

The Highways Agency Framework Document



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Foreword by the Secretary of State for Transport



Rt Hon. Lord Adonis
Secretary of State for Transport
July 2009

The Highways Agency acts on my behalf to manage, maintain and improve the strategic road network. The strategic road network of England consists of most of our motorways and major A roads, and it is vital for our economic prosperity, productivity and social wellbeing. The Highways Agency delivers the Government's objectives and programmes for improving the performance, reliability and safety of the network.

Since it was established in 1994, the Highways Agency's role has evolved significantly. It has developed from that of simply building and maintaining the road network to being a network operator, responsible for the active management of the network through the Traffic Officer Service and the provision of travel information services to the users of the strategic road network.

The Highways Agency will continue to provide these services and to play a significant role in helping to deliver the Government's transport strategy: reducing congestion through the delivery of major capacity improvements, including hard shoulder running, to time and budget and the effective management of the network; improving safety and mitigating the environmental impacts of transport.

This Document sets out the new framework of governance and sponsorship arrangements between the Department and the Highways Agency within which the latter will deliver the improved reliability of the strategic road network. It sets out how the Highways Agency will contribute to the Government's wider objectives and clarifies roles and responsibilities.

The Highways Agency has an increasingly demanding role and I am sure that this Framework Document will allow it to meet the challenges ahead and deliver a reliable and effective network for users.

A handwritten signature in black ink that reads "Andrew Adonis". Below the signature is a horizontal line.

Introduction

This Framework Document explains how the Highways Agency will work and the high level relationships between the Agency and the Department for Transport. It articulates the governance arrangements, accountabilities, freedoms and constraints between the Agency and the Department and is agreed by both the Secretary of State for Transport and the Chief Secretary to the Treasury. This document does not attempt to define every relationship that exists between the Agency and the Department but seeks to define the most significant and the principles for all relationships.

The Highways Agency and its role

The Secretary of State for Transport (the Secretary of State) is the highway authority and traffic authority for the strategic road network of England. The Highways Agency (the Agency) is an executive agency of the Department for Transport and its responsibilities for the strategic road network and the Department are set out below.

The strategic road network includes most motorways and the major 'A' roads. It is valued at over £85 billion and carries a third of all road traffic in England and two thirds of all road freight traffic. A map of this network is shown at Annex One.

Responsibilities

On behalf of the Secretary of State, the Agency is responsible for the stewardship, operations and (where appropriate) development of the strategic road network. This includes:

1. delivering a programme agreed with the Secretary of State for additions and enhancements to the strategic road network;
2. supporting users of the strategic road network by managing traffic, tackling congestion, providing information and improving safety and journey reliability on the strategic road network particularly through the Traffic Officer Service;
3. acquiring, managing and disposing of land and property and paying compensation in relation to schemes on the strategic road network;

4. delivering a cost effective programme of day to day maintenance of the strategic road network; and
5. informing and influencing the development of the Secretary of State's longer term planning and policies for the strategic road network, including advising on the case and options for:
 - a. additions and enhancements to strategic road network including the provision of advice to regional partners;
 - b. changes and improvements to the operation of the strategic road network; and
 - c. the transfer of sections of the strategic road network to other highway authorities.

In addition the Agency is responsible for supporting:

6. the Department's policies and objectives in relation to the environment and climate change;
7. the delivery of the Government's objectives in relation to sustainable development by:
 - a. informing and influencing the pattern of new development through the planning system; and
 - b. responding to specific development proposals in respect of the potential impact on the capability of the strategic road network;
8. the Government's objectives for national and regional economic growth; and
9. the Government's priorities for efficiencies and value for money by discharging its responsibilities in an efficient and effective manner.

The Agency will engage with other organisations to develop standards, and to ensure the transfer of knowledge and the promotion of best practice. This includes:

10. engaging with other organisations whose business involves interfaces with the strategic road network, including other highway authorities, network operators, transport service providers, Government Offices, and local and regional planning bodies;
11. providing professional highways engineering advice to and on behalf of the Secretary of State, and promoting best practice by the sharing of best highway management practice with other highway authorities;
12. developing, publishing and maintaining engineering and other standards in concert with the office of the Scottish Executive, the Welsh Assembly Government and the Department of the Environment in Northern Ireland, or any successor bodies;
13. carrying out a programme of research and development aimed at supporting delivery of the aims and objectives of the Agency, in consultation with the Department's Chief Scientific Adviser to ensure programmes complement each other;

14. representing the Government's interests on relevant international technical committees where appropriate and recognising opportunities for the UK; and
15. collaborating with other Executive Agencies of the Department in the planning and delivery of services.

Size, resources and location

The Agency has 3,500 employees, in locations across England. This includes 1,500 in the Traffic Officer Service.

The Agency manages an annual cash budget in the region of £3 billion. This covers the costs of improving and maintaining the network including improvements funded from Regional Funding Allocations (RFA)¹.

The Agency has a small corporate centre in London and seven locations across the country which are set out in Annex Two. It also has traffic officers working on motorways based in seven Regional Control Centres and 32 outstations.

¹ RFA process offers the opportunity for regions to provide advice to the Government on their long-term investment priorities for elements of transport, housing and regeneration, and economic development to support sustainable economic growth.

Aim and Objectives of the Highways Agency

1. The roles and responsibilities of the Agency, as set out earlier, are translated into the following aim and objectives.

Aim

2. The aim of the Agency is “Safe roads, Reliable journeys, Informed travellers”.

Objectives

3. The over arching objective of the Agency is “to deliver a high quality service to all our customers”. To achieve this the Agency has the following objectives:
 - a. Reduce delay and congestion on the strategic roads network by delivering sustainable capacity improvements, making journey time more reliable;
 - b. Influence customer’s travel behaviour and decisions by making network information more readily available;
 - c. Improve road safety by maintaining the network in a safe and serviceable condition and supporting the Department’s road safety objectives;
 - d. Enhance the environment by mitigating the potentially adverse impact of the strategic road network and supporting the Department’s environment and climate change objectives;
 - e. Provide an effective Traffic Officer Service;
 - f. Seek and respond to feedback from customers of the Agency and on the network performance; and
 - g. Deliver efficiency and value for money savings and improvements.

