ambition, and 22 untargeted PIs. We consider this to be commensurate with National Highways' extensive and complex portfolio of activities and that it appropriately supports better outcomes for road users and other stakeholders.

ORR's proposals are not drafted from a 'blank sheet' to form an idealised set of measures. They are the pragmatic product of ORR's deliberations in the RIS3 Performance Specification Task and Finish group (formed of DfT, National Highways, ORR and Transport Focus), ORR's analysis and the limited time we have had to prepare this advice. ORR's recommendations also reflect consistency with the performance specification for the second road period (RP2) and evolution to accommodate potential policy priorities for the RP3. We have been mindful of the need for the proposed KPIs to balance three key factors, to:

- support DfT's desired policy outcomes;
- reflect user priorities; and
- provide the right incentives to improve National Highways' performance.

National Highways has proposed a new concept of Network and Company measures to assess its performance in 2025-26. The company's intention is that Network measures should distinguish the limited degree of direct influence that it has on achieving a particular outcome. The Network measures it is proposing are on safety, average delay and road user satisfaction. It further proposes that these measures be either:

- assessed via delivery of planned outputs, and not be targeted; or
- have a performance range assigned to the target.

These proposals present a number of challenges that must be worked through and resolved if they are to be used in the future.

We understand that the extent to which National Highways' core activities directly influence the measures varies across outcome areas. However, road users and other stakeholders may perceive the removal of existing and/or not setting a new target for these important outcomes to be indicative of a lower priority. Our holding to account approach and policy already provide a framework for balancing these factors so that we can ensure that the company is delivering what government has paid for and understand, if it is not, why not – which will sometimes be due to factors outside its control. This has worked effectively for nine years.

Setting challenging but achievable targets is a proven method of unambiguously conveying intention and directly influencing the ambition of interventions. It is clear and understandable to road users, funders and other stakeholders. Additionally, our

experience regulating rail and road sectors suggests that introducing performance ranges ends up with the top or bottom of the range becoming the de facto target.

These are complex proposals and mark a significant change from performance delivery for the first two road periods. They touch on some of the core matters of importance to policy makers and users: safety, journey time and reliability. For these reasons we do not consider that it would be ideal to bring the proposals into being for 2025-26 without a full understanding of how appropriate and effective they would be, or what trade-offs would have to be made. Although we support the development of the performance specification in these areas in the longer-term, we do not consider they should be introduced for 2025-26.

We understand why National Highways has brought these forward and consider there are merits to a further discussion. We strongly support that DfT, ORR, Transport Focus and the company should undertake further work to assess the merits, risks and practicalities of incorporating these proposals into the RIS3, or RIS4, performance specification. The work on the principles of how this might operate has already commenced and there is an opportunity to trial in parallel through the interim year and support future metric development.

For 2025-26, our recommendations for the performance specification are as follows:

- The number of people killed or seriously injured on the SRN should remain as a targeted KPI for 2025-26 for the outcome '**Improving safety for all**'. There are challenges with setting a one-year target. However, we believe these are outweighed by the benefits to the user and the focus that the target provides to National Highways. Alongside the KPI we will hold the company to account to deliver the outputs of its safety plan for 2025-26. The KPI is supported by five PIs.

- The outcome '**Providing fast and reliable journeys**' should have three KPIs. We propose that average delay remains as a KPI with a targeted 'ambition' and that ORR holds National Highways to account to deliver its delay reduction plan. Network availability, a new KPI metric developed in RIS2, should be introduced for 2025-26. However, we have not seen the detail of the company's analysis to advise on a suitable target. Incident clearance rate should be retained as a targeted KPI. The KPIs are supported by five PIs.

- The outcome '**A well maintained and resilient network**' should have two targeted KPIs: pavement condition and technology availability. The latter is a new KPI focused on the technology availability on all lane running sections of

the SRN. Technology plays an increasing role in the management of the SRN and increased investment is proposed to be allocated to the asset. The KPIs are supported by three PIs.

- The outcome '**Being environmentally responsible**' should have four KPIs to acknowledge the wide range of environmental impacts of the SRN. We propose that biodiversity, corporate carbon emissions, noise and air quality remain as targeted KPIs. Noise would only be a KPI if funding is allocated to the delivery of outputs which can be targeted. The KPIs are supported by four PIs.

- The outcome '**Meeting the needs of all users**' should have two targeted KPIs: road user satisfaction and roadworks information timeliness and accuracy. Alongside the satisfaction KPI we will hold National Highways to account to deliver the actions in its customer service plan, its active travel plan and its bus and coach plan. The KPIs are supported by four PIs.

- The outcome '**Achieving efficient delivery**' should have a targeted KPI with the target level reflecting the more limited potential there is for efficiency improvement in 2025-26, compared with a full road period. The KPI is supported by one PI.

- National Highways should develop six potential new KPIs and PIs to be considered for introduction in the next or future road periods. This includes the development of new lead safety PIs, and KPIs for technology performance, and maintenance and construction carbon emissions. In particular, it is important that the company takes forward the development of a measure of 'asset health' – encompassing attributes like condition, serviceability, reliability, sustainability and resilience – this will support investment decision making in future road periods and better explain the overall risk to the asset portfolio.

It should be noted that the KPIs do not represent all the funding that National Highways is requesting and that it is vital that the performance specification should be supported by a robust capital specification and descriptive commitments. DfT should instruct National Highways, in its statutory guidance and directions, on the level of detail to be included in the company's plans in relation to the capital specification. This level of detail should be representative of the size of investment, its importance and the risk of achieving the outputs and outcomes. ORR will provide further detail on this to DfT.

1. Overview

Purpose

1.1 The second road period (RP2) is due to end on 31 March 2025. National Highways' funding for the period April 2025 to March 2026 will be determined through an interim settlement. The Department for Transport (DfT) has asked ORR to review the company's preliminary plans for 2025-26 and provide advice to inform the final settlement.

1.2 The Department for Transport (DfT) asked ORR to assist in the development of the interim settlement through the provision of advice in the following areas:

- the affordability and deliverability of National Highways' emerging plans for 2025-26;
- the performance specification; and
- the capital specification.

1.3 This note sets out our advice on the performance specification.

Background

1.4 The performance framework plays a vital role in ensuring that National Highways delivers the outcomes sought by government. It is shaped by a combination of government's requirements, users' priorities and National Highways' ambition. A clear and measurable framework enables us to effectively hold the company to account to deliver DfT's plans and realise benefits on behalf of road users and other stakeholders.

1.5 We should continually seek opportunities to improve the performance framework, ensuring that progress continues despite the delayed start of RIS3. The development of the performance framework for 2025-26 has been a process, agreed by National Highways and DfT, of evolving the one used in RIS2 to provide a 'bridge' to the third road investment strategy (RIS3).

1.6 The size and form of National Highways' performance framework should:

- be commensurate with National Highways' extensive and complex portfolio of activities;

- support achieving the desired outcomes of DfT's plans;
- represent what is important to users;
- be understandable to stakeholders; and
- provide the right incentives to improve National Highways' performance.

