Annual report and accounts 2026

CP 1617

A417 construction aerial view

National Highways

Annual report and accounts 2026

(For the financial year ended 31 March 2026)

Presented to Parliament
by the Secretary of State for Transport
by Command of His Majesty

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Who we are and what we do

We are a government owned, publicly funded organisation responsible for planning, designing, building, operating and maintaining England's motorways and major A roads. We support the millions of people who use our network by providing essential information and assistance. The Secretary of State for Transport is our sole shareholder, and we operate in accordance with a Licence and Framework (see page 94 for further details).

Our road network is fundamental to the nation's economy and future growth. It enables the safe and reliable movement of goods that supply our shops, connects people to jobs and essential services and supports the creation of thriving communities by unlocking development and housing opportunities.

These roads are critical to delivering the Government's ambitions to increase housing supply, improve infrastructure, drive sustainable economic growth and widen opportunity across the UK. By connecting people and places, we help create jobs, enhance social mobility and support businesses to prosper.

We are committed to keeping people moving safely today while delivering a better, more reliable network for the future. We work closely with our customers, communities and stakeholders to shape our priorities and partner with our suppliers to deliver innovative and efficient solutions. We are focused on achieving the best value for public money while embedding environmental sustainability into everything we do, ensuring that everyone using our network can get home safe and well.

Our progress

Our progress is measured against 11 key performance indicators (KPIs) covering the following:

- improving safety for all (pages 17 to 27)
- providing fast and reliable journeys (pages 34 to 36)
- a well maintained and resilient network (pages 34 to 36)
- being environmentally responsible (pages 38 to 53)
- meeting the needs of all users (pages 54 to 61)
- achieving efficient delivery (pages 69 to 70)

The targets are reviewed every five years as part of our Road investment strategy (RIS). The 2025-2026 reporting year is an interim year between road periods, so targets were reviewed specifically for this interim year and will be reviewed again the following year for the next five year period.

Overview of our key performance indicators

During the interim period, we met nine of our eleven performance targets. We are proud of the hard work and dedication shown by everyone across the organisation in achieving this level of performance. For those key performance indicators (KPIs) where performance fell short of target, as well as those where targets were exceeded, we will review what worked well and where we can do better, and we will use these lessons to strengthen our performance as we move into the third road period.

As an organisation, we remain focused on improving performance. The Board and Executive continue to monitor progress closely, providing challenge and ensuring the right plans and resources are in place to deliver for road users and the communities we serve.

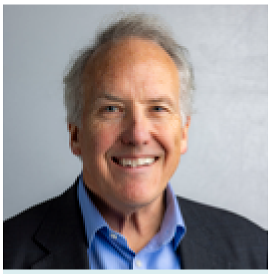
Target description	2025-26 results	Page reference
People killed or seriously injured The number of people killed or seriously injured on the strategic road network to decrease by at least 50% by the end of 2025, against the 2005-09 average baseline	1,931 (a reduction of 38%)	18
Average delay Our ambition is that average delay will be no more than 11.8 seconds per vehicle mile (spvm)	10.9 spvm	34
Network availability Our target is to have a network availability of 97.5%	97.5%	34
Incident clearance rate Our target is to have 86% of motorway incidents cleared within one hour, based on 24-hour coverage	89.3%	34
Road pavement condition Percentage of the network in good condition to be maintained at 96.2% or above	96.3%	34
Noise Commitment to produce a noise mitigation plan ready for implementation in RIS3	Plan developed	38

Target description	2025-26 results	Page reference
Biodiversity Assure at least 2,700 biodiversity units	3,061 biodiversity units assured	39
Corporate Carbon 75% reduction in corporate emissions against the 2019-20 baseline	73%, a reduction of 110,326 tCO_2e	40
Road user satisfaction Achieve a rolling average satisfaction score of 69.6%	71.1%	54
Roadworks information, timeliness and accuracy Information about full closures would be 75% accurate seven days in advance	76.1%	55
Efficiency Commitment for us to demonstrate efficiency through our performance reporting to ORR	Demonstrated	69

Strategic report

Traffic officers Chelston

A message from our Chair



Gareth Rhys Williams
Chair

The strategic road network is a vital element of the UK's infrastructure, enabling growth, improving access to economic hubs and supporting the Government's integrated transport strategy. Everyone at National Highways takes their responsibility to manage it safely and well for the benefit of its users, the community and the wider economy very seriously. I am pleased to say there is much to celebrate about National Highways' 2025-2026 performance, as most commitments made to the Secretary of State in the interim year between the second and third road periods were met. There have been some misses but the Board has confidence they are well understood and are being addressed.