4. The Agency's enabling objectives are to:
 - a. Ensure more effective delivery through better working relationships;
 - b. Implement best practice and innovative solutions to improve service now and in the future;
 - c. Be a good employer; and
 - d. Be an efficient Agency with effective business processes and resource management systems.
5. The Agency's aim, objectives and values will be set out and updated as required annually in its Business Plan.

Relationship between the Highways Agency and the Department's objectives

6. The Agency contributes to achieving the Department's objectives, and the associated Public Service Agreement (PSA). The Department has five strategic objectives which focus on the core areas of its business:
 - a. To support national economic competitiveness and growth, by delivering reliable and efficient transport networks;
 - b. To reduce transport's emissions of carbon dioxide and other greenhouse gases, with the desired outcome of avoiding dangerous climate change;
 - c. To contribute to better safety, security and health and longer life-expectancy through reducing the risk of death, injury or illness arising from transport, and promoting travel modes that are beneficial to health;
 - d. To promote greater equality of opportunity for all citizens, with the desired outcome of achieving a fairer society; and
 - e. To improve quality of life for transport users and non-transport users, and to promote a healthy natural environment.

Public Service Agreements

7. Over the Comprehensive Spending Review 2007 (CSR07) period, the Department both leads on and contributes to Public Service Agreements (PSA) targets.
8. The Department leads on PSA 5 'Deliver reliable and efficient transport networks that support economic growth'. This PSA is underpinned by four indicators, one of which is delivered by the Agency and is reflected in its Business Plan targets for: reliability on the strategic road network; and safety on the strategic road network.

9. The Department contributes to a number of other PSA targets across the four themes of: sustainable growth and prosperity; fairness and opportunity for all; stronger communities and a better quality of life; and a more secure, fair and environmentally sustainable world. The Agency will support the Department as required in contributing to these targets and their indicators and in particular to the Department's contribution to:
 - a. 'Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions' (PSA 7 as led by Business Enterprise and Regulatory Reform); and
 - b. 'Increase long-term housing supply and affordability' (PSA 20 as led by Communities and Local Government).

Service Transformation Agreements

10. HM Treasury and Cabinet Office have published a Service Transformation Agreement (STA) which underpins the CSR07. This sets out two cross Government performance measures:
 - a. Reduction in the amount of avoidable contact: the aim is to achieve a 50% reduction in avoidable contact by the end of the CSR07 period; and
 - b. Citizen and business e-services content migrated to Directgov.uk and Businesslink.gov.uk: the aim is to migrate more than 95% of the total identified websites by the end of the CSR07 period, with the remaining 5% migrating soon after.
11. The Agency will contribute to the Department's delivery of these measures and support the Department's Service Transformation vision of "A Department that designs all of its services around the needs of its customers and business, providing modern and efficient services, whilst ensuring it has the capability to deliver".

Roles, Responsibilities and Governance

1. This section sets out the high level governance relationship between the Department and the Agency.
2. The Agency is an integral part of the Department and works within the policy framework set by Ministers and within the overarching strategy and frameworks set by the Department.

Secretary of State and Ministers

3. The Secretary of State is responsible for the policy framework within which the Agency operates. As the responsible Minister, the Secretary of State is accountable to Parliament for the Agency and is advised by the Permanent Secretary. The Secretary of State may delegate the responsibilities set out below to a junior Minister.
4. The Secretary of State's responsibilities include setting the strategic direction, objectives, key performance indicators and targets of the Agency, and the system to assess the performance of the Agency. The Secretary of State will hold the Chief Executive Officer (CEO) of the Agency to account for the performance of the Agency and the delivery of its plans, objectives and targets, including through private organisations. The Secretary of State will also:
 - a. Approve the Agency's Business Plans and Annual Report and Accounts;
 - b. Agree the appointment of the CEO (with the approval of the Prime Minister);
 - c. Agree the level of resources to be made available to the Agency, including the broad split between the main programmes;
 - d. Approve adjustments to the Agency's programmes and budgets as appropriate in accordance with any significant changes or developments in priority;
 - e. Determine which individual major road schemes will be included in the programme and approve the scheme brief, and investment decisions at key stages, including associated funding limits; and

- f. Approve revisions to the Framework Document, clearing these with HM Treasury Ministers as necessary.
5. There will be a need for regular dialogue between Ministers and the CEO including at least one face-to-face meeting every year to discuss the Agency's strategy, performance and risk management.

Permanent Secretary – Principal Accounting Officer

Role

6. The Permanent Secretary is responsible to Ministers for the overall leadership and operation of the Department, including the Agency, and for advising on and setting policies and frameworks and allocation of resources and expenditure for the Department as a whole.
7. The Permanent Secretary is the Department's Principal Accounting Officer (PAO). As the PAO, the Permanent Secretary is responsible for the management of the Department including its Executive Agencies. The PAO has a duty to be satisfied on the following matters:
 - a. The overall organisation, management and staffing of the Department to deliver objectives and targets effectively and efficiently;
 - b. Advising Ministers on the allocation of resources across the Department including value for money objectives; and
 - c. That the Agency has adequate financial management systems and procedures in place to promote the efficient and economic conduct of business, management of risk and to safeguard financial propriety and regularity.
8. In this role, the Permanent Secretary can designate the Agency's Accounting Officer. The Permanent Secretary has designated the CEO as the Agency's Accounting Officer.