1.7 This note describes our assessment of, and recommendations for, National Highways' performance specification for 2025-26 only. Six outcome areas, set by DfT, provide the broad structure for the performance specification. The six outcome areas are:

- improving safety for all;
- providing fast and reliable journeys;
- a well maintained and resilient network;
- being environmentally responsible;
- meeting the needs of all road users; and
- achieving efficient delivery.

1.8 Below we set out our view on a proposal by National Highways to create a new type of performance measure for 2025-26. The remaining sections of the note provide detail, for each of the six outcome areas, of the company's proposals, our advice and recommendations for KPIs, targets and PIs.

1.9 KPIs are associated with targeted levels of performance. In its commission to ORR, DfT state the '*aim for National Highways to at least maintain RIS2 levels of performance…*'. We strongly support this objective and consider it important that momentum for improved performance is maintained and that 2025-26 is not perceived as a 'year off'.

1.10 In this note we provide preliminary advice on targets for 2025-26. In practice, performance outcomes are influenced by National Highways' delivery plans which, in turn, are contingent on available funding and resources. As the company is still developing its plans for 2025-26, we may update DfT if our recommendations change as those plans mature. All parties have been working at pace to respond to the decision to defer the start RP3 and recent changes to available funding for 2025-26. We would therefore like to thank National Highways colleagues for their

hard work developing the company's proposals for the performance specification for 2025-26.

National Highways' proposal for 'Network' measures

1.11 National Highways has proposed a new concept of 'Network' and 'Company' measures to assess its performance in 2025-26. The company's intention is that these two categories should distinguish the degree of influence that it has on achieving a particular outcome. Outcomes that the company has a high degree of influence in achieving would be classified as Company measures. These would continue to be targeted. Outcomes where the company believes it has less direct influence to achieve would be classified as Network measures. The Network measures it is proposing are on safety, average delay and road user satisfaction. It further proposes that these Network measures be either:

- assessed via delivery of planned outputs, and not be targeted; or
- have a performance range assigned to the target.

1.12 We support that the approach needs to evolve and we understand that the extent to which National Highways' core activities directly influence the measures varies across outcome areas. However, its current proposals need to reflect the complexity and importance of the outcome areas affected or the degree of influence that the company has in each case. Road users and other stakeholders may perceive the removal of existing and/or not setting a new target for these important outcomes to be indicative of a lower priority. Our holding to account approach and policy already provide a framework for balancing these factors to ensure that the company is delivering what government has paid for and, if it is not, understand why not – which will sometimes be due to factors outside its control. This has worked effectively for nine years.

1.13 Setting challenging but achievable targets is a proven method of unambiguously conveying intention and directly influencing the ambition of interventions. It is clear and understandable to road users, funders and other stakeholders. Additionally, our experience regulating rail and road sectors suggests that introducing performance ranges ends up with the top or bottom of the range becoming the de facto target.

1.14 These are complex proposals and mark a significant departure from performance delivery for the first two road periods. They touch on some of the core matters of importance to policy makers and users: safety, journey time and reliability.

1.15 For these reasons we do not consider it would be ideal to bring the proposals into being for 2025-26 without a full understanding of how appropriate and effective they would be or what trade-offs would have to be made.

1.16 We understand why National Highways has brought these forward and believe they warrant further discussion. We strongly support that DfT, ORR, Transport Focus and the company should undertake further work to assess the merits, risks and practicalities of incorporating these proposals into the RIS3 performance specification. The work on the principles of how this might work has already commenced and there is an opportunity to trial in parallel through the interim year and support future metric development.

1.17 We support the development of the performance specification in these areas in the longer-term. However, these proposals present a number of challenges that must be worked through and resolved before being considered for introduction. Therefore, we do not advise that these changes should be introduced for 2025-26.

Capital specification and descriptive commitments

1.18 A significant proportion of the expected costs for 2025-26 relates to activities that do not directly contribute to performance as measured by the KPIs and PIs. It is important that the delivery of these commitments is specified, with sufficient granularity, to ensure there is a clear and unambiguous baseline against which we can effectively hold National Highways to account during 2025-26. The capital specification captures commitments relating to enhancements (including small schemes and pipeline development), major, complex or higher risk renewals and Designated Funds. Descriptive commitments capture activities which seek to improve National Highways' capability.

1.19 DfT should instruct National Highways, in its statutory guidance and directions, on the level of detail to be included in the company's plans in relation to the capital specification. This level of detail should be representative of the size of investment, its importance and the risk of achieving the outputs and outcomes. ORR will provide further detail on the capital specification and descriptive comments to DfT.

2. Improving safety for all

KPIs

KPI – Number of people killed or seriously injured on the SRN

National Highways' proposal

2.1 National Highways proposes retaining the 'Number of people killed or seriously injured on the SRN' KPI for the 'Improving safety for all' outcome. However, the KPI would not have an associated target for 2025-26. Instead, the company has proposed that its delivery of its safety plan actions would stand in lieu.

ORR recommendation

2.2 We recommend retaining the 'Number of people killed or seriously injured on the SRN' KPI for the 'Improving safety for all' outcome. This is unchanged from RIS2. We recommend this KPI is targeted for 2025-26 and that we hold the company to account to deliver its safety plan actions alongside the target. The target for 2025-26 would be the same as that set for the end of RIS2, and would share the same milestone, December 2025. We have not seen the company's safety plan for 2025-26.

Current performance

2.3 There were 1,913 KSIs (adjusted) in 2023. This, compared to the 1,939 KSIs (adjusted) in 2022, represents a reduction of 26 KSIs, or a fall of 1.3%. This reduction, although seemingly modest, was achieved in spite of an 2.2% increase in SRN traffic. In combination, the change in KSIs and traffic equated to a 3.5% reduction in the number of KSIs per billion vehicle kilometres. This is consistent with the longer-term trend of a reduction in the KSIs per billion vehicle kilometres rate.

2.4 The current, second road period (RP2), target is for a 50% reduction in KSIs compared to the 2005-09 annual average baseline, with a 5% tolerance for variability. This equates to a target of 1,557 KSIs (adjusted) to be achieved by the end of December 2025.

2.5 In our annual assessment of National Highways' performance for 2023-24 we concluded that '*while we consider that [the company] is doing everything it can in the final year of RP2 to achieve the safety target it is our assessment that it is*

improbable that these actions will deliver a sufficient reduction in KSIs to achieve the RIS2 target'.

2.6 In its supporting material for the April 2024 draft Strategic Business Plan, National Highways estimated that the RP2 outturn for the road safety KPI would be in the order of 1,820 KSIs (rounded to the nearest ten). This is around 260 KSIs above its RIS2 target.

