Feras Alshaker
Chief Executive

OFFICE OF RAIL AND ROAD

Antonia Williams
Director General, Road Transport Group
Great Minister House
33 Horseferry Road
London
SW1P 4DR

22 June 2026

Dear Antonia,

Initial assessment of National Highways' performance in the interim period

Each year, we write to you with ORR's initial assessment of National Highways' performance to inform your decision making at National Highways' remuneration committee.

Annex A sets out our current key messages of National Highways' performance in the interim period, from 1 April 2025 to 31 March 2026. We have provided a summary for each of the company's key performance indicators in Annex B.

Our view is based on our analysis of draft year-end information provided to us by National Highways and work undertaken throughout the year. Our final position will be published in July 2026 in our full annual assessment of the company's performance, subject to it being laid in Parliament.

I am copying this letter to the Chair and CEO of National Highways. We will publish this letter alongside our annual assessment.

Yours sincerely

Feras Alshaker
Chief Executive

Head Office: 25 Cabot Square, London E14 4QZ T: 020 7282 2000 www.orr.gov.uk

Annex A: Key messages for the interim period

Delivering the performance specification

National Highways achieved nine of the 11 key performance indicators (KPIs) it was set by government for the interim period. The company responded to the challenges of a one-year funding settlement by quickly developing plans, where it was required to do so by government, that supported delivery of its KPIs.

1. National Highways met its targets for clearing motorway incidents, network availability, road surface condition and the timeliness and accuracy of roadworks information. In doing so, the company helped deliver a positive experience for road users in the last year.

2. National Highways also met its targets for road user satisfaction and delays on the SRN. The improved performance in these areas partly reflects the effect of higher levels of delay that were recorded in 2024-25 due to extensive roadworks on all lane running smart motorways. These roadworks finished in early 2025, resulting in decreased delays and improved user satisfaction in the interim period, compared to the preceding year.

3. One of the two KPIs that National Highways missed, or is forecast to miss, is the safety KPI. Its outcome will not be known until the Department for Transport publishes 2025 road casualty statistics later in 2026. Our annual assessment of safety performance on the strategic road network (SRN), published in March 2026, set out our latest analysis of the company's performance against this target. This concluded that the target of a 50% reduction in the number of people killed or seriously injured on the SRN will almost certainly be missed, but that the company is continuing to work hard to deliver its plans to improve safety.

4. National Highways also missed its target for a 75% reduction in corporate carbon emissions, achieving a 73% reduction by the end of the interim period. This was due to motorway service areas not holding renewable electricity certificates and higher than forecast CO2 emissions from plug-in hybrid vehicles leased by the company. When we challenged the company that its performance was off-track during the interim period, it responded well by putting additional actions in place that closed the gap to the target.

5. The interim settlement required National Highways to set out and deliver action plans to better evidence its progress towards achieving its safety and delay targets. Both targets are affected by factors outside of the company's control; however, the plans set out the steps it would take to manage its contribution.

6. Over the course of the year, National Highways made progress demonstrating through its plans how its actions support the achievement of these KPIs. From the outset, the company's safety plan had clearly defined actions that directly supported the target. By contrast, we had to work closely with the company on its customer and delay action plan to help it identify and explain how its actions would deliver meaningful outcomes for users and evidenced clear improvements.

7. Action plans will continue to be a significant feature of RIS3. Therefore, it is important that National Highways takes its learnings from the interim period and puts in place plans with clear, timebound activities against which we can hold the company to account on behalf of road users, taxpayers and the wider public. This includes where the company considers its performance is impacted by factors beyond its direct control, enabling it to clearly demonstrate that it is taking reasonable steps to achieve the targets it has been set. It should also evidence how the company is maximising its contribution and influence to mitigate external constraints.

Delivering capital commitments and asset management performance

National Highways met all but one of its interim period capital commitments and demonstrated improvements in its performance on managing safety defects on the network. It met all four of its enhancements commitments, and met, or over-delivered, seven of its eight renewals output commitments. The company continued to face challenges in delivering its technology programme: signs technology was not delivered, and the operational technology refresh programme is over a year late. These delays were attributed to the same recurring issues in delivery capability, indicating it has not fully addressed underlying weaknesses.

8. National Highways met all four of its interim period enhancements commitments. The company started construction of two schemes and opened two schemes for traffic on time.

9. The interim settlement specified renewals output commitment quantities for National Highways' key asset types as follows:

- asphalt road surface;
- concrete road surface;
- safety barriers;
- flooding hotspots;
- structures;
- technology – CCTV;
- technology – signs; and
- technology – signals.

10. National Highways delivered the specified quantities for seven of its eight key asset renewals commitment outputs and delivered all the output quantity volumes it planned for its other non-key asset types. However, the company did not meet its output commitment for signs technology and delivered to the lower end of the performance range it proposed for signals and CCTV technologies.

11. National Highways reported that delays in delivering its technology renewals programme were due to the complexity of integrating new systems with legacy infrastructure and supply chain constraints. Likewise, as reported in our annual safety report, although not an interim settlement requirement, completion of the modernisation and refresh programme to improve the availability of key asset types on all lane running smart motorways is over a year late for similar reasons. Although the company asserts that improvements have been made to its approach to delivering technology programmes, the repeated under-delivery arising from the same challenges raises questions as to the extent to which lessons have been learned, embedded, and translated into improved performance.

