Holding the strategic highways company to account

ORR's policy and approach.

Strategic approach: better highways

1. The Office of Rail and Road (ORR) is a non-ministerial government department, accountable to Parliament.

2. One of our statutory roles, established in the Infrastructure Act 2015 (the Act), is to independently monitor National Highways (the company), the appointed strategic highways company for the strategic road network (SRN) – the motorways and major A-roads in England. The company has statutory duties to manage, operate and improve the SRN. Our role is to assess the company's performance and efficiency, investigate and where necessary take enforcement action and ultimately hold it to account to fulfil its duties on behalf of road users, taxpayers and the wider public.

3. This document sets out our approach to undertaking this statutory role. It supersedes and replaces the policy issued in March 2020 and takes effect from 1 April 2026.

4. It is a key part of the framework originated in 2015 as part of what is known as Roads Reform. Our strategic purpose and approach is closely linked to Roads Reform and the benefits it was intended to deliver. This summary section puts the detailed policy in the rest of this document into this strategic context. It first looks at what has been achieved so far and challenges for National Highways in the third road period (RP3, April 2026 to March 2031) and then at the wider regulatory landscape and how it has informed this updated policy.

Building on success: effectively holding National Highways to account

5. Roads Reform was a fundamental change to how the SRN would be operated, maintained and

improved to support economic growth. It was intended to provide long term certainty and a more flexible approach to delivery to drive innovation and efficiency in the sector for taxpayers and achieve improved outcomes for road users and communities.

6. More than a decade on, we continue to see the intended benefits of Roads Reform that started in the first road period (RP1, 2015 to 2020) and were built on in the second road period (RP2, 2020 to 2025) and the Interim Year (2025 to 2026). This is important for the public and businesses: a third of all motorised traffic and over two thirds of lorry miles in England are driven on the motorways and main A-roads of the SRN. A high performing, safe, reliable network is vital to maintaining and supporting growth to the economy and will continue to be so in the future.

7. Across RP2 we saw National Highways develop its maturity and capability. On efficiency, the company reported £2.2 billion of efficiency improvements against its target of £2.0 billion. It made the largest efficiency improvements in renewals (£764 million) and the operating costs of its business (£538 million). In part this was a direct result of being able to long term plan against a multi-year funding settlement, delivering better value for the taxpayer.

8. During RP2, we challenged National Highways' forecasting of efficiency, supporting evidence and management of risks to efficient delivery. The company responded positively to our challenge and made improvements in these areas that we expect it to build on in future road periods.

9. In the Interim Year, responding to concerns raised by Government, we asked National Highways to improve its ability to report renewals spend by asset type, across the year. We also required the company to better apportion spend that was not asset specific, like traffic management or design costs. We required this so that the company could improve its understanding of costs and better demonstrate that it is making efficient renewals investment decisions.

10. Our holding to account approach has delivered positive outcomes from improvements in National Highways' performance, for example through our 2024 investigation into the company's performance, delivery and capability. In response to our finding that the company was non-compliant with its licence in respect to provision of data and information to allow us to perform our statutory duties, and having regard to our wider conclusions and observations, it committed to implementing improvements. The company developed a comprehensive improvement plan of activities that it delivered at pace, helping it to better understand and explain the trade-offs it must make to deliver on behalf of road users. This demonstrated a commitment to transparency and to building capability to ensure that the company takes decisions efficiently and effectively and help set it up for success in the future.

11. In RP3 more is being asked of the SRN. The network continues to age and is required to withstand the increasing and diverse impacts of climate change and increase in traffic. This is coupled with a tight fiscal environment. To ensure that it can sustain and support growth by connecting the nation it is even more vital that public funds are invested wisely. We will continue to hold National Highways to account to support these outcomes for road users, taxpayers and communities.

12. One of the main challenges for the company in RP3 will be a greater focus on the delivery of renewals, as the balance of investment shifts away from enhancements. This is timely and necessary because a large proportion of the asset is deteriorating to life expiration. The scale of renewals investment is bigger than previous road periods and include high value, strategic, projects that will be disruptive for users. The scale of renewals investment will be bigger than previous road periods and include high value, strategic, projects that will be disruptive for users. This portfolio will bring challenges in managing complex delivery programmes on the SRN that also still needs to carry large daily traffic volumes.

The regulatory landscape

13. In March 2025 HM Treasury (HMT) published its policy paper A new approach to ensure regulators and regulation support growth. This required regulators to support growth and reduce bureaucracy, with a commitment to reduce administrative costs for business by 25% by the end of the Parliament. ORR's response is a programme of workstreams aimed at reducing the administrative burden and improving regulatory effectiveness for our regulated entities as well as encouraging growth and investment.

14. In our statutory highways role, we are focused on the requirement in the HMT paper to reduce the administrative burden of our monitoring and regulation of National Highways by 25% over five years. It is difficult to set a quantitative baseline against which to measure this reduction given we do not create (nor can we remove) regulations.

15. This refreshed policy is part of that work. It is intended to preserve what works effectively in the system while supporting streamlined processes and demonstrating that we have challenged ourselves on the way that we do things and the reasons we do them, to ensure they are fit for purpose and improved or eliminated them if they are not. It is intended to preserve what works effectively in the system while supporting streamlined processes and demonstrating that we have challenged ourselves on the way that we do things and the reasons we do them, to ensure they are

fit for purpose and improved or eliminated them if they are not. A further significant activity will be the refresh and reissue of our monitoring reporting guidelines (MRG) and performance monitoring statement (PMS) templates to National Highways later in 2026. These set our expectations for the form and content of the regular reporting we require from the company to demonstrate its performance, delivery and efficiency so we can report to Parliament and the public transparently and predictably.

16. These activities support the principles of good regulation and allow us to demonstrate where we have reduced burden while ensuring that the wider system of Roads Reform continues to operate effectively. They should also help to protect the system from risks. We are a risk-based regulator in that we endeavor to identify and work with National Highways to identify risks early, prevent them crystalising where possible and otherwise to effectively manage them to minimise the impact on road uses, taxpayers and communities.

17. Additionally, government is, at the time of writing, working to review its Growth Duty. This is a statutory requirement that obliges regulators to have regard to the desirability of promoting economic growth when exercising their regulatory functions. Currently, this does not apply to our highways role. It is a matter for government to determine to what regulatory functions the duty should apply. However, government is seeking to set 'growth goals' for regulators. These goals aim to ensure regulators actively support investment and innovation while balancing safety and other statutory duties.

18. Given the importance of the SRN to supporting economic growth (paragraph 6) we are working with government on what an appropriate goal would look like, potentially linked to our work promoting National Highways' efficiency. Any changes to the application of the Growth Duty as it relates to our highways role and/or development of a goal may require us to review this policy accordingly.

19. In December 2025 Dr Richard Judge was appointed by the Department for Business and Trade (DBT) to review ORR as part of a broader review of regulators. We await recommendations and will incorporate any relevant agreed actions into our approach

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