Target for 2025-26

2.7 There are a number of challenges to consider in setting a one-year road user safety target for 2025-26. Firstly, it takes time for safety interventions to be delivered and for the outcome, in terms of KSI reduction, to be realised. This is usually a longer-term process. In addition, there is a degree of random variation within each year that can obscure trends and the impact of interventions. Therefore, safety target setting is best orientated to at least a five-year horizon. For example, the RIS2 target covers a five-year period. The milestone for achieving the RIS2 target is December 2025. Also, to note, casualties are reported for a calendar year, and this does not match the financial year cycle for SRN investment monitoring.

2.8 Furthermore, the need to validate the road casualty data means that statistics for the year ending December 2025, for the SRN, will not be reported until September 2026. Consequently, a new target for the year to December 2026 would be set without knowing the outturn from RIS2 and could be set higher than the previous year's result. This is also a challenge for setting a five-year target but is particularly acute for setting a one-year target.

2.9 Target setting is a proven method of unambiguously conveying intention and directly influencing the ambition of interventions. Setting a target will continue to provide a focus for National Highways' ambitions and activities. Abandoning the target may undermine stakeholder confidence that the company is doing everything in its power to improve safety.

2.10 For these reasons, we recommend that the existing end of RIS2 target, of a 50% reduction against the 2005-09 baseline, to be achieved by the end of December 2025, is maintained for 2025-26. However, because of the challenges in setting and monitoring a one-year target we recommend that we also hold National Highways to account to deliver the actions within its safety plan.

2.11 We support National Highways' intention to produce a supporting safety plan to show that it is doing all that it reasonably can to reduce casualties on the SRN.

This plan should contain deliverables that are specific, measurable, time-bound and demonstrably linked to a reduction in KSIs. We have yet to see the details of the company's plans. We would hold the company to account to deliver that plan, subject to seeing the scope, detail and quality of the plan and agreeing that it is fit for purpose

2.12 We therefore recommend that we hold National Highways to account for its performance both in respect of a casualty reduction target and the implementation of a safety plan. We consider the latter to be particularly important when assessing the company's performance over a one-year horizon and provides further evidence that the organisation is doing all that it reasonably can to improve safety on the network.

2.13 The road safety KPI target will need to be re-set for RIS3 and be based on a fully formed multi-year safety plan. Work to produce a new KPI target for RIS3 should be commissioned by DfT as soon as possible. This work should consider what measures are within the control of National Highways and what measures are within the influence or control of other parties. Development of the new RIS3 KPI target should be integrated with the development of the company's multi-year safety plan.

PIs

2.14 We recommend retaining three existing PIs for the 'Improving safety for all' outcome, the:

- total number killed or injured on the SRN;
- number of non-motorised and motorcyclist users killed or injured on the SRN; and
- International Road Assessment Programme (iRAP) star rating with new methodology.

2.15 We recommend alternative indicators for two of the existing staff safety PIs:

- Accident frequency rate (AFR) for National Highways' staff: we propose replacing the existing PI with lost time incidents (LTI) for the company's staff. LTI includes more types of incidents compared to the AFR. The AFR only includes Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reports, the most serious workplace incidents. Having

a higher quantity of reported incidents will lead to a more responsive PI. The impact of a single RIDDOR currently has too large an impact on the AFR PI to provide a stable reporting value. For RP2, the company has reported and continues to report both LTI and AFR in its monthly board pack. Its *Home Safe and Well Strategy* contains a commitment to halve the number of lost-time incidents by 2025. Given this, our proposal will not impose additional reporting costs on the company; and

- Accident frequency rate (AFR) for supply chain staff: we propose replacing this existing PI with LTI for supply chain staff. As with AFR, National Highways already reports this separately for supply chain staff in RP2. Given this, and for the reasons set out above, our proposal will not impose additional reporting costs on the company.

Metrics to develop

Leading safety indicators

2.16 We recommend that additional safety PIs should be developed and introduced in RP3. Termed leading safety PIs, these are pre-incident measures, as opposed to the current lagging indicators that are measurements collected after incidents occur. They are pre-emptive measures used to indicate the level of safety performance. Their use is generally viewed as best practice in managing safety critical systems. Examples of potential measures include levels of driver distraction, locations of heavy braking or loss of grip on the network and compliance with the speed limit. National Highways should begin development of leading safety indicators in 2025-26, ready to begin reporting in RP3.

Traffic officer response times

2.17 We note that DfT is not proposing to include a KPI relating to the time taken for traffic officers to attend incidents on all lane running motorways. It was an action in DfT's *Smart Motorway Safety Evidence Stocktake and Action Plan* (2020) for the company to achieve an average response time of no more than 10 minutes. DfT should confirm whether it wants to include or omit this requirement for 2025-26.

3. Providing fast and reliable journeys

KPIs

3.1 We recommend three KPIs for the 'Providing fast and reliable journeys' outcome:

- average delay;
- network availability; and
- incident clearance.

KPI – Average delay

National Highways' proposal

3.2 National Highways proposes that average delay should not be a targeted KPI. The company contends that many of the factors influencing delay on the SRN are outside its control. For that reason, it proposes that ORR holds it to account to deliver actions that should contribute to the KPI as set out in a supporting delay action plan.

ORR recommendation

3.3 We recommend that average delay is retained as a KPI. Reducing average delay is an important priority for SRN users. We also recommend that the KPI should, consistent with RIS2, continue to have a set 'ambition' for 2025-26, and that we also hold National Highways to account to deliver a delay action plan.

3.4 We note and agree with the proposal to replace the average delay KPI with a journey time reliability KPI in RP3. Both are important issues for users of the SRN.

Current performance

3.5 The average delay KPI is measured by the difference between the observed average travel time and the travel time as if driven at the speed limit. It is reported in seconds of delay per vehicle per mile (spvpm).

3.6 Average delay was 11.4 seconds per vehicle per mile in the rolling year to September 2024 and is expected to increase further in 2024-25 because of the effect of the NEAR (national emergency area retrofit) programme on the SRN.

Target for 2025-26

3.7 National Highways proposes that average delay should not be a targeted KPI. The company contends that many of the factors influencing delay on the SRN are outside its control. For that reason, it proposes that ORR holds it to account to deliver actions that should contribute to the KPI as set out in a supporting delay action plan. We have yet to see the scope and detail of the company's proposed delay action plan and are therefore unable to comment on its appropriateness. However, we would expect it to describe a set of detailed specific activities and/or outputs that have milestones and which impact on achieving the outcome.

3.8 Some factors that affect delay are outside National Highways' control. However, Transport Focus' research shows that journey time is the most important factor affecting satisfaction among drivers. It is particularly important for the logistics and passenger transport sectors. For this reason, we recommend that average delay should continue as an 'ambition' for 2025-26, consistent with the approach taken in RP2, noting that an improved measure will be available for RP3.

3.9 National Highways forecasts that, at the outturn of RP2, average delay will range from between 11.80 and 12.03 spvpm. Despite traffic growth on the SRN, the NEAR programme is scheduled to be completed by 2025-26 with an associated reduction in delay caused by those works, currently estimated to be a decrease of 0.7 spvpm. The company forecasts average delay will range, at the end of 2025-26, between 11.75 and 12.05 spvpm. Based on the evidence available, we recommend that an ambition be set that average delay is no worse in 2025-26 than 2024-25.