Safety is our most important commitment. We have completed all the actions in our Safety action plan and exceeded our in-house health and safety target. While our specific target to reduce road casualties was not achieved this year (see page 18]), we recognise the continued importance of national efforts to reduce killed and seriously injured (KSIs) and remain committed to supporting these outcomes.

Looking ahead, the government's new Road safety strategy provides a helpful catalyst for collaborative working in this space. To achieve our target of a 7.5% reduction in KSIs by 2031, we will target our interventions on high-risk corridors and improved design standards. Achieving this ambition will require coordinated access across the wider safety system.

The Board's role is to both support and challenge the work of the National Highways' executives, and this year has seen a refresh of some of our Non-Executive Directors (NED). With those colleagues coming from a variety of relevant backgrounds now well settled in and with a greater breadth of expertise, I'm confident we are scrutinising and supporting the Executive team in a way which ensures National Highways is on a path to being the best arm's length body it can be.

We are not complacent and are currently part-way through an external Board evaluation exercise, to help us further improve the way we work, for the benefit of our customers and the taxpayer.

We will also implement the learnings from the Department for Transport's (DfT) independent review into the speed camera system anomaly identified in 2025. We continue to work closely with the DfT and police forces to redress those impacted. We welcome the DfT's independent review which will strengthen our own "lessons learned" activities.

In closing, I would like to thank two people who are leaving us who have contributed a lot to National Highways' success. Janette Beinart, who served diligently and thoughtfully on our Board for seven years and stepped down in January, during which time she was interim chair while I was being recruited; I've learnt a lot from her. Her contribution has been greatly valued.

Our CEO Nick Harris also left at the end of March, after five years as Chief Executive Officer (CEO), and five years before that as Chief Operating Officer. Nick built a strong Executive team and helped deliver the first-class performance which has built our reputation as a trusted and credible government partner. We wish him well on whatever road his future career follows. Nick has been replaced on an interim basis by Nick Joyce, who brings continuity and huge experience from his two decades at DfT, most recently as a Director General for Corporate Delivery.

Our performance in this interim year would again not have been achievable without the skill, dedication and passion demonstrated by all of the nearly 7,000 National Highways colleagues, who are supported by more than 65,000 people in our supply chain along with the teams at DfT. The Board thanks them all.

The third Road investment strategy was published earlier this year and its publication is good news for National Highways, our customers, the country, and the economy. In providing a five-year, £27 billion funding settlement, it brings the certainty we and our supply chain need to plan, invest, and deliver. We welcome it, and will ensure it is applied efficiently to the priorities set for us by the Secretary of State.

Gareth Rhys Williams, Chair

A message from our Chief Executive

Nick Harris
Chief Executive

We exist to connect the country ever more safely, reliably and sustainably. In 2025-26, our performance was strong, demonstrating measurable improvement against these objectives. In terms of specific targets and delivery, 2025-26 was an unusual year for us being a standalone interim year between Road investment strategy periods two and three.

I am extremely proud of what we achieved. We delivered good results against the backdrop of working to a one-year window instead of a multi-year. This meant a different approach to our planning and delivery and an added complexity to achieving efficiencies.

We rose to the challenge as the pages of this report show. This is thanks to the commitment, support, agility and skill of National Highways' teams and those many more teams in our extended family and supply chain.

We are an important enabler of the government's missions. This is a role we take seriously, and I am pleased a return to multi-year funding from 2026–31 will allow us to continue demonstrating why we are a trusted and credible government partner with the ability to reliably connect the country supporting economic growth, housing and community development. Its because we care about what we do, the impact we have and the difference we can make to the lives of customers, communities and the wider sector. And we do not do this alone.

We are part of a much wider system that is using innovation, creativity and collaborative working to deliver high impact benefits. While providing safer integrated transport solutions and initiatives that benefit all users of the stratgic road network, and the people and places around it.

This will be my final year as the National Highways' CEO, and I leave knowing the organisation is in great shape with some fantastic achievements recorded in 2025-26. Most significant amongst those is the Lower Thames Crossing, where there is now a well-defined plan for delivery and a way forward for its funding. This is a huge achievement.

