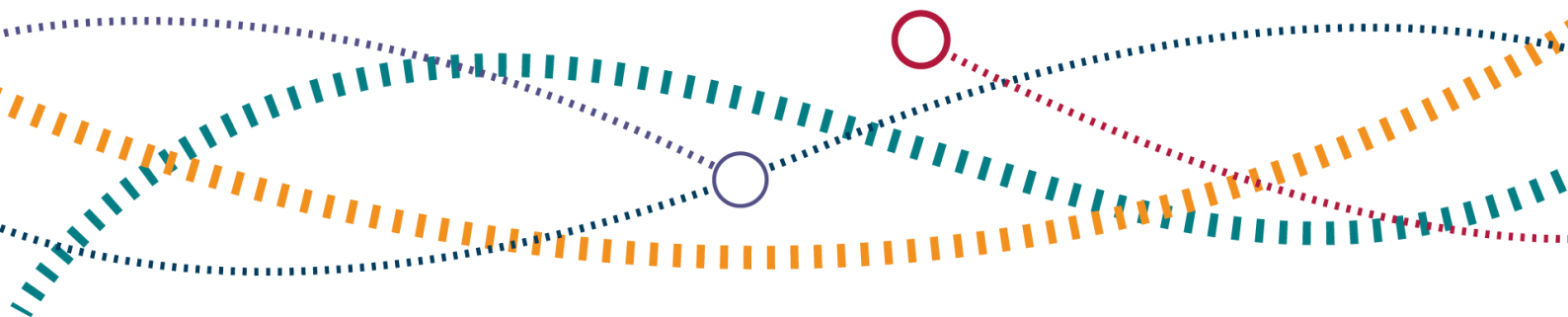




Monitoring reporting guidelines for National Highways

For the Interim period, 2025-26

22 July 2025



Contents

1. Overview	3
2. Components of the performance monitoring statements (PMS)	5
3. Operational performance	8
4. Efficiency and financial performance	13

1. Overview

- 1.1 These monitoring reporting guidelines and associated templates set out the information that National Highways is required to provide to the Office of Rail and Road (ORR) through formal annual performance monitoring statements for the Interim Period (April 2025 to March 2026). This is a requirement under section 10 (3) and (4) of the Infrastructure Act 2025 and conditions 7.1 and 7.2 of the company's licence. For the purpose of clarity, this is a requirement to provide regular, formalised reporting and does not cover ad hoc data and information requirements under condition 7.3 of the licence.
- 1.2 The objective of these statements is to enable ORR to monitor National Highways' performance effectively and on a consistent basis over time.
- 1.3 These statements are the regular, primary sources of information about National Highways' performance that we consider are required to fulfil our statutory duties and functions to ultimately ensure that the company is delivering what it has been funded to do, for road users, taxpayers and the public.
- 1.4 These guidelines have been developed in consultation with National Highways. We have sought to ensure that the information that we require is proportionate to fulfil ORR's duties without placing undue burden on the company.
- 1.5 Specifically, the performance monitoring statements enable ORR to:
 - (a) monitor National Highways' operational and financial performance against the requirements of the Interim Period Performance and Capital Specification, set by the Secretary of State for Transport;
 - (b) monitor delivery against National Highways' Interim Period Delivery Plan (IPDP);
 - (c) monitor National Highways' compliance with its licence conditions; and
 - (d) gather evidence relating to National Highways' performance in the Interim Period to inform future road investment strategies, including, for example, to support benchmarking through regional disaggregation of key information.
- 1.6 We recognise that National Highways makes ongoing improvements to its data collection and reporting. We expect any such improvements to better support its

delivery and our monitoring. Our guidelines and templates will be periodically revised to reflect developments in the company's reporting.

- 1.7 We published updated reporting guidelines in [June 2025] to reflect the requirements of the Interim Period. We intend to publish the templates for the third road period (RP3) in 2026.

Outline

- 1.8 Chapter 2 sets out the components we require in the performance monitoring statements (PMS), their publication and quality of reporting. Chapters 3 and 4 set out the requirements relating to the reporting of operational and financial information respectively.
- 1.9 Performance monitoring templates support these guidelines. The purpose of the templates is to provide guidance to National Highways about how it should fulfil the requirements of these guidelines.