3.10 We support National Highways' intention to produce a supporting delivery plan to show that it is doing all that it can to reduce delay on the network. We would hold the company to account to deliver the targeted ambition and that plan, subject to seeing the scope, detail and quality of the plan and agreeing that it is fit for purpose.

KPI – Network availability

National Highways' proposal

3.11 National Highways proposes that network availability should be a targeted KPI. The company proposes that a target of 97.5% be set for 2025-26.

ORR recommendation

3.12 We recommend that network availability is adopted as a new KPI for 2025-26, to replace the roadworks network impact KPI. Surveys of SRN users consistently

report that delay from roadworks is an important issue and impacts on levels of satisfaction.

Current performance

3.13 Network availability (running lane availability with respect to closures caused by roadworks) is measured by the percentage of lane-metre-days available. This is a new KPI that has been developed during RP2.

Target for 2025-26

3.14 The company is proposing a target of 97.5% for 2025-26. The company has not provided the detailed analysis that underpins this proposal. Consequently, we are not able to conclude on the appropriateness of this proposed target. We require the company to provide its updated forecast for network availability in 2025-26 along with current performance to allow us to review any proposed target. If no detailed analysis is provided in a timely manner, continuing the existing Roadworks Network Impact KPI in 2025-26 is an option, with further scrutiny of Roadworks Network Impact data to set a challenging but deliverable target level.

KPI - Incident clearance

National Highways' proposal

3.15 National Highways proposes that incident clearance should be a targeted KPI. The company proposes that a target of 86% be set for 2025-26.

ORR recommendation

3.16 We support the continued use of this targeted KPI for 2025-26 because of its importance to users. Its achievement is largely within National Highways' control.

Current performance

3.17 The incident clearance KPI measures the proportion of motorway incidents (with the addition of the A282 Dartford Crossing) affecting traffic flow cleared in under an hour. The KPI is reported as a 12-month rolling average.

3.18 In 2023-24 National Highways cleared 87.8% of incidents affecting traffic flow on its motorways within one hour. The company consistently exceeded the current target of 86% throughout the year. In addition, the number of incidents increased from 84,231 in 2022-23 to 93,796 in 2023-24, an increase of 10%. SRN traffic increased by 2% in 2023 compared to 2022 but was 1% below 2019 pre-pandemic levels.

Target for 2025-26

3.19 In its supporting material for the April 2024 draft Strategic Business Plan, National Highways proposed setting a target at 86% for this KPI. This is unchanged from RP2. The company estimates that traffic will change by between minus 0.1% to plus 0.5% in 2025 compared to 2024, and that incident rates could increase by 4.5% (central forecast) in 2025-26 compared to 2024-25.

3.20 The forecast traffic growth and flat funding for operations will create an inherent stretch to achieving the proposed target. For this reason, we recommend adopting a target of 86% for the incident clearance KPI.

PIs

3.21 We recommend retaining two RIS2 PIs for the 'providing fast and reliable journeys' outcome for 2025-26:

- delay on gateway routes – this uses a subset of the average delay data for the SRN serving England's most economically important ports and airports; and
- average speed – this measures the average speed of vehicles travelling on the SRN.

3.22 We recommend introducing three new PIs, for 2025-26 that have been in development during RP2:

- delay from incidents – this measures the impact of incidents on SRN users. Incidents are defined as unplanned events on the SRN that have a discernible impact on SRN users;
- delay from roadworks – this measures the delay to SRN users caused by roadworks on the SRN; and
- journey time reliability – this measures the percentage of journeys completed within a 'typical' journey time on the SRN. We note the current study by National Highways to better understand the value SRN users place on reliability. This work should support the development of this PI into a KPI for the start of RP3.

4. A well maintained and resilient network

KPIs

KPI – Pavement condition

National Highways' proposal

4.1 National Highways proposes that pavement condition should be a targeted KPI. The company proposes that a target of 96.2%, with a range of +/- 0.1%, be set for 2025-26.

ORR recommendation

4.2 We recommend retaining the 'Pavement condition' KPI for the 'A well maintained and resilient network' outcome. We do not agree with the use of a range. This is because the lower end of the range will become the de facto target.

4.3 However, we recognise the importance of improving the metric for this outcome. Pavement condition only measures, by spend, 8% of National Highways' programme. It is important that it, like other renewals classes, has appropriate output commitments in the capital specification. We also recommend that further work is undertaken in 2024-25 to develop a KPI or KPIs which provides a better measure of the company's portfolio of assets. This could include an asset health KPI. We describe this in paragraphs 5.17 to 5.19.

Current performance

4.4 This KPI measures the percentage of the pavement (road surface) asset in good condition. The measurement of the KPI is unchanged from RIS2. The current RIS2 target is set at 96.2% and National Highways has achieved this at the end of each year of RP2, so far.

Target for 2025-26

4.5 National Highways has provided evidence to us of the importance of a consistent approach to maintaining road surfaces to avoid deterioration. Subject to reviewing National Highways' pavement renewals plans for 2025-26 we propose that the target is kept at its current level without the proposed range, as over the one-year period it would effectively reduce the target to 96.1%.

KPI – Technology performance

National Highways' proposal

4.6 National Highways has not submitted a proposal for a targeted technology performance KPI.

ORR recommendation

4.7 Roadside technology plays a key role in National Highways' operational management of the SRN. It is also a focus of significant investment. During RP2, the company reported its performance against a technology availability PI. In our previous advice, we recommended the adoption of a KPI for roadside technology performance for RP3.

4.8 In the short term, for 2025-26, we recommend adopting a KPI relating specifically to the availability of technology on all lane running (ALR) motorways to align to the government's requirements and also level of investment. During RP2, National Highways was provided with £105 million for an operational technology modernisation programme specifically focused on ALR motorways. The modernisation programme is due to complete before the end of 2024-25 and National Highways has publicly claimed it is intended to achieve 97% technology availability on ALR motorways. This level of availability will not be realised until 2025-26 once both the modernisation programme and the NEAR programme are complete. A KPI linked to this objective will provide assurance to government and users that National Highways is continuing to deliver and maintain performance.

4.9 In the longer-term, we support the adoption of a KPI for technology performance across the SRN as the reliance by the company to support operational decisions and support users' journeys increases. This could be a technology road services availability KPI, based on the PI that National Highways is developing. It would group technology assets into services from a customer perspective (such as queue detection). A KPI would provide clarity on the level of performance that DfT expects the company to achieve. We recommend that DfT also consider whether a KPI should be disaggregated by road and asset type, particularly in respect of smart motorways.

Current performance

4.10 National Highways reported in its 2024 annual report that availability of technology on ALR roads in 2023-24 was 92.7%.

Target for 2025-26

4.11 If the technology availability on ALR motorways KPI is adopted, we recommend setting a target for National Highways, in line with its public ambition, to achieve and maintain 97% availability on ALR motorways during 2025-26.

