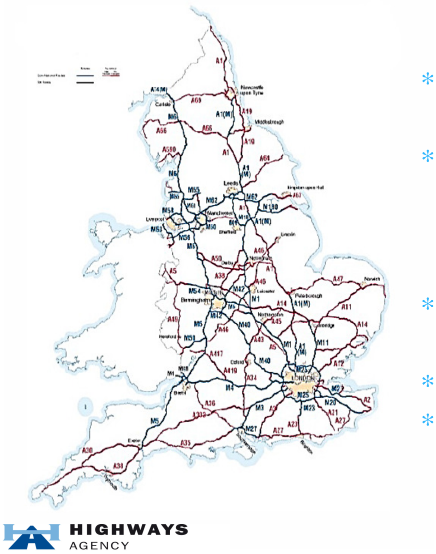
The Highways Agency

Constructing Excellence asset group - 26th March 2014

HIGHWAYS AGENCY

Safe roads, reliable journeys, informed travellers

The Highways Agency



* Executive Agency of the Department for Transport
* The Strategic Road Network of around 7,000km of motorways and all-purpose trunk roads in England (around 3% of roads)
* Carries one-third of all traffic and about two-thirds of all freight traffic
* Asset valued at around £110 billion
* Spend is circa £4 billion a year through the supply chain

HIGHWAYS AGENCY

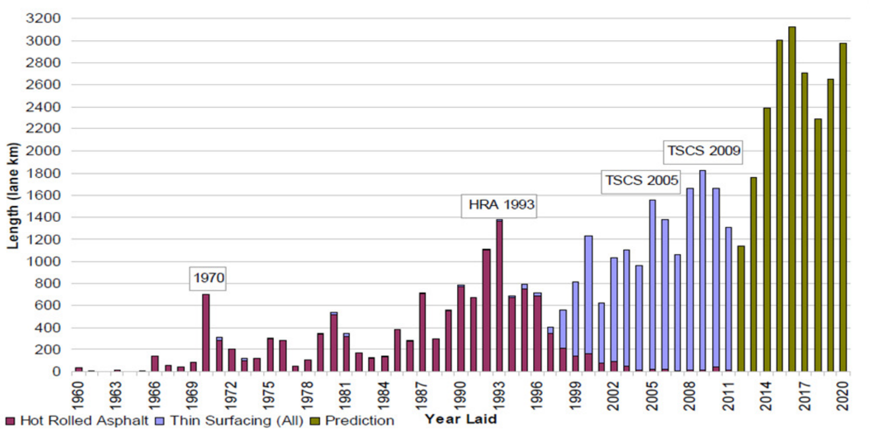
Safe roads, reliable journeys, informed travellers

A complex asset

- 35,273 lane-km network length
  - <5% of national total
- 150 billion vehicle-kilometres of travel each year
  - 51% of all goods vehicle trips
  - 27% of all passenger trips
  - 2053 Killed or Seriously Injured (and 17,463 slight injury)
- 21,918 miles of pavement assets (42% Motorway and 58% APTR)
- 7,533 miles of embankments & earth works
- 7,588 miles of drains
- 16,600 structures
- 113,560 technology assets
- 14,432 miles of safety barrier

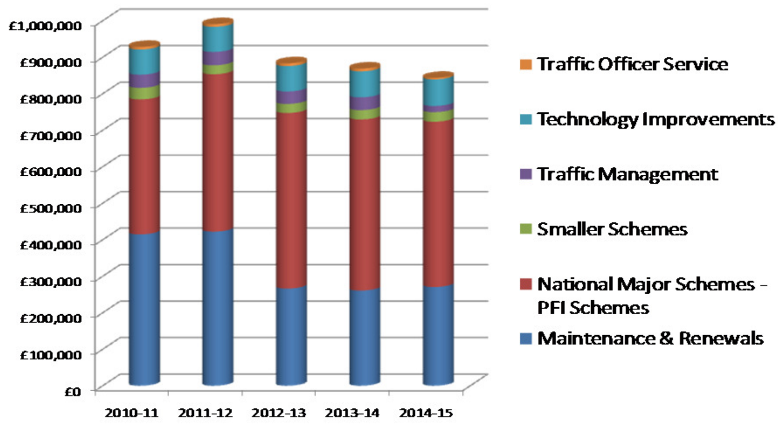
HIGHWAYS AGENCY
Safe roads, reliable journeys, informed travellers