12. Technology is integral to optimising how National Highways operates and manages the SRN. It is imperative that the company demonstrates through tangible evidence that it has learnt the lessons from the past year. This should include how it has strengthened its programme management, managed integration risks and addressed supply chain dependences to ensure it has the necessary capability and capacity for RIS3. The impact of these improvements should be evident through its reporting from the outset of the third road period

and we will hold the company to account for delivering its technology renewals programme efficiently and on time.

Increased risk to the delivery of RIS3

National Highways has not been able to progress some of its programmes in the interim period as it originally planned. As a result, delivery of the third road investment strategy (RIS3) will be more challenging from the outset. Improvements are required to the company's internal processes to demonstrate that it is delivering effectively. We want to see evidence that it has strengthened its governance, particularly for its large renewals programme, to provide us with confidence that it has robust arrangements in place to oversee its programmes, manage risks and deliver outcomes efficiently for road users and taxpayers. While the company is taking steps to improve in these areas, it is essential that this continues at pace to ensure it has the best chance to deliver the intended benefits of RIS3. If it is unable to demonstrate that these improvements are working we will consider what further steps are necessary.

13. The interim settlement provided funding to National Highways to continue its day-to-day functions while allowing the government to align its plans with the June 2025 spending review. It also made financial provision for the company to progress work in preparation for RIS3. While the company has spent more on renewals than it has ever done in a year to date, both its large renewals and concrete roads programmes experienced delays.

14. National Highways sought funding to develop a programme of 12 large renewals schemes in the interim period for delivery in RIS3. While forecast of spend alone is not solely an indicator of progress, it underspent its funding for large renewals by 31% (£34.87m).

15. Throughout the year National Highways provided assurances that the programme remained on track to deliver to the original timelines. However, its end of year data, and supporting information for the RIS3 Delivery Plan, indicate that completion of at least five schemes has been delayed, with interim milestones also affected.

16. Similarly, National Highways proposed to progress 15 concrete road schemes into design stage ahead of RP3, but only successfully progressed one and underspent its funding for the programme by 35% (£26.3m).

17. The interim year also saw challenges in National Highways' delivery of its on-road technology programme; underspend of 16% in its designated funds and

national programmes; and supply chain metrics for the enhancements programme that indicate that some schemes are at an increasing risk of cost and schedule pressures.

18. Taken together, this emerging position suggests an increase in delivery risks making it more challenging for National Highways to meets its RIS3 commitments for these programmes.

19. It is reasonable for programmes of the magnitude that National Highways manages to encounter cost and schedule pressures. However, the company has only been able to partially explain how it reallocated underspends in its large renewals programme. It also does not have records to show how it made decisions to reallocate funding, including how efficiency and impact on road users were fully considered.

20. National Highways recognises that improvements are needed and it is implementing a programme to improve the way it demonstrates delivery and efficiency of its renewals programme. This is expected to be in place by Q1 of the first year of RP3, so that it can better demonstrate how it is managing the network's evolving needs and reallocating funding efficiently.

21. In addition, National Highways needs to strengthen its internal governance and controls, particularly for its large renewals programme, to demonstrate it has robust internal arrangements in place to effectively respond to changes in the network need, schedule and cost. This includes being able to clearly evidence the basis of its decision making and demonstrate the impact for users and if it was efficient to do so.

22. It is imperative that National Highways delivers these improvements at pace, alongside those required for RIS3, to strengthen its capability to deliver in RP3 and improves its evidence base for RIS4 planning. If it is unable to demonstrate that these improvements are working we will consider what further steps are necessary.

Annex B: Performance specification overview

Our assessment of National Highways' delivery against each KPI is summarised below. Figures are provisional, pending National Highways completing its year-end validation of data for the interim period.

KPI	Target	Performance	Outcome
The number of people killed or seriously injured on the SRN	At least a 50% reduction by the end of 2025 compared to 2005 to 2009	38% reduction by the end of 2024. 2025 data will be published in July 2026	**Almost certain target is missed**
Average delay	No worse than year 5 of RP2 (11.8 seconds per vehicle per mile)	10.9 seconds of delay per vehicle per mile	Target met
Network availability	Lane availability of 97.5% or higher	97.5%	Target met
Incident clearance rate	At least 86% of motorway incidents cleared within an hour	89.3%	Target met
Road pavement condition	At least 96.2% of the network in good condition	96.3%	Target met
Biodiversity	Validate and assure 2,700 biodiversity units, for schemes delivered in RP2	3,061 biodiversity units assured, for schemes delivered in RP2	Target met
Corporate carbon	A 75% reduction in emissions against the 2019/20 baseline	A 73% reduction in emissions	**Target not met**
Noise	A noise mitigation plan ready for implementation in RIS3	A plan was produced for RP3	Target met
Road user satisfaction	Road user satisfaction at least 1 percentage point above year 5 of RP2 (69.6%)	71.1% road user satisfaction	Target met

KPI	Target	Performance	Outcome
Roadworks information, timeliness and accuracy	At least 75% of overnight road closures accurately shared 7 days in advance	76.1% of road closures accurately shared 7 days in advance	Target met
Efficiency	Demonstrate efficient delivery throughout the interim period	Reported efficiency is sufficient	Target met