PIs

4.12 We recommend retaining three RIS2 PIs for the 'well maintained and resilient network' outcome for 2025-26:

- structures condition – average and critical condition of structure stock and percentage of structures with updated bands/descriptors. To continue dual reporting of ratings such as 'good', 'fair', and 'poor' by an inspector;
- drainage resilience – the percentage length of carriageway that does not have an observed significant susceptibility to flooding. To continue dual reporting of drainage resilience, including and excluding abnormal rain events; and
- geotechnical condition – the percentage length of asset in good condition.

Metrics to develop

Minimum regional pavement condition target

4.13 The pavement condition KPI is calculated as an average across National Highways' network. However, there are longstanding differences in performance across the company's regions. Most notably, the condition of pavements in the East region has been consistently below the national target. In 2023-24, the East region's pavement condition stood at 92.7%. This is partly due to the high proportion of A-roads and the presence of concrete roads in the region. However, our research comparing road surface across the company's regions suggests that these factors fail to fully explain the performance gap between the East region and the network-wide average.

4.14 While some degree of regional variation is expected, there is a risk that poor condition in some of National Highways' regions is masked by better condition in others. To mitigate this, we propose the introduction of a minimum condition standard that all regions must achieve. This would be set at a lower level than the national target but should be sufficiently stretching to incentivise the company to

achieve a good condition across all regions to provide a consistent level of service to all users.

4.15 If DfT supports the principle of minimum regional pavement condition levels, we would work with National Highways in 2025-26 to identify an appropriate level at which the regional minimum should be set. This will enable it to be considered for inclusion for the next road period.

New technology performance KPI if not adopted for 2025-26

4.16 If a new targeted KPI for roadside technology performance is not adopted for 2025-26 we recommended that it be developed and considered for inclusion in the performance specification for RP3. In any event, because of the importance of technology in the operational management of the SRN and investment, this should be an area of focus for metric development.

Asset health PI

4.17 "Asset health" is a broad term encompassing asset attributes like condition, serviceability, reliability, sustainability and resilience. There is a clear need to develop a measure of the sustainability and resilience of assets on the SRN to help National Highways fully understand the appropriate level of investment it requires. In addition, it will provide evidence to help make the case for that investment. Asset health indicators would complement rather than replace the existing asset condition indicators.

4.18 National Highways should develop a suite of indicators to measure the SRN's asset health. These should demonstrate the enduring impact of funding on the sustainability of the asset base to support the long-term stewardship of the network. This type of measure would improve the company's understanding of its overall portfolio risk and, importantly, support a more outcomes focused approach to its renewals planning for future periods. In addition, it would be easier for policy makers to understand and assess the implications of investment decisions.

4.19 Development of asset health indicators should commence in 2025-26. We are working closely with National Highways to agree a detailed programme of activities aimed at creating indicators for potential inclusion in the RIS3 performance specification. However, we need the prompt agreement of development milestones, to show a commitment and achieve introduction in RP3.

5. Being environmentally responsible

KPIs

5.1 We recommend four KPIs for the 'Being environmentally responsible' outcome:

- biodiversity;
- corporate carbon;
- noise; and
- air quality.

KPI – Biodiversity

National Highways' proposal

5.2 National Highways proposes that biodiversity should be a targeted KPI. The company proposes a target is set based on the gross number of Biodiversity Units delivered as funded in its 2025-26 business plan.

ORR recommendation

5.3 We recommend that biodiversity should be a targeted KPI. This KPI measures the biodiversity of National Highways' soft estate. The KPI should use the Statutory Biodiversity Metric, an updated methodology to that used in RP2. The latest version is used by all developers across England, so would reduce the need for the company to dual report.

Current performance

5.4 This KPI uses an updated version of the current RIS2 KPI.

Target for 2025-26

5.5 The biodiversity target should be set according to the planned number of Biodiversity Units to be delivered in 2025-26, based on the allocated funding and appropriate benchmarks. National Highways has yet to propose a target level and has not provided a detailed breakdown of its plans for biodiversity. For these reasons, at this stage, we are unable to advise on an appropriate target.

KPI – Corporate carbon

National Highways' proposal

5.1 National Highways proposes that corporate carbon be a targeted KPI. The company proposes a target of a 75% reduction for 2025-26, compared to the 2019-20 baseline, using the Science Based Targets initiative (SBTi) methodology, applying market-based electricity emission factors. Compared to Greening Government Commitments (GGC) methodology, SBTi methodology includes staff commuting, corporate purchases and leased assets.

ORR recommendation

5.2 We recommend that corporate carbon emissions be a targeted KPI. In line with our interim advice, we recommend that DfT considers whether the corporate carbon KPI should remain consistent with the GGC guidelines, whereby 'green' tariff electricity and existing woodland are not counted as a carbon saving for corporate emissions.

Current performance

5.3 National Highways has a RIS2 KPI target to reduce its corporate carbon emissions by 67% by the end of RP2, compared to an April 2017 to March 2018 baseline, using the GGC method. At the end of June 2024, the company is forecasting it will achieve a 54% reduction by the end of RP2, or 41,130 tonnes. The gap between its forecast position and target was 10,982 tonnes of CO2e. The company is currently pursuing change control to change the RIS2 target to a 56% reduction and additional actions to meet this target.

5.4 National Highways' SBTI reported emissions in 2023-24, which are distinct from the RIS2 KPI, were 37,738 tonnes, including green tariffs and excluding woodland removals. This is a 66% reduction on its 2019-20 baseline.

Target for 2025-26

5.5 If DfT chooses to continue KPI reporting, following GGC guidelines, we recommend a target is set of 36,114 tonnes, or a 60% reduction, on 2017-18 emissions. This would continue the RIS2 trend of a 3.7 percentage point reduction in emissions each year between 2021-22 and 2024-25.

5.6 Following lessons from RIS2, the electricity emissions forecast, upon which the proposed target is reliant on as a baseline, should be selected carefully to not be too optimistic or pessimistic, as an overly optimistic emission forecast in 2021 led to several changes to the RIS2 target. The Department for Energy Security and

Net Zero (DESNZ) long-run marginal factors appear to be more realistic and are used in our assessment of target calculations.

5.7 Government policy on corporate carbon reporting is that '*organisations must account for electricity from green energy tariffs using the rolling grid average emission factor'*. In addition, using existing soft estate to offset/sequester emissions is not consistent with Defra's environmental company reporting guidelines and the UK Woodland Carbon Code. National Highways should explore adopting a power purchasing agreement, which may prove to be a cost-effective way of cutting emissions.

5.8 If DfT chooses the SBTi methodology, we recommend that DfT specifies a location-based electricity emission factor and that the 'gross emissions' figure is used, which is still valid within SBTi reporting requirements. The target would then exclude woodland carbon removals and 'green tariffs' and remain consistent with Defra's guidelines. With these criteria in place, we recommend a target of 71,528 tonnes, or a 35.2% reduction on the 2019-20 SBTi baseline. This reflects a flat emissions profile from 2023-24 for all categories except electricity, with the company absorbing any headwinds and tailwinds in electricity emissions factors through its vehicles, building and corporate emissions.