Asset condition challenges



HIGHWAYS AGENCY
Safe roads, reliable journeys, informed travellers

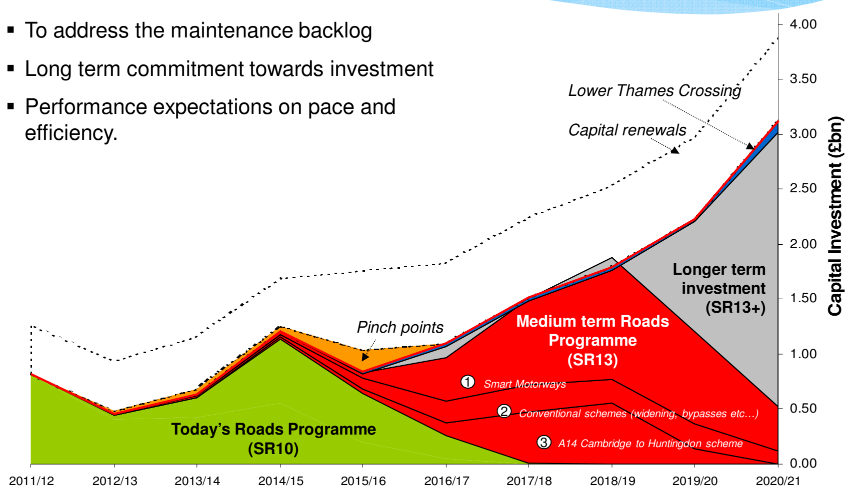
Austerity driven financial challenges (2009 to 2014)



HIGHWAYS AGENCY
Safe roads, reliable journeys, informed travellers

Proposed growth in SRN investment (2014 to 2021)

- To address the maintenance backlog
- Long term commitment towards investment
- Performance expectations on pace and efficiency.



HIGHWAYS AGENCY
Safe roads, reliable journeys, informed travellers

Critical client-side (HA) challenges going forwards

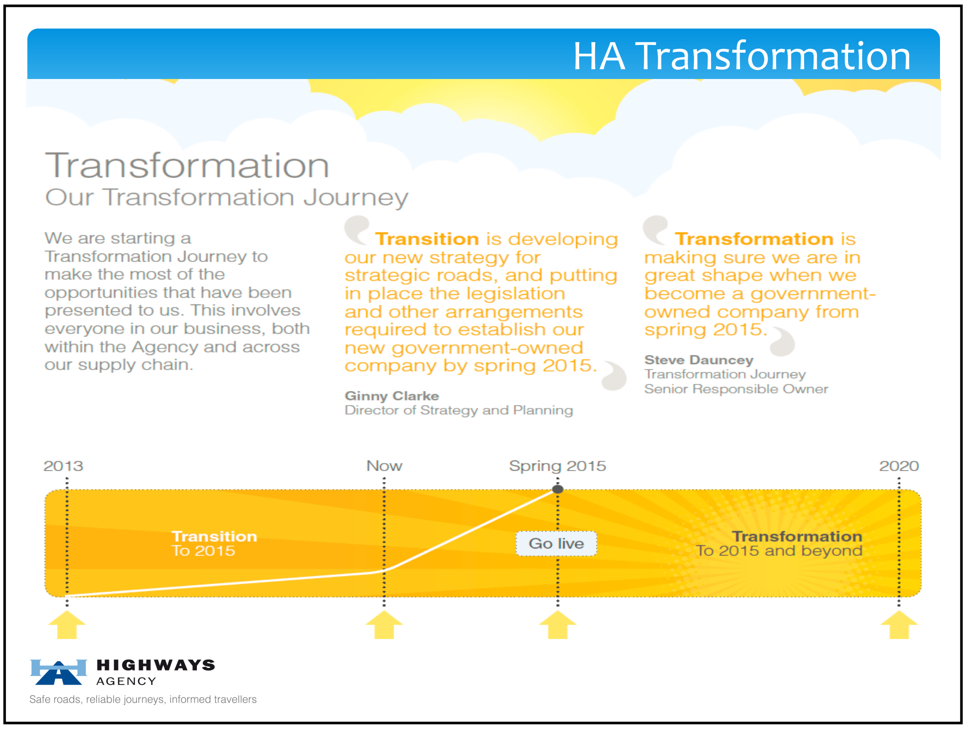
* Fiscal stimulus / growth
* Spikey investment profile coupled to an annualised spend to zero culture
* HA workforce capability, confidence, consequence and experience
* Organisational role and purpose (intelligent client?)
* HA Cultures
* Business information – Asset, financial and contextual
* Clarifying HA future operating model and associated interfaces
* Impact of transition to Go-Co and the underlying business transformation