Accountabilities

9. As the Department's PAO, the Permanent Secretary is accountable to Parliament for the Department's effectiveness and delivery.
10. The PAO is responsible for signing the consolidated annual resource accounts. As part of this process, the Agency's Accounting Officer is required to provide assurance that the Agency's funds are used for the purposes intended by Parliament, are properly accounted for, and that the Agency has in place a proper system of internal control. That assurance will be published in the Statement on Internal Control which will be reviewed by the National Audit Office (NAO).

Director General National Networks – Sponsor

11. The Department acts as both sponsor and client of the Agency. As client the Department sets out what it wants the Agency to deliver. As sponsor the Department supports and challenges the Agency to deliver the Department's requirements effectively and to provide value for money.
12. As delegated by the Secretary of State, the Permanent Secretary has assigned the Director General of National Networks (DG NN) to act as the Agency Sponsor.

Role

13. The Sponsor advises Ministers on setting the strategy and Business Plan for the Agency which the CEO then delivers. Also, the Sponsor advises Ministers on investment decisions on the Agency's capital projects.
14. The Sponsor's role is both to challenge and support the CEO. In this role, the Sponsor is assisted by the Director of Strategic Roads and National Networks and the Director Strategic Roads Division on corporate sponsorship, strategy and business planning. And by the Director of National Network Projects and Strategic Road Investment Project Division on individual project sponsorship.
15. Through the Department's business planning process and the governance arrangements (set out later in this document), and with Ministerial agreement where necessary, the Sponsor will:
 - a. Set the forward strategy, budgets and the performance targets for the Agency for agreement by the Secretary of State. These will be aligned with, and help to deliver effectively the Department's key objectives and targets;
 - b. Agree the programme for improvements and enhancements to the road network, set scheme requirements, and make recommendations on investment decisions at key stages;
 - c. Advise and support the CEO to implement any recommendations from reviews such as value for money or other business or audit reviews, of the Agency or of the Department (where these affect the Agency);
 - d. Monitors and challenges the Agency's business performance to ensure that it is effective, efficient and delivers the Department's objectives and targets;
 - e. Ensure that the Agency is consulted on Government wide and Departmental policy developments that affect it; and
 - f. Ensure that any support functions, if these are not provided by the Agency, such as the Department's Shared Services programme and legal services serve the needs of the Agency or are available to the Agency if required.

16. The Sponsor with the CEO will ensure that the Agency has the delegations and authorities necessary for effective delivery and continuous improvement and for arrangements for the identification and management of risks to departmental objectives delivered through the Agency, including escalation to the Department for Transport Board (DfT Board) if appropriate.
17. The Sponsor is responsible for advising and reporting to the Permanent Secretary and the DfT Board on the performance of the Agency.

Highways Agency Chief Executive – Accounting Officer

Role

18. The Chief Executive Officer (CEO) of the Agency is responsible for the leadership and day-to-day management and operations of the Agency. Included in this is responsibility for:
 - a. Delivering the strategy set out for the Agency in the Business Plans of the Department and the Agency;
 - b. Developing and delivering the Agency's services and the programmes that are delegated to it by the Department;
 - c. Meeting specific delivery targets and standards specified in the Business Plan and agreed by Ministers and the Department;
 - d. Ensuring the proper financial management of the Agency;
 - e. Ensuring compliance with Government policies and procedures;
 - f. Ensuring that the Department's policies and practices for the appraisal and approval of investments are followed; and
 - g. Ensuring that the Agency operates within the terms of this Framework Document.

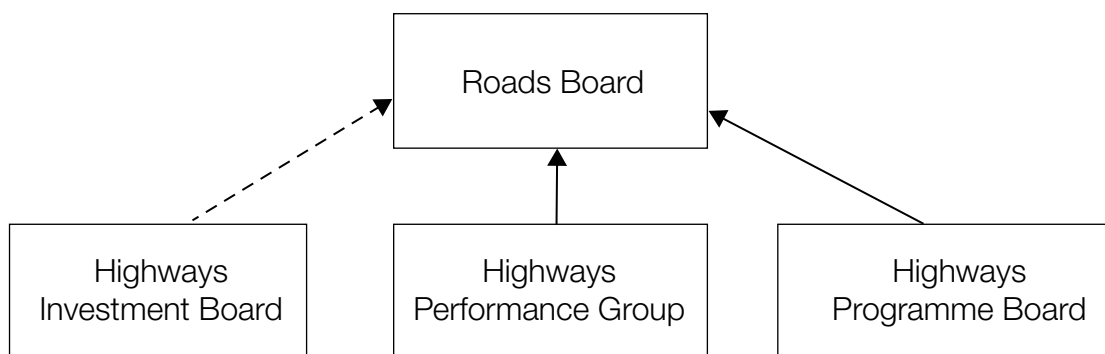
Accountabilities

19. The CEO is also the Agency's Accounting Officer and is responsible for ensuring that:
 - a. Proper procedures are followed for securing the regularity and propriety of expenditure of the public funds allocated to the Agency and for achieving value for money;
 - b. The requirements of HM Treasury Managing Public Money and Cabinet Office guidance, including on governance and risk management, are met;
 - c. Any recommendations accepted by Government from the National Audit Office (NAO), Public Accounts Committee, or other Parliamentary Select Committees are put into effect.

- 20. The CEO is accountable to the Secretary of State, the PAO and the Sponsor and is responsible for notifying them of any significant problems in meeting targets and delivering the Agency's services.
- 21. The CEO retains a standing right of access to the Minister.
- 22. The CEO as Accounting Officer remains accountable to Parliament for the Agency's use of resources and the delivery of outcomes set out in Business Plans. This responsibility extends to responding to those NAO value for money studies that refer to the Agency.
- 23. The PAO will look to the Agency's Accounting Officer to put in place systems and controls at an Agency level that are consistent with Departmental policies. The Agency's Accounting Officer will provide assurance throughout the year and sign the Statement of Internal Control for their Agency's Accounts.