5.9 If DfT chooses the SBTi methodology proposed by National Highways including 'green tariffs', subject to ORR seeing the company's evidence in detail, a 75% reduction in corporate carbon emissions by 2025-26 looks stretching but deliverable.

KPI – Noise

National Highways' proposal

5.10 National Highways proposes noise should be a KPI but has currently not set a target. The company is proposing to set a target once detailed funding allocations and delivery options are agreed with DfT.

ORR recommendation

5.11 We recommend that noise is a KPI for 2025-26 if funding is allocated to interventions, such as noise barriers and resurfacing, and if a target can be set. Otherwise, we recommend it is removed as a KPI for 2025-26.

Current performance

5.12 The existing RIS2 noise KPI is currently measured by the number of households within noise important areas where the noise impact is mitigated. Mitigation is

achieved by National Highways through either laying lower noise surfacing, upgrading insulation in affected households or installing noise barriers. Excess noise from traffic is a concern for some communities adjacent to the SRN.

5.13 National Highways has a KPI target to mitigate noise from 7,500 households by the end of RP2. Since the start of RP2 the company has mitigated 5,197 households. The company is on track to meet its target through noise mitigations completed in 2024-25.

Target for 2025-26

5.14 If funding is allocated to noise-reduction related outputs, then a target should be set. National Highways is retendering its contract for insulation installations for April 2026, so a target in 2025-26 may be lower than in RIS2, as it would only include surfacing or noise barriers.

KPI – Air quality

National Highways' proposal

5.15 National Highways has not submitted a proposal for an air quality KPI.

ORR recommendation

5.16 We recommend that air quality is a targeted KPI. This KPI measures the number of sections of the SRN that may exceed legal limits for nitrogen dioxide. Poor air quality is a concern for some communities adjacent to the SRN. Retaining it as a KPI focuses National Highways on the need to deliver against this outcome.

Current performance

5.17 In October 2024, National Highways had 20 sections that exceed the legal limit for nitrogen dioxide. This is a reduction from 30 sections reported in our 2023-24 annual assessment.

Target for 2025-26

5.18 We recommend retaining the existing RIS2 air quality target that National Highways must bring nitrogen dioxide levels on these sections into legal compliance in the shortest time possible.

PIs

5.19 We recommend four PIs for the 'being environmentally responsible' outcome area are retained for 2025-26:

- maintenance and construction carbon emissions tonnes of CO2e per £ million of expenditure and total CO2e emissions;
- water quality – length of watercourse enhanced;
- cultural heritage assets – total asset score; and
- litter – percentage of network at an acceptable grade of cleanliness.

Metrics to develop

Supply chain – maintenance and construction carbon emissions KPI

5.20 Emissions from National Highways' supply chain maintenance and construction activities led to emissions of around 567,794 tonnes of CO2e in 2023-24, compared to 37,738 tonnes CO2e from its corporate activities. Supply chain emissions are the greatest contributor to carbon emissions that the company has the ability to directly control.

5.21 National Highways has set an ambition in *Net Zero Highways* to reduce its supply chain emissions by 40%-50% by 2030 compared to the 2019-20 baseline, and reports on these emissions annually in its 'net zero highways progress report'. However, the company has expressed concerns about data quality from its supply chain, despite PAS2080 certification on its carbon reporting. We recommend that milestones are set within 2025-26 to improve data quality and develop an RP3 target by March 2026 to achieve this ambition.

Road user carbon emissions PI

5.22 In *Net Zero Highways,* National Highways set out its ambition for 'net zero carbon travel on the SRN by 2050'. The company has limited levers to manage the reduction of road user carbon emissions. Nevertheless, it has set an ambition and, given the importance of this issue and for transparency, we recommend that DfT considers the development of a metric for the SRN to support the company's ambition.

Litter PI

5.23 We recommend that National Highways reviews its guidance to regions for the surveys that inform this PI. This is to ensure that the timing and frequency of the surveys is consistent, and results comparable, between the company's regions, and that the survey results are not impacted by, for example, the vegetation growth season cycle.

6. Meeting the needs of all users

KPIs

6.1 We recommend two KPIs for the 'meeting the needs of all users' outcome:

- road user satisfaction; and
- roadworks information timeliness and accuracy.

KPI – Road user satisfaction

National Highways' proposal

6.2 National Highways proposes that road user satisfaction should be a targeted KPI. The company proposes a target to '*ensure satisfaction does not deteriorate by more than 2% against the RP2 outturn*'.

ORR recommendation

6.3 We recommend that road user satisfaction is a targeted KPI.

Current performance

6.4 This KPI measures road users' satisfaction with their journey on the SRN. It is measured by a 12-month rolling average for the year end. In 2023-24, National Highways missed its in-year road user satisfaction target of 73%, with 71% of users fairly satisfied or very satisfied with their journey on the SRN. This target was originally set using 10-months' data and, recognising the limited data used, was subject to review once additional data was available. An updated target level of 71% for 2024-25 was recently approved by Ministers.

6.5 Analysis of Strategic Roads User Survey (SRUS) data shows that increasing levels of delay on the SRN negatively affect road user satisfaction. Therefore, National Highways anticipates that it will be challenging to maintain current levels of satisfaction in the final year of RP2 as the NEAR programme is expected to lead to higher levels of delay.

Target for 2024-25

6.6 SRUS scores have been on a downward trajectory during 2024-25. The 12-month rolling average has fallen from 71.1% in April 2024 to 69.7% in September 2024. Current evidence shows that satisfaction scores are closely related to delay on the network. National Highways postulated that the extent and nature of the traffic

management of the NEAR programme would have a detrimental impact on both delay and satisfaction. This supposition underpinned the company's case to reduce the target for 2024-25.

6.7 The completion of the NEAR programme is expected to reduce the amount of roadworks, and consequent roadworks related delay, on some of the busiest sections of the SRN. Therefore, it is reasonable to expect roadworks related delay to reduce across the network and for satisfaction levels to at least stabilise and potentially improve. We have not seen evidence that suggests delay will increase and that, as a consequence, satisfaction levels will significantly fall. We therefore recommend maintaining the existing target of 71.0% for 2025-26.

KPI – Roadworks information timeliness and accuracy

National Highways' proposal

6.8 National Highways proposes that roadworks information timeliness and accuracy should be a targeted KPI. The company proposes a target of 75%.

ORR recommendation

6.9 We recommend that roadworks information timeliness and accuracy should be a targeted KPI.

Current performance

6.10 This KPI measures the percentage of road closures correctly notified to road users one week in advance. It is measured by a 12-month rolling average for the year end. National Highways has an existing KPI target that 75% of overnight road closures are accurately notified one week in advance, by the end of RP2. This target had originally been set at 90% before a proper understanding of what was achievable had been established. It was deemed unachievable due to longstanding issues with DBFO agreements and poor forecasting. The target was change controlled in 2023-24 and revised to 75% to provide a challenging but deliverable RP2 target.