2. Components of the performance monitoring statements (PMS)

- 2.1 National Highways is required to produce performance monitoring statements (PMS) annually for each relevant 12-month period ending 31 March. These statements are intended to provide a coherent and structured set of information to enable us to monitor National Highways' performance on a consistent basis over time. The information within the statements is also intended to inform future road investment strategies.

Contents of the PMS

- 2.2 The PMS must include the following:
- (a) an annual statement confirming that National Highways maintains an effective assurance regime for the expenditure of public money and that its decision making meets the criteria set out in its [Framework Document](#);
 - (b) operational performance statements as set out in Chapter 3;
 - (c) financial performance statements as set out in Chapter 4;
 - (d) any other supporting information that National Highways considers necessary to fairly present its performance;
 - (e) sign off by the National Highways Board that confirms it has applied appropriate levels of assurance to ensure the accuracy of the information in the PMS; and
 - (f) a statement signed by the Board of Directors of National Highways' compliance with the following requirements:
 - (i) its licence; and
 - (ii) the Interim Settlement.
- 2.3 National Highways must support each statement on operational and financial performance with explanations of differences compared to the previous year, where reporting is unchanged, and differences compared to the requirements set out in the Interim Settlement.

- 2.4 The templates supporting these guidelines are intended to provide guidance to National Highways about the format of the PMS. The company must present the required information in the format set out in the templates provided, unless ORR has agreed a change of approach in writing.

Delivery and publication

- 2.5 National Highways must provide the PMS to ORR, prior to publication, as soon as reasonably practical following the end of the relevant financial year and to a timeframe agreed between the two parties.
- 2.6 If there is a difference between the PMS that National Highways has submitted and the requirements of these guidelines, the company must inform ORR prior to publication. ORR will then consider whether or not to require modifications to be made to the information submitted.
- 2.7 National Highways must also provide an electronic version of the PMS to ORR in a spreadsheet that clearly shows the flow of information and details of calculations within the statements.

Impact of change control

- 2.8 National Highways must note on the PMS any formal change control that has been agreed with DfT and must make the impact of change control clear through the PMS, for example being clear where any performance targets have been formally changed.

Quality of reporting

- 2.9 In general, the basis of preparation of the PMS must satisfy the following criteria:
- (a) information must be presented on a consistent basis over time except where there is a clear reason for differences and this is evidenced in the document;
 - (b) operational performance must be recorded in accordance with National Highways' Operational Metrics Manual or in accordance with the IPDP as appropriate. ORR must be informed of any agreed changes to the manual and provided with the latest version; and
 - (c) accounting policies applied by National Highways must be fair and reasonable and applied consistently and objectively.

Template reporting statements

- 2.10 The performance monitoring templates supporting these guidelines will be agreed between ORR and National Highways and published in 2025. Unless otherwise agreed by us, monetary amounts must be presented in £m to zero decimal places and percentages and ratios must be presented to two decimal places.

3. Operational performance

- 3.1 National Highways' reporting of its operational performance is intended to inform ORR's monitoring of the company's performance compared to the requirements set out in the Interim Settlement. In particular, the company must set out how it is performing against the Interim Settlement Performance Specification and how it is delivering against the Interim Settlement Investment Plan. This information is also intended to provide a time-series of consistently reported information to inform the development of future road investment strategies.

Scope

- 3.2 The Performance Specification and the Investment Plan are components of the Interim Settlement and set the outputs that National Highways must deliver during the Interim Period, from 1 April 2025 to 31 March 2026.
- 3.3 The Performance Specification includes key performance indicators (KPIs), performance indicators (PIs) and requirements in relation to six key outcome areas, five of which are covered in this chapter (achieving real efficiency is covered in Chapter 4).
- 3.4 The Interim Settlement Investment Plan requires National Highways to complete a number of improvement projects, begin construction of others, carry out scheme development, maintain and renew the network, and develop and deliver programmes of work in relation to specific funds. It also requires the company to meet the milestones it sets in its IPDP.

Information to be reported on operational performance

- 3.5 The high level areas in which ORR requires National Highways to provide information on operational performance are set out below.