Governance

- 24. The DfT Board will monitor the Agency's overall performance against Business Plan targets, examine Agency risks and may choose to examine certain Agency projects in its role as governance body for investment and risk.
- 25. In order to support the Sponsor in the sponsorship of the Agency, and representing the Agency at the DfT Board, the following governance structure operates:



The Roads Board

- 26. The Roads Board (RB) is the principal forum through which the sponsorship of the Agency is exercised, and also provides for regular interaction and dialogue between the Sponsor and the CEO. The RB is responsible for supporting the Sponsor in reporting on the Agency's performance to the monthly DfT Board.
- 27. The RB is supported by three other bodies which deal with the day-to-day details necessary to ensure the RB can make the necessary decisions.

The Highways Investment Board

28. The Highways Investment Board (HIB) is the Tier 2 Investment Decision Committee for all investment projects estimated to cost over £50 million planned by the Agency. It reports to the DfT Board. Major schemes under £50 million shall be referred to the Department's Director of National Network Projects rather than HIB.

The Highways Programme Board

29. The Highways Programme Board (HPB) provides governance for the management and delivery of the Agency's programme of major schemes.

The Highways Performance Group

30. The Highways Performance Group (HPG) monitors the performance of the strategic road network and acts as a forum for the development of performance plans (including appropriate Key Performance Indicators (KPIs)) across all Agency activities.
31. Further details on the role and functions of the RB and the other bodies are set out in Annex Three.

Highways Agency Board

32. The Highways Agency Board exists to help the CEO meet the responsibilities placed upon him by the Secretary of State in this Framework Document. In forming the Board, the Agency should follow the guidance in "HM Treasury Corporate governance in central government departments: Code of Good practice" and include a minimum of two independent non-executive members.
33. The objectives of the Agency Board (and the CEO) are to ensure that the Agency is organised, resourced and motivated to deliver its objectives efficiently and effectively, by:
- a. Giving collective leadership to the Agency;
 - b. Giving strategic direction to the Agency and ensuring that the wider, cross-cutting longer term issues are properly considered;
 - c. Ensuring that the Agency has sufficient resources and staff with the skills, knowledge, motivation and support to deliver its objectives;
 - d. Ensuring appropriate standards of corporate governance are in place and are observed;
 - e. Listening to, and tackling, the concerns of staff and promoting good management; and
 - f. Communicating with staff and representing the Agency's collective interests to the outside world.

Performance Management and Reporting

- 34.** The Agency's performance will be monitored against a balanced suite of measures and indicators designed to assess performance against the objectives and targets set for the Agency by the Department and agreed by Ministers. Through the governance and sponsorship arrangements set out earlier, performance indicators will be developed that measure the success of the Agency against these objectives and targets.
- 35.** The CEO is responsible for reporting to the Department in-year as follows:

 - a. Regular reporting to the Minister;
 - b. Regular reporting to the RB on progress and risks, in the form agreed by the Board in its role supporting the Sponsor;
 - c. Reporting to the other bodies in the governance structure as required by their terms of reference;
 - d. Such other regular reporting as may be decided by the RB; and
 - e. Reporting to the Sponsor and PAO on:

 - i. any issue that raises significant reputational risks for the Agency or the Department, including anything that is novel or potentially contentious; and
 - ii. issues relating to financial control.
- 36.** The Agency will report its outturn performance against its Business Plan targets in its Annual Report and Accounts.

Business Planning Framework

Business Plans

1. The Department is responsible for setting the forward strategy and targets for the Agency through the business planning process. The RB sets the context, targets and KPIs for the Agency's Business Plan. The Agency and Department prepare an annual Business Plan which focuses on the forthcoming financial year. Where appropriate, the annual Business Plan will contain provisional plans for future years, consistent with the Government's Spending Review process.
2. The timetable for the preparation of this annual Business Plan is agreed with the Sponsor. The Sponsor will advise the Secretary of State and the Permanent Secretary on the plan, particularly on the degree of ambition and efficiency reflected by the proposed targets and their consistency with available funds. The annual Business Plan will include:
 - a. The Agency's objectives and agreed performance indicators and targets;
 - b. The Agency's strategy to meet its performance targets;
 - c. The programmes and resource requirements for each main area of activity, explaining how those activities link to the meeting of objectives and targets;
 - d. A statement of risk management and mitigation;
 - e. The Agency's enabling objectives and values, including plans to improve the efficiency and effectiveness with which it discharges its responsibilities and delivers value for money;
 - f. Information on the trends and assumptions on which the plan is based; and
 - g. Information on value for money initiatives.
3. The annual Business Plan will be published on the Agency web-site and available from the Agency's head office.

4. The Agency may prepare a longer term Strategic Business Plan setting out its overall direction and agreed planning framework for a period of at least three to five years to support delivery of the aims and objectives set out in this Framework Document. It will also demonstrate the Agency's strategy to meet its key performance targets set by the Department.
5. The Department will assist the Agency in its strategic business planning process by providing information about likely policy developments or other changes that could impact on the Agency.
6. The Strategic Business Plan will be agreed between the Agency and the Sponsor, and the Department's Group Finance Director where it has implications for the Department's finances and business planning, before being submitted to the Secretary of State for approval.

Performance Areas

7. The Business Plan covers the Agency's key performance areas. Although these may change over time it is likely that, for the duration of this Framework Document, these key performance areas will be:
 - a. Reducing congestion and improving reliability;
 - b. Improving road safety;
 - c. Respecting the environment and minimising the Agency's carbon emissions;
 - d. Seeking and responding to feedback from our customers; and
 - e. Improving efficiency.