6.11 At the start of RP2 the company only achieved a 54.5% accuracy rate. In 2023-24, 71% of road closures were accurately notified seven days in advance. Although good progress has been made, through improved booking processes and scrutiny of road space booking, National Highways is not on track to achieve this target. However, data from the company shows progress in three of its six regions which are already achieving accuracy rates of 75% in 2023-24.

Target for 2025-26

6.12 The company has previously proposed to remove failure reasons deemed by it to be outside its control, such as weather and resources. We do not support any exclusion of any failure types. ORR's position is supported by DfT and Transport Focus.

6.13 Analysis of the reasons why some closures were not accurately notified, seven days in advance, indicates that around 7.5% of closures were not accurately defined or were cancelled due to external factors. These external factors included the need for urgent safety work or high traffic flows, not known about when the closures were notified. Allowing for variability, and for the impact of factors outside of National Highways' control to double, indicates that a longer-term target of 80% is challenging but deliverable. Our analysis indicates that the company can achieve this through improvements in existing process that do not require additional funds.

6.14 However, the rate of improvement has slowed, with an increase of 1.1 percentage points in 2023-24 compared to a 1.9 percentage point improvement in 2022-23, and the company is off-track to achieve its end of road period target. We therefore propose that a target of 75% is set for 2025-26 to drive sustained improvement across all regions.

PIs

6.15 ORR supports the following four PIs, which are retained from RIS2, for the 'meeting the needs of all road users' outcome:

- timeliness of information provided to road users through electronic signage. This measures the average median time to set signs and signals on all motorways;
- ride quality. This measures the percentage of the network assessed to have a good or better ride quality condition; and
- logistics and coach manager satisfaction survey. This measures the percentage of respondents fairly satisfied or very satisfied with how the SRN met their business needs; and
- working with local highways authorities to review diversion routes for unplanned events. This measures the percentage of local highway authorities

which National Highways engaged with, to review diversion routes for unplanned events.

Metrics to develop

6.16 We recommend that PIs are developed for the following, for consideration to replace the existing measure of 'working with local highways authorities to review diversion routes for unplanned events':

- roadworks and planned event diversion routes – the quality of roadworks and planned event diversion routes using the results from a sample of 'mystery shopper' drive-through surveys; and
- unplanned event diversion routes – the compliance with standards for unplanned event diversion routes. Initial work with National Highways has proven the data exists through route inspections, so the company is able to develop a PI based on existing data.

Active travel

6.17 Developing a measure for active travel (walking, cycling, wheeling and horse riding) user satisfaction has previously been a challenging issue to address. Satisfaction survey and rate-based casualties metrics were deemed not practicable to develop in RIS1 and RIS2.

6.18 In our view, there is an urgent need to develop one or more PIs, and to improve monitoring, which assess provision for or the experience of active travel users on or crossing the SRN. One example may be 'CycleRAP' for walking and cycling infrastructure. It measures crash risk and safety issues. This is similar in approach to the iRAP tool that the company currently uses. In the interim, and maybe for permanent adoption, we recommend that the company produces an active travel delivery plan with clear actions and time-bound deliverables. ORR would hold the company to account to deliver the plan in 2025-26 and RP3. Similarly, we will monitor the company's delivery of the actions in its Bus and Coach plan.

7. Achieving efficient delivery

KPIs

Efficiency

7.1 We hold National Highways to account for achieving an efficiency target for each road period. The target is a financial value for the level of efficiencies the company is expected to achieve based on its planned programme of delivery. ORR's Efficiency Review – our review of National Highways' draft Strategic Business Plan – plays a critical role in establishing the efficiency target. During the Efficiency Review, we consider whether National Highways' plans and cost estimates build in a sufficiently challenging yet deliverable level of efficiency savings.

7.2 For RIS2, National Highways has a target to deliver £2,111 million of capital or operational efficiency. The company has proposed a change to the target to reflect the impact of changes to its funding and outputs that have occurred during RP2. National Highways is awaiting ministerial approval for this change. Following adjustment, the company is forecasting that it will hit the target at the end of the road period.

7.3 Improving efficiency was a central plank of roads reform (the process that led to the creation of National Highways) and it is vital that, during 2025-26, the company continues to be efficient. However, we note that the biggest opportunity for improving efficiency comes from the stability of multi-year plans and funding settlements. Therefore, we recommend retaining this KPI for 2025-26 with a target level that reflects the lower opportunities for improved efficiency.

Target

7.4 Improving efficiency is a long-term process best suited to longer-term targets and multi-year road settlements. These were a key aspect of roads reform, designed to give National Highways and its supply chain the certainty needed to plan and invest for the future, thereby enhancing efficiency. However, as a central motivator for roads reform, it is important to maintain an efficiency target to provide the company with the incentive to continue to pursue greater efficiency. But the target level for a single-year settlement must reflect the lower potential for efficiency gains, particularly given the remaining uncertainty around plans for RIS3.

7.5 From a practical perspective, many of the capital projects the company delivers have long planning or construction periods. It is only possible to fully assess whether they have been delivered in an efficient manner once they are complete. Including enhancement projects in the 2025-26 efficiency target would reflect either the projects' past history or forecasts of their future costs rather than efficiencies enacted or realised in 2025-26. And the level of reported efficiency would largely depend on the cost baseline used and adjustment for factors such as higher than expected inflation. As such, we recommend that, for 2025-26, the target excludes enhancements and that they are included again in RIS3.

7.6 National Highways is currently considering how its approach to demonstrating and reporting its efficiency improvements will evolve during 2025-26, with an intention that it will draw more heavily from unit costs and similar productivity measures. We support this planned development and, as part of that process, will work with the company to determine an appropriate target level. For example, a target based on our estimates of long-term productivity increases (or 'frontier shift efficiencies') applied to all non-enhancements spend would be around £18m to £36m for 2025-26.

PIs

7.7 We monitor National Highways' reported cost and schedule performance index (CPI and SPI) scores for enhancement schemes currently in the construction phase.

7.8 Following a piece of joint consultancy work, during 2024-25, we have been working with National Highways to improve the quality and depth of reporting around these earned value metrics (EVM). This is a work in progress. However, we aim to have embedded this improved contextual data into the ongoing quarterly reporting for EVM by the end of the financial year.

7.9 At a minimum this improved reporting should continue in 2025-26 to allow better monitoring of CPI and SPI performance of schemes in construction in the context of agreed financial and schedule commitments. Discussion on improvement of reporting in this area should continue into 2025-26 through the established working group where necessary.

8. Summary

8.1 We have made recommendations for the performance specification to monitor National Highways delivery, in 2025-26, of the six outcomes defined by DfT. The proposals are not drafted from a 'blank sheet' to form an idealised set of measures. They are the pragmatic product of ORR's deliberations within the RIS3 Performance Specification Task and Finish group, our own analysis and the limited time we have had to prepare this advice.