It's also an exciting time for our company's data, digital and technology journey. We have invested heavily in systems reliability and integration and will continue to do so in the years ahead, ensuring we're learning lessons along the way and taking advantage of new technologies.

The year 2025-2026 is not only memorable for me because it's my last year as CEO. It's the year we saw good progress and momentum in our evolution from a builder of roads to a customer service provider.

We made important decisions about how we are organised and took significant steps towards creating a company that will be fit for the future. Our internal Business improvement and change programme, building on the success of previous change programmes, was also fully mobilised after years of planning. This will help us keep getting better in the future, so we continue to deliver value for money and have customer and communities' needs at the heart of all we do.

I would like to thank the National Highways' Board, the DfT, the Office of Rail and Road (ORR) and Transport Focus for their support, guidance and counsel in 2025-26. I think I speak on behalf of us all when I say it has been a year of learning, growth and success, and that has been a real team effort.

Nick Harris, Chief Executive

Interim Chief Executive's Foreword

Nick Joyce
Interim Chief Executive

I joined National Highways as Interim Chief Executive shortly after the end of the 2025-26 financial year. This Annual report and accounts therefore reflect a year delivered under my predecessor's leadership, and I want to recognise the commitment and professionalism shown by colleagues across the organisation during a demanding period.

As we look ahead, the publication of RIS3 marks an important transition point for National Highways. From 2026-27, RIS3 provides five years of funding certainty and a clear direction for renewing, operating and improving England's SRN.

The year ahead will be focused on establishing strong foundations for delivery. This includes a significant increase in renewals activity to address ageing assets, early delivery of nationally coordinated safety improvements, and continued focus on providing fast, reliable journeys for road users. Alongside this, we will begin delivering national programmes that support environmental protection, biodiversity, technology renewal and improved customer experience.

RIS3 also reinforces our role in enabling economic growth, with targeted investment to support housing, jobs and productivity across the country, working closely with regional and local partners.

My role during this interim period is to provide stability, support colleagues and senior leaders, and ensure the organisation is well positioned for the arrival of a permanent CEO. I am encouraged by the capability, expertise and sense of purpose I have seen across National Highways, and I look forward to working with colleagues as we begin the next phase of delivery with confidence and clarity.

Nick Joyce, Interim Chief Executive

Financial review

Scott Dale
Chief Financial Officer

The financial year 2025-26 marked our interim year between road periods two and three. Throughout the period we have operated consistently within the budgets set for us by government We successfully closed the year within 0.1% of our £4.8 billion annual funding.

The 2025-26 financial year marked a significant transition as we prepared for the rescheduled start of the third road period (RP3) in April 2026. With RP3 aligned to the outcomes of Spending Review 2025 (SR25), our activities were supported by the Interim Settlement announced in the Autumn Budget 2024.

During the year, we translated the final RP3 settlement into detailed annual investment plans for the five-year period and strengthened our financial reporting processes to improve transparency and granularity, particularly across the renewals programme, which will be a significant focus of delivery in RP3. We also advanced our companywide Business improvement and change programme, streamlining processes, enhancing data accuracy, reducing operational costs and improving decision-making, further modernising our operations and future-proofing our delivery model.

The government's ongoing response to the public finance shortfall identified through SR25 included the cancellation of two further major enhancement schemes: the A12 Chelmsford to A120 widening and the A47 Wansford to Sutton dualling projects. Both were withdrawn following a reassessment of affordability and a shift in national investment priorities. As with last year's decision on the A303 Stonehenge Tunnel, these changes affected elements of our capital and operational plans. However, working closely with the DfT, we adjusted our funding profile and continued to deliver our wider investment and renewals portfolio within the financial envelope agreed as part of the Spending Review.

Operating efficiently

As a public sector organisation, we must live within our financial boundaries and seek maximum value for money for the government and the taxpayer. Across the interim period we have demonstrated efficient performance through the measurement of three different metrics; our ability to control our costs to enable delivery of our agreed outputs within our budget; the demonstration of reduced unit costs through the production of our activity metrics; and the provision of an efficiency narrative to explain how we have achieved this.