Performance Specification

- 3.6 National Highways must set out how it is delivering against the Key Performance Indicators, Performance Indicators and descriptive commitments set out in the Performance Specification, and associated forecasts and targets. This includes information for the defined outcome areas:
- (a) improving safety for all;

- (b) providing fast and reliable journeys;
- (c) a well maintained and resilient network;
- (d) being environmentally responsible;
- (e) meeting the needs of all users; and
- (f) achieving efficient delivery (this outcome area is addressed in Chapter 4).

3.7 Reporting in these areas is set out in National Highways' published Operational Metrics Manual. Changes to the manual must be agreed with DfT following consultation with ORR.

3.8 In the second road period (RP2, 2020-25), National Highways developed its ability to report some regional performance data. We expect the company to continue developing its regional data in the interim period, and report this through the PMS or published dashboards. Reporting should be disaggregated on a regional basis including where variance in regional performance explains national performance, where appropriate.

Investment Plan

3.9 National Highways must set out how it is delivering against the Interim Period Investment Plan as set out below.

Enhancements

3.10 National Highways must set out a clear statement of progress in delivering its programme of enhancements. This must include:

- (a) expected (or actual) dates covering start of works and open for traffic for each scheme, as set out in the IPDP, or separately agreed with DfT and ORR; and
- (b) progression of projects through pre-construction stages.

3.11 Financial information must be supplied as set out in Chapter 4.

Designated Funds

3.12 National Highways must set out summary information including progress against commitments made in the IPDP; the planned investment and number of projects,

and actual investment and number of completed projects. Where relevant, there should be cross referencing to reporting against the Performance Specification.

3.13 Financial information must be supplied as set out in Chapter 4.

Maintenance and renewals

3.14 National Highways must provide evidence that it is doing enough maintenance and renewal of the network to manage the degradation of its assets over time, commensurate with its agreed funding package. This evidence should include demonstration that the approach it is taking is sufficient to maintain delivery of outcomes at appropriate levels when forecasts of traffic levels and use are taken into account over the short, medium and long-term. Examples of the types of evidence that must be provided are:

- (a) asset condition measures (historical, actual and forecast);
- (b) measures of asset remaining life (historical, actual and forecast);
- (c) asset failure rates (historical, actual and forecast);
- (d) summary information of volumes of work (historical, actual and forecast); and
- (e) demonstration of asset management capability and application of sound management processes, for example evidence of development and application of policies that are aimed at managing assets in the most appropriate way to deliver required outputs efficiently.

3.15 National Highways should improve the quality of evidence it is able to report on measures relating to maintenance, this should build on the work that began in RIS2.

3.16 Starting in the Interim period, National Highways must provide routine cost and schedule data, inclusive of key milestones, for its new designation of strategic renewals schemes, called Large Renewals.

3.17 To help establish that National Highways is delivering its renewals programme efficiently, the company must report and forecast its renewals delivery outputs with apportioned cost by asset type, where possible.

3.18 Financial information must be supplied as set out in Chapter 4.

Explanations of variances

- 3.19 National Highways must be able to provide an adequate explanation of variances between actual performance and the requirements in the Interim Settlement, including how any underperformance or overperformance has been achieved. This is important because it helps us to understand how the company is managing its business compared to the requirements in the Interim Settlement and compared to its plans as set out in the IPDP.
- 3.20 National Highways must provide an explanation of its operational performance variances, including:
- (a) Key Performance Indicators, Performance Indicators and descriptive commitment outturns compared to its targets and planned / forecast performance, and how it is managing the risks identified;
 - (b) enhancement scheme delivery compared to its planned milestones;
 - (c) large renewal scheme delivery compared to its planned milestones;
 - (d) the number of designated fund schemes and other investments delivered compared to its plans; and
 - (e) renewals volume delivery compared to its plans.
- 3.21 Where:
- (a) Key Performance Indicators and Performance Indicators show a worsening trend, missed targets or risks to future targets; or
 - (b) reporting against the Investment Plan shows that deliverables are being missed or are at risk;
- National Highways must explain why and make clear what it is doing to rectify the situation in accordance with the requirement under condition 8.5 of its licence. The company must also explain significantly improved performance or outperformance of targets.
- 3.22 When providing information on a time-series, National Highways must identify trends, explain them and compare them to the expected trajectory.
- 3.23 National Highways must identify the main reasons that account for any variance. The reasons should be quantified in terms of their impact and separated into those that are in the company's control and those that are not. When explaining

variances it should disaggregate the variance by cause. We expect this to include identifying work deferred or accelerated and the reasons, for example, planning consent, on-site asset condition, reprioritisation, supply chain constraints, productivity, and so forth.