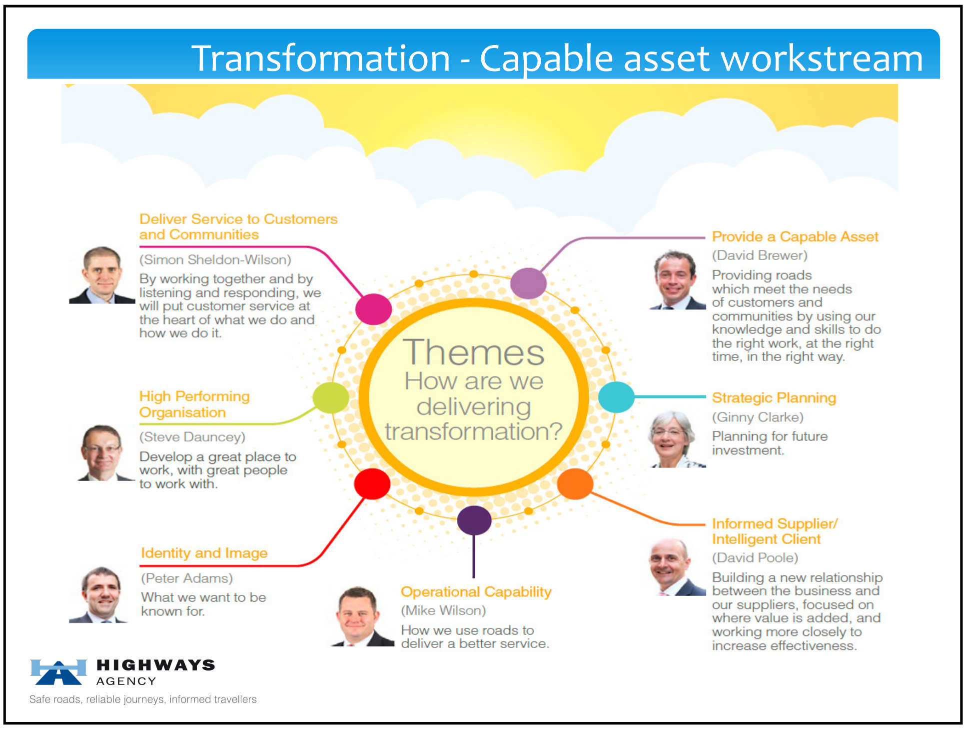
HIGHWAYS AGENCY
Safe roads, reliable journeys, informed travellers

Critical supply-side challenges

* Confidence in future investment profile
* Working Capital – cash flow, interest rates and uplift in capacity
* Work force – capability, cultures, skill gaps and employer qualities
* Supply chain attitudes (delivering excellence, transferring failure)
* Commercial drivers
* Contracting model (partnership to adversarial to alliance)
* Technical quality and consistency (multi-tiered supply chain)
* Managing interfaces and boundaries effectively
* Understanding and responding to client transformation

HIGHWAYS AGENCY
Safe roads, reliable journeys, informed travellers


HA Transformation
Transformation
Our Transformation Journey
We are starting a Transformation Journey to make the most of the opportunities that have been presented to us. This involves everyone in our business, both within the Agency and across our supply chain.
Transition is developing our new strategy for strategic roads, and putting in place the legislation and other arrangements required to establish our new government-owned company by spring 2015.
Ginny Clarke
Director of Strategy and Planning
Transformation is making sure we are in great shape when we become a government-owned company from spring 2015.
Steve Dauncey
Transformation Journey
Senior Responsible Owner
2013
Now
Spring 2015
2020
Transition
To 2015
Go live
Transformation
To 2015 and beyond
HIGHWAYS AGENCY
Safe roads, reliable journeys, informed travellers


Transformation - Capable asset workstream
Deliver Service to Customers and Communities
(Simon Sheldon-Wilson)
By working together and by listening and responding, we will put customer service at the heart of what we do and how we do it.
High Performing Organisation
(Steve Dauncey)
Develop a great place to work, with great people to work with.
Identity and Image
(Peter Adams)
What we want to be known for.
Themes
How are we delivering transformation?
Operational Capability
(Mike Wilson)
How we use roads to deliver a better service.
Provide a Capable Asset
(David Brewer)
Providing roads which meet the needs of customers and communities by using our knowledge and skills to do the right work, at the right time, in the right way.
Strategic Planning
(Ginny Clarke)
Planning for future investment.
Informed Supplier/ Intelligent Client
(David Poole)
Building a new relationship between the business and our suppliers, focused on where value is added, and working more closely to increase effectiveness.
HIGHWAYS AGENCY
Safe roads, reliable journeys, informed travellers

Thank you for your time.