For more on efficiencies, see page 69

Where our funding comes from

Our funding is provided directly by government and is allocated between capital investment and operational expenditure, typically through five-year investment settlements. In 2025-26, we were funded through a one-year interim settlement bridging RP2 and RP3. Each year, we draw down funding to deliver against our annual Business plan and Delivery plan commitments. We measure our company's financial performance by our ability to manage our delivery and operational outcomes in line with these allocations.

How we manage taxpayers money

Delivering our commitments within our funding requires careful financial management. We plan and manage our cashflow to remain within the government's 5% forecast accuracy target. This helps His Majesty's Treasury manage wider public sector finances. We support the government's fair payment charter and pay our suppliers on time, with 99% of our payments reaching our suppliers' bank accounts within five days of us receiving their invoice. We use project bank accounts to ensure that all tiers of our supply chain receive payment at the same time. This improves cashflow to many small and medium sized enterprises (SMEs).

Where we have invested

Our investment programme this year continued to prioritise the areas of greatest need, improving safety, resilience and long-term network performance. While our enhancements deliver localised benefits, they also strengthen national connectivity and support economic growth across regions. Some of the key areas of investment are highlighted below.

South East - The south east remains one of the most heavily used parts of our network, with critical routes such as the M4, M3, M23 and M25 playing a vital role in daily travel and freight movements. In 2025-26, we invested £1,025 million across the region including £271 million on renewals, £600 million on enhancements and £124 million on operating and maintaining the network. Activity focused on progressing high-value junction improvements and corridor upgrades that ease congestion, improve safety and create more reliable journeys for all road users. A key highlight for the south east during the financial year was the opening of M25 Junction 28 which is expected to enhance traffic flow and improve safety for road users.

East - The east region provides essential connections between key east coast ports and the rest of the country, supporting both national supply chains and regional connectivity. This year we invested £678 million across the region, including £350 million in major enhancements, £152 million in renewals and £158 million on the operation and maintenance of the network. During the year, we made significant progress on major schemes, including the A47 and the A428 Black Cat to Caxton Gibbet improvement. These projects are designed to support growing communities, reduce congestion, and strengthen both regional and national connectivity.

Yorkshire & the North East - The yorkshire and north east region spans 670 miles of network and provides critical connections to major ports and airports. As a result, it remains a key priority for long-term resilience and economic growth. During the year, we focussed on advancing high-value corridor improvements that enhance east–west connectivity, reduce congestion, and support future housing and employment growth.

In 2025-26, we invested £628 million across the region, including £254 million in the operation and maintenance of the network, £194 million on renewals, and £148 million on enhancements. This included the opening of A63 Castle Street in Hull, which will improve access to the port, reduce congestion, enhance safety, and strengthen connections between the city centre and key tourist and recreational destinations.

Midlands - The midlands plays a central role in connecting the country, stretching from the Welsh border in the west to Lincolnshire in the east, and from Derbyshire in the north to Herefordshire and Northamptonshire in the south. It is vital in supporting regional economic growth. This year, we invested £537 million across the region, including £254 million in renewals, £124 million in the operation and maintenance of the network and £125 million on enhancement schemes. This investment supports the resilience of key routes and helps maintain critical links across the region.

South West - In the south west, we invested £441 million to support the region's 620 miles of motorway and strategic A-roads, which are central to its economic potential, and provide vital connections for people, businesses and communities. This included £150 million in renewals, £190 million in enhancements, and £92 million in the operation and maintenance of the network. We continue to maintain and develop key routes to support growth, improve access, and sustain critical links, including the main crossings to Wales.

North West - The north west network spans 530 miles, stretching from the city of Carlisle to the edges of the Peak District. It is one of the most diverse areas of motorways and major A-roads in the country, supporting a wide range of urban, rural and strategic travel demands. In 2025–26, we invested £365 million across the region, including £219 million in renewals, £83 million in the operation and maintenance of the network, and £50 million in enhancements. This investment supports the continued resilience of the network and helps maintain vital connections for communities, businesses and freight.

Our financial performance

Financial highlights

In 2025-26:

Our total expenditure was
£4.75 billion.

We invested in our network
£3.3 billion.

This included on enhancement schemes
£1.51 billion.

We invested a further
£56 million
into projects through our designated funds.

On maintaining and operating our network we spent
£1.47 billion.

This means per calendar day we spent
£13 million.

We paid
99%
of our suppliers within five days.