Personnel Arrangements

Chief Executive

1. The CEO will be appointed by open competition. The Civil Service Senior Leadership Committee approves and signs off the recruitment process. The Prime Minister will need to approve the final appointment.
2. The CEO is appointed under the Civil Service Commissioner's Recruitment Code. The CEO is a civil servant and subject to the Civil Service Code.
3. In common with other civil servants, the CEO's appointment can be terminated on grounds of poor performance.
4. The CEO's pay and reward is managed centrally by the Department. Pay is determined on appointment and reviewed annually by the Department's Remuneration Committee. A bonus arrangement is also set at appointment.

Highways Agency Staff

5. Agency staff are employees in the service of the Crown, working for the Agency as part of the Department. Staff are employed on the terms and conditions of service that apply within the Agency. Staff are covered by the provisions of the Principal Civil Service Pension Scheme, unless they opt not to be so.
6. The Secretary of State has responsibility for the pay, grading, promotion and management arrangements of Agency staff outside of the Senior Civil Service. This responsibility is delegated to the CEO who exercises it in accordance with Government public sector pay policy and within any limits set by the Secretary of State. The Agency may vary terms and conditions to respond to local employment market conditions.
7. Recruitment and promotion are on merit. Agency staff are eligible for promotion and lateral transfer to posts elsewhere in the Department (this also applies to staff from other parts of the Department wishing to transfer to the Agency).
8. The CEO is responsible for employee relations within the Agency, including the fair and equal treatment of all of its staff and of all applicants for employment.

9. The Agency consults with staff and their recognised trade union representatives. The Agency considers it important to provide staff with opportunities to contribute to decisions affecting their jobs and careers and to make full use of their skills and talents. Consultative arrangements with recognised trade unions are maintained through the Whitley system.
10. The Agency is committed to ensuring the equal and fair treatment of its entire staff and all applicants for employment. In addition, the CEO is responsible for ensuring that the Agency's equal opportunities and diversity policies are actively promoted and meet statutory and departmental requirements.
11. The CEO is also responsible for the health, safety and welfare of Agency staff and for meeting statutory and Departmental requirements.
12. For Agency staff below Senior Civil Service, Human Resource policies are determined at a local level.

Highways Agency Staff (Senior Civil Service)

13. The Permanent Secretary has overall responsibility for the personnel management of Department and its Agencies' Senior Civil Servants within the broad framework set out by the Cabinet Office.
14. The Senior Civil Service pay and reward is managed centrally for all permanent Senior Civil Service staff. The pay award is determined by relative performance as measured against their peers. A bonus may be paid for in year delivery against key Departmental objectives. In the case of fixed term contracts, pay is set at the start of the contract and uplifted annually by a percentage fixed by the Department's Remuneration Committee. A bonus percentage is also agreed at the start of the contract and each year a proportion of the bonus is linked to the key deliverables agreed at the start of the year.

Departmental Support Services

15. The Agency will have access to legal and other common services provided by the Department. These will be supported by service level agreements where appropriate.
16. The scope of shared business services between the Department and the Agency will be influenced by the Department's shared service programme which aims to increase efficiency and value for money in the provision of services across the Department and its arms length bodies. Any changes to shared service arrangements will be made in consultation between the Agency and the Department. The operation of any services will be supported by service level agreements where appropriate.
17. The Agency will collaborate with the Department to facilitate organisational change in so far as it affects the Agency. The Agency will also take account and comply with cross Departmental policies and initiatives.

Financial and Investment Arrangements

Financial Regime

1. The Agency is subject to public expenditure controls, including Supply Estimates and the Government public expenditure planning arrangements in force. Its expenditure forms part of the Departmental Expenditure Limit (DEL), administration cost limit and Annually Managed Expenditure (AME). Decisions on allocations to the Agency rest with the Secretary of State.
2. The Agency operates under a supply financed framework.
3. The Secretary of State sets the budget for the Agency on the advice of the central Department (DfT(C)). All investment decisions other than those within the Agency's delegated limit are taken by Ministers.
4. The CEO has responsibility to deliver the services of the Agency within the financial parameters specified by delegations given by the PAO.
5. The Sponsor with the Department's Group Finance Director and the CEO is responsible for:
 - a. The Spending Review bid in respect of the Agency as part of the Department's overall bid;
 - b. Budget setting for both fixed yearly budgets and indicative spending review period budgets; and
 - c. Oversight of in-year financial performance.
6. The Agency has responsibility for financial and management accounting and will provide information on its income and expenditure to the Group Finance Director for consolidation in the Departmental Resource Accounts and for planning, monitoring and budgeting purposes.
7. The Agency will also report financial performance to the RB. The information required by the Department and the RB will be proportionate, relevant to requirements, clearly set out and produced to a timetable agreed in advance with the Agency. The Department will try to minimise additional ad-hoc and urgent requests.
8. The Group Finance Director will work with the Agency, especially in resolving issues of mutual concern, to ensure the Agency can comply with its financial responsibilities.

Budget Allocations

9. The Sponsor will issue annual budget allocations to the Agency, covering the forthcoming year and possibly future years consistent with spending reviews. These allocations are made before the start of each financial year and include details of the freedoms and flexibilities available to the CEO to redeploy resources between programmes.
10. The Agency will receive separate indicative budget allocations for its regional schemes to cover preparatory costs and construction expenditure over the three year spending review period. Budget allocations will be set in January of each financial year; they will be fixed for the following year but will be indicative for the remaining years of the spending review period. The Regional Funding Allocations (RFA) priorities establish, for each region, allocations of funds and expected timescales for Agency regional schemes.
11. The Agency will be able to spend more on specific regional schemes in-year, as long as the schemes affected stay within their indicative funding assumption or approved construction budget for schemes in the construction phase (plus delegated limit) and the Agency stays within its overall annual regional budget.
12. To enable the Department to manage the overall RFA, of which the Agency's regional budget is a part, the Agency will identify and report regional major projects spend separately in its data returns to the Group Finance Director.