4. Efficiency and financial performance

- 4.1 Reporting of National Highways' efficiency and financial performance is necessary to make efficiency savings transparent and inform our monitoring. This information is also intended to provide a time-series of consistently reported financial information to inform our efficiency assessments for future road investment strategies.

Reporting of efficiency savings

- 4.2 National Highways is required to demonstrate efficiency through its performance reporting to ORR. This will make use of key elements of the monitoring framework from previous road periods.
- 4.3 National Highways is expected to make use of a combination of activity metrics, delivering outputs within post efficient funding and case-study descriptions of efficiency initiatives to demonstrate efficiency.
- 4.4 Where possible we expect activity metrics, unit costs and other measures of productivity to contribute a large proportion of the evidence for efficiency in particular for renewals and enhancements where these approaches have been developed and used in previous road periods.
- 4.5 [To be completed as we progress discussions on efficiency reporting and monitoring through Apr – June 2025].

Reporting of financial performance

- 4.6 The performance monitoring statements must include the information on financial performance set out in this section. Supporting templates provide guidance on how this information can be presented.
- 4.7 Unless we agree otherwise, income and expenditure will be reported on the same basis as it was treated in RP2.

Summary of total income and expenditure

- 4.8 A summary of total income and expenditure during the year compared to the Interim Period baseline and compared to prior year income and expenditure, where comparable.

Resource income and expenditure

- 4.9 An analysis of resource income and expenditure during the year compared to the budget, Interim Period baseline and compared to prior year broken down into the key activities as agreed between National Highways and ORR.
- 4.10 A geographical analysis of resource income and expenditure, where appropriate, for each key activity.
- 4.11 For each of the key activities identified, an analysis of income and expenditure compared to the interim-period baseline and compared to prior year expenditure between the following categories:
- (a) project costs (e.g. routine maintenance, winter maintenance, technology maintenance and other);
 - (b) non project costs;
 - (i) employee pay costs (e.g. employee salaries, national insurance costs, pensions costs and agency staff costs);
 - (ii) non-pay employee costs (e.g. travel and subsistence, training and development and other non-pay costs); and
 - (iii) if appropriate, any income relating to that activity.
- 4.12 For each of the key activities identified, a geographical analysis, where appropriate, of the number of full time employees working on that activity or in the applicable directorate/division.

Capital expenditure

- 4.13 An analysis of capital expenditure during the year compared to the budget, Interim Period baseline and compared to prior year broken down into the key activities as agreed between National Highways and ORR in RIS2.
- 4.14 Where practicable, a geographical analysis of expenditure for each of the activities listed above.

Protocols

- 4.15 An analysis of expenditure on protocols during the year compared to the Interim Period baseline.

Explanations of variances

- 4.16 Each statement should be supported by explanations of differences compared to the Interim Period baseline, and compared to the prior year, where comparable.
- 4.17 Variances in maintenance and renewal expenditure should be separately quantified and explained.
- 4.18 Variances in expenditure on enhancements and large renewals on the network should be separately quantified and explained between planned acceleration/deferral of work and cost under/over runs where available.

Effect of input price inflation

- 4.19 Input price inflation is the change in the prices of the inputs (goods and services) that National Highways purchases in undertaking its activities to operate, maintain and improve the strategic road network. The amount of funding that was made available to National Highways for the Interim Period took into account forecast input price inflation separately for capital and resource expenditure.
- 4.20 Outturn input price inflation will likely be different to the forecasts underpinning National Highways' Interim Period funding. This may affect National Highways' actual expenditure compared to the Interim Period baseline and impact the company's reported efficiency performance. National Highways should set out how input price indices have varied compared to the forecasts underpinning the Interim Period baseline.

Reconciliation to statutory financial information

- 4.21 The income and expenditure in the performance monitoring statements should be reconciled to the income and expenditure reported in National Highways' annual report and accounts.



© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at orr.gov.uk

Any enquiries regarding this publication should be sent to us at orr.gov.uk/contact-us