Our cashflow accuracy was within
5%.

Capital investment in 2025-26

	Funding[1] £m	Outturn £m	Variance £m
Total capital investment			
Capital departmental expenditure limit	3,282	3,287	5

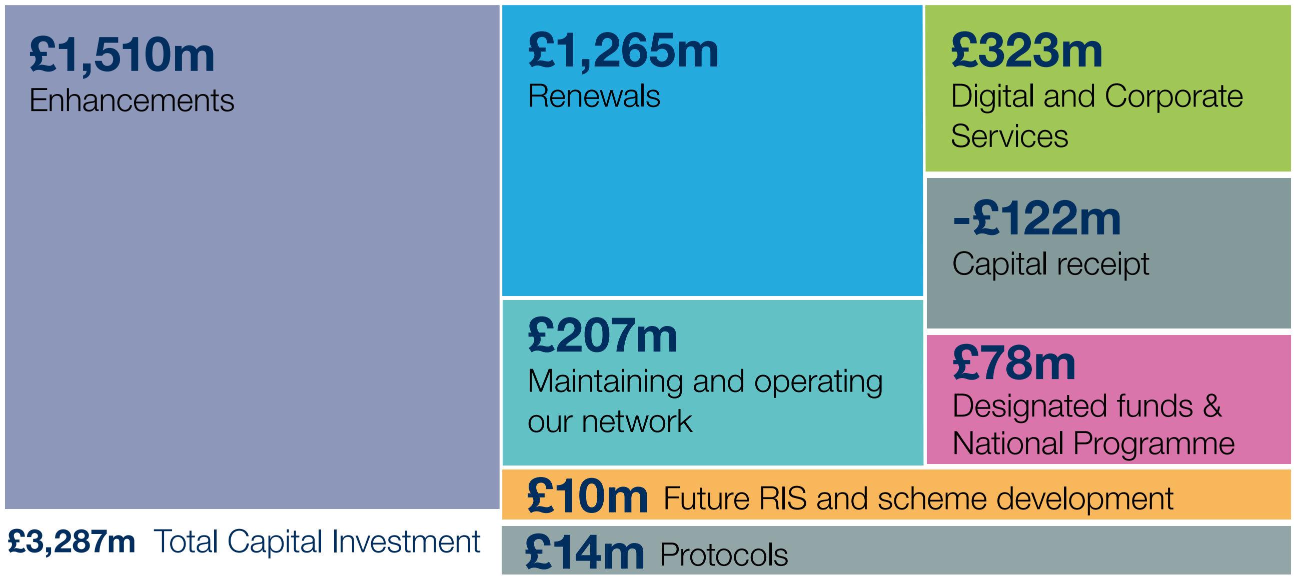
Our capital investment relates to funds used to acquire, upgrade or increase the benefit of our assets in the future.

Over this financial year, we invested £1.510 billion into our enhancement schemes, supporting economic growth, reducing congestion and improving safety on our network. At £1.265 billion, we delivered our biggest renewals programme to date, keeping our structures and road surfaces safe and well maintained. We invested £323 million on digital corporate services and £207 million on operating and maintaining the network, which includes keeping our on-road technology functioning, our operational buildings running and our people's wages paid.

We invested a further £78 million through our Designated funds and National programmes, supporting projects that delivered a range of benefits for our customers, neighbouring communities, the environment and the economy.

We have ended the financial year successfully, landing at £3,287 million, which is within 0.001% of our revised funding for the year.