Delegations

13. The entire Department's expenditure is administered under formal delegations issued by HM Treasury. The CEO has the delegated authority to spend up to the amounts allocated to the Agency each year by the Department in a formal allocations letter. The delegation may be varied in year after consultation with the CEO. The CEO has delegated freedom to reallocate resources subject to the limits, rules and guidance set out in the annual allocation letter from the Department. The allocation letter will include details on losses and special payments delegations and limits.
14. The CEO may sub-delegate powers in writing to any named Agency staff. Delegated authorities within the Agency will be clearly defined in a manual or equivalent instruction and will be consistent with any governance and regulatory requirements set by HM Treasury or the Department.

Major Projects Delegations

15. The detailed application of budgets and delegations in accordance with the Project Control Framework (PCF) shall be governed by a "Protocol for Budgets and Delegations" which shall be developed, reviewed and amended as necessary by the Sponsor further to consideration by HIB.

16. Under the PCF all major projects (projects costing more than £10 million) are subject to Departmental and Ministerial approval when entering each of the three phases of the project lifecycle.
17. Delegation limits for investment re-authorisation shall be set out in the “Protocol for Budgets and Delegations”. The delegation limits shall vary by PCF phase to reflect the prevailing uncertainties at any given stage in the scheme lifecycle. In each instance investment re-authorisation is not required provided that:
 - a. Phase costs remain within approved phase budgets and contingency limits:
 - b. Outturn estimates remain within the previously approved range:
 - c. The scheme continues to provide a value-for-money solution at its central estimate; and
 - d. The scheme remains capable of being funded and delivered within a reasonable timeframe.

Contractual Delegations

18. The Agency should work within the overarching procurement strategy and frameworks, including contractual delegations, set by the Department. Contractual delegations are made to the CEO by the Departments PAO. As such, the CEO should follow the contractual delegation framework agreed by the DfT Executive Committee for non-procurement staff, subject to procurement training standards being achieved, and for professional procurement staff up to the contractual limit delegated by the PAO. To minimise the use of single tender contracts, where value for money cannot be tested, the authorisation of single tender action should be retained by the CEO or the senior procurement/finance officer, above an agreed minimum level. This authority should not be sub-delegated except for unforeseen one off life threatening, security or other emergency situations.

Investment Appraisal Framework

19. The Agency follows the arrangements for the approval of schemes set out in the Department’s Investment Appraisal Framework (IAF) (<http://www.dft.gov.uk/pgr/economics/>). The Agency’s Investment Control Framework (ICF) sets out in a single overarching Framework, principles and procedures for investment decisions, and the control of income and expenditure in the Agency. The ICF integrates fully with the Department’s IAF.
20. The Agency will apply the Department’s appraisal methodology as set out on Wehtag (<http://www.webtag.org.uk/>). The Agency will provide the Department with such information as it requires for scheme appraisals or the evaluation of pilot projects.

Annual Report and Accounts

21. The CEO is responsible for producing and signing off the Agency's audited Annual Report and Accounts. These will be prepared in accordance with the relevant Cabinet Office and Treasury guidance. The RB will agree the Annual Report and recommend it to Ministers.
22. The Annual Report and Accounts will be submitted to the Secretary of State following endorsement by the Permanent Secretary and audit by the Comptroller and Auditor General. The Annual Report and Accounts will be published and submitted to Parliament under Section 7 of the Government Resources and Accounts Act 2000, before the summer recess each year.
23. The CEO is responsible for ensuring that the Agency's management information and accounting systems allow for detailed and effective control over its use of resources. The accounting system will permit verification of the accounts by the Comptroller and Auditor General and the Agency will maintain the necessary interfaces with the Department's financial and accounting systems.
24. The Agency's records will form part of the consolidation process to produce the Department's consolidated resource accounts. The Agency will supply any necessary documentation and assistance to the Department to facilitate this process.

Internal Audit

25. The CEO as the Agency's Accounting Officer is responsible for maintaining an internal audit service. This service will operate in accordance with the objectives, standards, scope and practices set out in HM Treasury guidance and manuals. The service will also operate within the Department's Group Audit assurance framework to contribute to an integrated Department wide assurance. This sets out the respective duties and responsibilities of the parties.
26. The internal audit service is responsible for providing the Agency's Accounting Officer, in an economical, efficient and timely manner, with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Agency's framework of governance, risk management and control. The opinion of the Agency's Head of Internal Audit (HIA) is a key element of the framework of assurance that the Agency's Accounting Officer needs to inform the completion of the annual Statement on Internal Control (SIC).
27. The Agency's HIA is primarily accountable to the CEO. The Agency's HIA may be asked to provide reports and assurance to the Permanent Secretary. The Agency's HIA will work closely with the Department's Group Head of Internal Audit to ensure an integrated Department wide assurance framework.
28. The Department's Group HIA will not normally undertake audit work within the Agency unless specifically requested to do so by the CEO or exceptionally by the Permanent Secretary after consultation with the CEO.

29. The Department's Group HIA will carry out periodic quality assurance reviews to confirm that the internal audit arrangements established in the Agency meet the required standard. Reports on findings will be made to the CEO and to the Permanent Secretary.

External Audit

30. The Comptroller and Auditor General, as Director of the National Audit Office (NAO) will:
 - a. Conduct a financial audit of the Agency's accounts;
 - b. Examine their regularity and propriety of transactions;
 - c. Give an opinion on them to Parliament; and
 - d. Report on the value for money of Agency spending.
31. The Comptroller and Auditor General will have access to any books and records of the Agency in order to follow up any concerns over matters of regularity and propriety and to carry out examinations into economy, efficiency and effectiveness with which the Agency has used its resources in discharging its functions.