8.2 Our recommendations have also carefully considered the need for consistency with the performance framework specification for RP2 and evolution related to potential policy priorities for RP3. We have also been mindful of the need for the proposed KPIs to support achieving the desired outcomes of DfT's plans, whilst, importantly, representing what is important for users and driving the right behaviours in National Highways.

8.3 Our recommendations cover 13 KPIs and 22 PIs. Twelve of the KPIs are targeted. One is set as an 'ambition'. We consider this range of KPIs and PIs to be commensurate with National Highways' extensive and complex portfolio of activities.

8.4 In addition, we have recommended the following six themes for specific KPI and PI development:

- lead safety PIs;
- technology performance KPI;
- asset health PI;
- supply chain carbon KPI;
- road user carbon PI; and
- roadworks and diversion routes quality PIs.

8.5 A summary of the KPI and PI recommendations for 2025-26 is contained in figure 8.1. A comparison with the RIS2 performance specification KPIs is shown in figure 8.2.

8.6 A significant proportion of the expected costs for 2025-26 relates to activities that do not directly contribute to performance as measured by the KPIs and PIs. It is important that the delivery of these commitments is specified, with sufficient granularity, to ensure there is a clear and unambiguous baseline against which we can effectively hold National Highways to account during 2025-26. It is therefore vital that the performance specification should be supported by a robust capital specification and descriptive commitments. DfT should instruct National Highways, in its statutory guidance and directions, on the level of detail to be included in the company's plans in relation to the capital specification. This level of detail should be representative of the size of investment, its importance and the risk of achieving the outputs and outcomes. ORR will provide further detail on this to DfT.

Figure 8.1 Summary of ORR recommendations

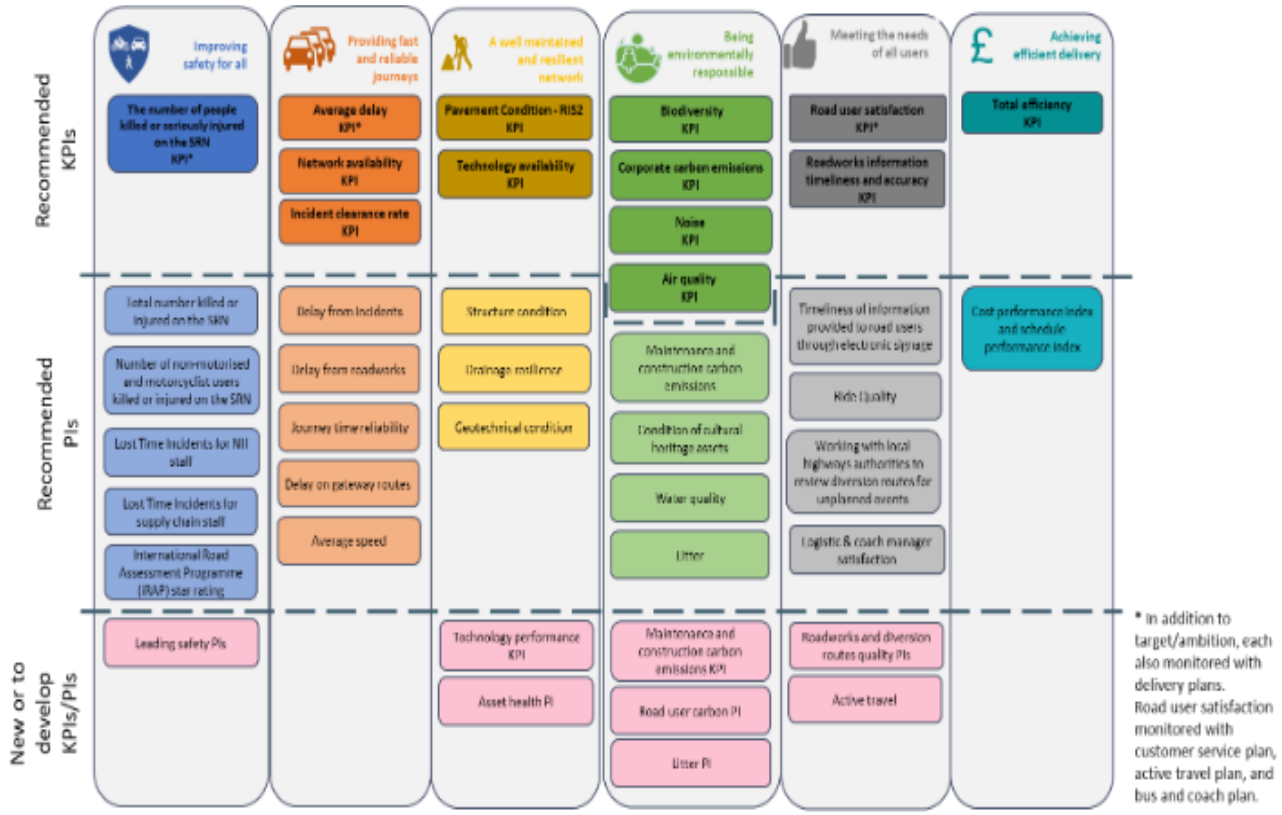

Figure 8.2 RIS2 KPIs and ORR recommendations for 2025-26

Outcome	RIS2 KPI		ORR recommendation for 2025–26	
	KPI	Target	KPI	Target
Improving safety for all	Total nos. KSIs	50% reduction on 2005–09 annual average	Total nos. KSIs	50% reduction on 2005–09 annual average
Providing fast and reliable journeys	Average delay (ambition)	No worse than February 2020 (9.5 spvpm)	Average delay	No worse than 2024–25, which has forecast outturn of between 11.8 and 12.0 spvpm
	Incident clearance	86% of motorway incidents impacting on traffic flow cleared within one hour	Incident clearance	86% of motorway incidents impacting on traffic flow cleared within one hour
	Road network impact	51 million weighted lane meter days	Network availability	TBC
A well maintained and resilient network	Pavement condition	96.2% of road surface (all lanes) in good condition	Pavement condition	96.2% of road surface (all lanes) in good condition
			Technology availability	97% availability on ALR motorways
Being environmental responsible	Biodiversity	No net loss of biodiversity by the end of RP2	Biodiversity	TBC – funding dependent
	Corporate carbon	56% reduction in 2024–25 compared to 2017–18	Corporate carbon	60% reduction compared to 2017–18
	Noise	7,500 households mitigated in noise important areas by the end of RP2	Noise	TBC – funding dependent
	Air quality	Bring links into compliance in the shortest time possible	Air quality	Bring links into compliance in the shortest time possible
Meeting the needs of all users	Road user satisfaction	72% satisfied	Road user satisfaction	72% satisfied
	Roadworks information timeliness and accuracy	75%	Roadworks information timeliness and accuracy	75%
Achieving efficient delivery	Total efficiency	£2.1bn of capital and ops efficiency by the end of RP2	Total efficiency	£18m to £36m applied to all non-enhancements spend

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