1 Revised funding following the conclusion of the first phase of the government's Spending review 2025.



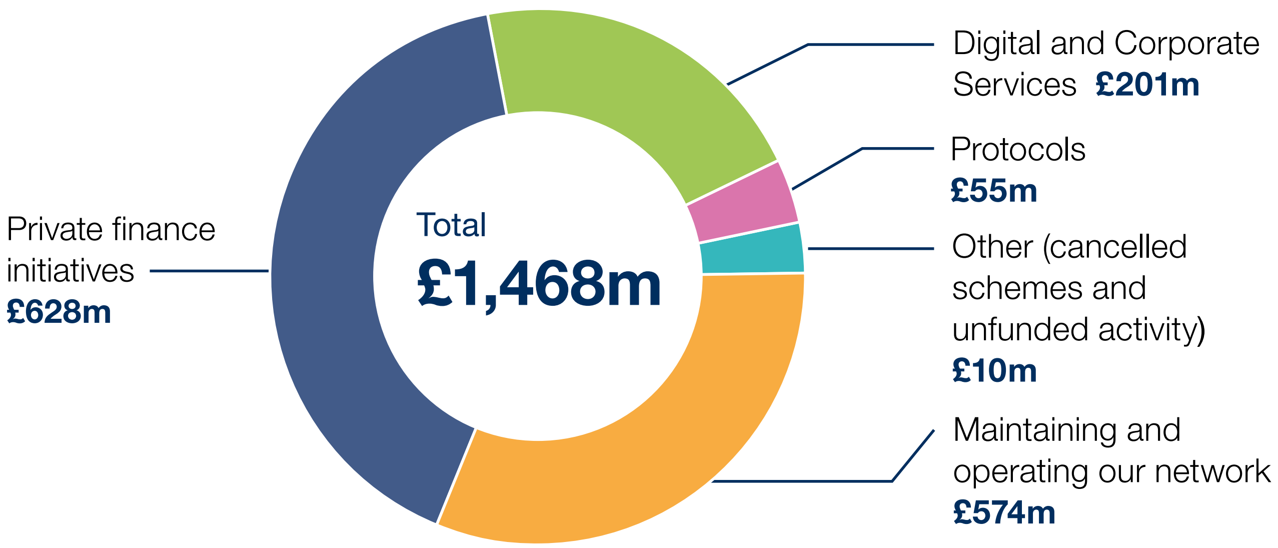
To break down our capital expenditure into meaningful categories, we have rounded to the nearest £0.1 billion. This means that the total value of the categories may not add up precisely to the total provided.

Operational expenditure in 2025-26

	Funding £m	Outturn £m	Variance £m
Operational expenditure			
Resource departmental expenditure limit, excluding depreciation	1,475	1,468	7

Our operational expenditure funding for the year was £1,475 million. Total spend of £1,468 million resulted in a £7 million (0.01% underspend against the revised funding envelope).

Operational expenditure



National spend

More on regional updates can be found on page 31

Our financial statements

For our full financial statements, including notes to the accounts, please refer to page 161.

Value of our network

Our assets

As of 31 March 2026, the assets we hold were valued at £167.1 billion. This comprises £165.3 billion of network-related assets and £1.2 billion of non-network assets, including land, dwellings, lease commitments, and plant and machinery. At year-end, we held a further £0.6 billion of current assets, most of which are trade and other receivables. How we value these assets is detailed later in this document (Note 6 to the financial statements). This valuation reflects both the anticipated replacement cost of the network as well as a depreciation charge driven by inspections of the underlying asset condition.

Liabilities

On 31 March 2026, we held £1.4 billion of short-term liabilities, largely consisting of accrued expenditure for work completed but not yet paid for. Our trade payables are relatively low in comparison because of our prompt payment initiative. We also have non-current, long-term liabilities of £1.3 billion, of which £0.8 billion relates to the capital element of future private finance initiative payments over the life of the contracts. The remaining £0.5 billion relates to provisions, mostly for land, lease commitments and deferred tax obligations. It includes potential payments for compulsory acquisitions and blight (the purchase of land for a scheme, ahead of requirement, where the owner is unable to sell due to the threat of compulsory acquisition).

Looking ahead

We now have a confirmed funding envelope of £27 billion for the next five-year road period, supported by an ambitious and clearly defined delivery programme. The new road period, will build on the foundations laid during the interim settlement year, with a focus on maintaining and renewing the existing network. This will be supported by continued investment in safety, environmental outcomes and carefully prioritised enhancements that deliver the greatest benefit for customers, alongside efficient delivery. Our plans also emphasise decarbonisation, low-carbon construction, technological innovation and strengthening the network's long-term resilience.

2026-27 marks the first year of our third road period, and our Business plan sets out a strong, assured start to delivery. We will enter RP3 with a clear programme, stable funding position and a sharpened focus on operational performance and efficient investment. This first year is critical as it establishes the foundations of our five-year programme, supports the transition to a renewals-led strategy and ensures the momentum needed to deliver the government's priorities from the outset.

Our focus on the future extends beyond the current road period, as we continue to develop long-term plans within our 15-year strategic outlook. This work keeps us on the path toward our 2050 vision of a SRN that is safe, reliable and integrated, and that meets the needs of our customers and government priorities across the economy, social value and the environment.