Audit Committee

32. The Agency will maintain an Audit Committee in accordance with the "Audit Committee Handbook".
33. The Committee will be chaired by an independent non-executive who will be supported by two further non-executive members. The Department's Group HIA will attend the Agency's Audit Committee meetings, together with the Agency's HIA and NAO Director.

Risk and Asset Management

Risk Management

1. The Department has a Risk Management Framework which establishes criteria for escalation of risks to the DfT Board and requires the National Network Group to determine a Risk Management Policy for the Group including the Agency.
2. The CEO must establish the Agency's risk management policies and ensure that these are consistent with the National Network Group's Risk Management Policy.
3. The Department's Internal Audit monitors the adequacy of the overall processes in use for risk management and reports to the DfT Board.

Asset Management

4. The High Performing Property (HPP), which is lead by the Office of Government Commerce, provides the framework and direction for improving strategic property asset management in central government. The Department is fully committed to the HPP and has a Property Asset Management plan that covers the Department and the Agency.
5. The CEO is responsible for the security and management of the Agency's intellectual and physical assets. In exercising this responsibility the CEO must ensure that the Agency works within the Department's framework for both forms of assets.

Relationship with Parliament

Parliamentary Questions and Letters from Members of Parliament

1. The CEO will deal directly with Members of Parliament who have questions on day-to-day operational matters.
2. The CEO will advise the Secretary of State directly on issues delegated to the Agency and which are the subject of Ministerial correspondence and written Parliamentary Questions.

Appearance at Public Accounts Committee and other Select Committees

3. The CEO may be invited to appear before the Public Accounts Committee to account for the discharge of responsibilities falling to the CEO under the terms of this Framework Document.
4. The CEO may normally be asked to represent the Secretary of State and answer for the Secretary of State at hearings of Parliamentary committees when operational matters concerning the Agency are discussed.
5. The CEO is responsible for observing any general guidance issued by HM Treasury and the Cabinet Office and implementing recommendations of the Public Accounts Committee or other Parliamentary Select Committees if they are accepted by the Government.

Customer complaints procedure and handling Parliamentary Commission for Administration cases

6. The Agency operates in accordance with a published complaints procedure. This procedure is outlined on the Agency website and details the steps involved. The website provides contact details for the Agency and the CEO.

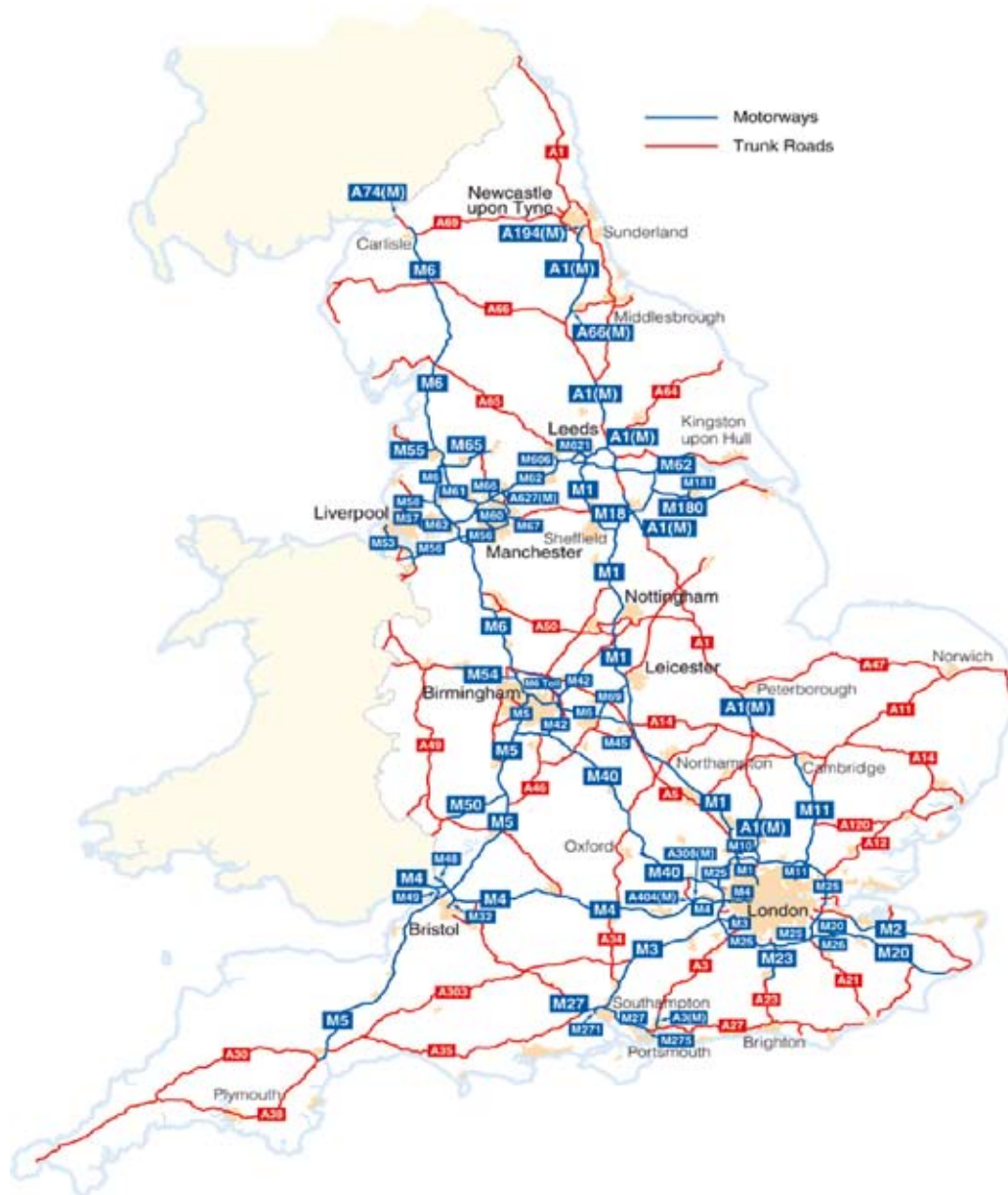
7. The Agency operates under the jurisdiction of the Parliamentary Commissioner for Administration. Therefore, Members of Parliament may refer complaints from the public to the Parliamentary Commissioner for Administration where an individual claims to have suffered injustice through maladministration.
8. The Permanent Secretary will delegate to the CEO the responsibility for replying on any matters concerning the Agency.

Updating this Framework Document

1. This document replaces the previous Framework Document dated November 2005.
2. This Framework Document and its operation will be reviewed by the Department, in consultation with the Agency, at least every three years.
3. This review will include:
 - a. An assessment of the Agency's track record in the effective use of its financial and managerial freedoms to achieve its objectives; and
 - b. Proposals for further freedoms in the light of evolving policy and operational factors and the Agency's track record.
4. Alongside the scheduled review, either the Department or the Agency may propose amendments at any time.
5. Copies of this Framework Document will be published on the Department's website, the Agency website and placed in the libraries of both Houses of Parliament. Hard copies are also available from the Department on request.

Annex One

Strategic Road Network



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Annex Two

Location of Highways Agency Headquarters and Regional Offices.



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Annex Three

Roles of the Roads Board and Other Bodies

Roads Board

1. The role of the Roads Board (RB) is to:
 - on a four weekly basis
 - i. review the Agency's performance against Business Plan targets
 - ii. review the Agency's financial performance against its budgets
 - iii. review the Agency's risks and issues
 - iv. address issues, including those escalated from the other bodies
 - on an annual basis, or as necessary
 - v. agree the Agency's Business Plan to be submitted to Ministers for approval
 - vi. agree the Agency's Annual Report to be submitted to Ministers for approval
 - vii. agree changes in policy and strategy that either have significant cost implications or issues that are likely to need Ministerial approval, for example, significant changes to maintenance policy

Highways Investment Board

2. The Highways Investment Board (HIB) is the Tier 2 Investment Decision Committee for all investment projects estimates to cost over £50 million planned by the Agency. It reports to the Department for Transport Board (DfT Board). HIB is responsible for supporting the Sponsor in advising Ministers at key funding decision stages for the Agency's investment programme.
3. HIB approves recommendations to Ministers for
 - a. All Agency major projects over £50 million as they progress through their lifecycle as follows:
 - i. entry to the Scheme Options phase
 - ii. agreement to Preferred Route Announcement and entry to the Development phase
 - iii. agreement to enter the Construction phase

- b. Scheme investment re-authorisation at any stage in the Project Control Framework (PCF) lifecycle when:
 - i. a scheme requires an increase in phase budget above the Agency's delegation level; and
 - ii. the range estimate for a scheme increases above the Agency's delegation level.
- c. Any non-maintenance projects, such as technology projects, with an estimated cost of over £50 million.
- d. All Private Finance Initiative (PFI) schemes.

Highways Programme Board

- 4. The Highways Programme Board (HPB) is focussed on providing effective governance for the management and delivery of the programme of major schemes delivered by the Agency. The HPB is responsible for supporting the Sponsor and the RB.
- 5. The role of the HPB is:
 - on a monthly basis:
 - a. Review and monitor progress of the Roads Programme
 - b. Review and monitor programme progress and financial status of all schemes (including road schemes in the pre-options phase)
 - c. Consider changes to the Roads Programme and make associated recommendations to the RB
 - d. Review key risks and issues as identified by the Board or escalated to the Board by project teams.
 - on a regular basis:
 - e. Review and approve programme-wide issues of a strategic and material nature such as significant changes in design standards and procurement strategy
 - on an annual basis:
 - f. Review and agree the Agency's forward programme of major projects and budgets for the year, consistent with the overall roads programme agreed by the RB. This agreed work plan will be reflected in the Agency's Business Plan for the year.
 - g. Review and agree the Agency's forward programme for pre-Options study work and budgets for the year, consistent with the overall roads programme agreed by the RB. This agreed work plan will be reflected in the Agency's Business Plan for the year.
 - h. Review and agree recommendations to RB on the Agency's target and target methodology for the progression and delivery of the roads programme.

Highways Performance Group

6. The purpose of the Highways Performance Group (HPG) is to assist the RB to monitor current network and business performance, oversee the development of performance plans for future years, develop appropriate Key Performance Indicators (KPIs) and recommend targets to ensure that network performance improves. The remit includes:
 - a. network operational performance to tackle congestion and safety and contribution to the Department's Public Service Agreement (PSA) targets; and
 - b. other aspects of the Agency's business performance such as ensuring value for money from its business activities
7. On network operational performance the HPG will:
 - a. monitor current performance and targets against the business plan requirements
 - b. oversee the development of the interventions programme and agree priorities for research and development work for each year,
 - c. oversee the development of new metrics of network reliability performance, considering the adoption of a roads timetable to enable it to be more effectively managed, monitored and understood, leading to improvements in performance and more effective communication of these improvements to the public; and
 - d. develop understanding of the relationships between delay causation factors and performance, and consider with the Agency how to improve performance.
8. On business performance the HPG will:
 - a. oversee the detailed development of the Agency's Business Plans;
 - b. develop the Agency's Business Plans performance measures, metrics and targets for all Agency's performance areas (except major projects and reliability); and
 - c. act as the forum to resolve issues impacting on the strategic road network and the Agency's business performance
9. In addition, ad hoc groups reporting to the RB may be established for particular purposes, such as the Value for Money Review with the Treasury.

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