Scott Dale, Chief Financial Officer

Putting safety first

Our target - road safety

Key performance summary: improving safety for all

Road safety is, and will always be, our number one priority. Every death or serious injury on our roads is a tragedy. Improving safety on our roads benefits not just drivers, but also the wider community of family, friends and colleagues affected when deaths or injuries occur. England's motorways and major A-roads are some of the safest in the world and our ambition remains that no one should be harmed while travelling or working on our roads.

Killed or seriously injured casualties target against progress monitoring points

Target description	2024 monitoring point	Actual number of Killed or seriously injured in 2024	Outcome
Number of people killed or seriously injured on the network to decrease by at least 50% by the end of 2025, against the 2005-09 average baseline of 3,100	1,612	1,931	Missed (reduction of 38%)

Our performance

We measure our performance using validated data of personal injury collisions reported to the police, known as STATS19. This data is provided by the DfT and is summarised in their annual report Reported Road Casualties, Great Britain. The latest validated data for 2024 was released by DfT in September.

Report on government statistics on road-casualties in Great Britain.

In 2024, 1,931 people were killed or seriously injured on the Strategic road network (SRN). This is a reduction of 38% compared to the 2005-09 average baseline. This means 1,170 fewer people were killed or seriously injured compared to the 2005-09 average baseline of 3,100. This is 319 over our 2024 monitoring point and 381 killed or seriously injured above the December 2025 target.

To understand the risk of a person being killed or seriously injured when using the SRN it is helpful to compare the number of killed or seriously injured in relation to the total number of miles travelled on a road section or type. The killed or seriously injured rate is presented as per hundred million vehicle miles (hmvm) travelled, which is an established way of assessing rates across the road sector. There were 23 (approximately 1%) more people killed or seriously injured on the SRN in 2024 than in 2023. Over the same period, traffic on the SRN also increased by around 1%. In 2024, the killed or seriously injured rate was 1.99 per hmvm. Excluding 2020 and 2021 (when fewer people were travelling because of COVID-19), this is the equal lowest casualty rate recorded on the SRN.

Percentage changes in deaths and serious injuries in 2024, when compared with 2023[2]

	2023	2024	Difference
Strategic road network	1,908	1,931	1.2%
Rest of England	24,268	24,120	-0.6%
Rest of Great Britain	27,721	27,536	-0.7%

Safety action plan

The second road period target to reduce the number of people killed or seriously injured on the SRN by at least 50%, against the 2005-09 average baseline, ran into the interim year, until December 2025. This was a stretching target influenced by several external factors that did not materialise as expected. To address this gap and support progress towards achieving this target, we delivered beyond our planned programme during the second road period. During the interim year we also delivered a series of safety improvements, as set out in our Safety action plan for 2025-26.

We developed this action plan, with ten associated deliverables based on their impact on safety and to reflect the breadth of activities we were seeking to deliver. We delivered all ten of the action plan deliverables including the publication of the Road safety performance overview report, the delivery of our safe T.R.I.P checks campaign and working with police forces on Operation tramline to identify unsafe driving and encourage better driving behaviours.

Delivering improvements on our network

Investigations

We have now established a cross-organisation, Central investigation team leading on the investigation of incidents where a death has occurred on our network.

2 The Office for National Statistics has developed a methodology that adjusts these figures to account for changes in how the police record road injuries. Some police forces now use newer systems (CRASH and COPA) that record injury severity more accurately, which can affect the number of injuries reported as slight or serious. The figures shown estimate what injury levels would be if all police forces used these newer systems. Adjustment factors change slightly every year as more data is used in the calculation of the estimate, which means that reported serious and slight injury figures will change annually for previous years. Further information on these adjustments is available in the guide to severity adjustments.

These investigations provide us with detailed information into why an incident likely occurred so we can better target safety interventions. This information enables us to respond with confidence to collisions and to improve our safety performance by focusing resources on reducing the number of collisions, supporting our zero-harm ambition.

During 2025, the team investigated 256 incidents which resulted in 269 fatal injuries. It was identified that around 20% of fatalities on our network are suspected suicides, approximately 14% are a result of medical events, 1% of incidents were attributable to other events and the remaining were a result of collisions.[3]

Safety schemes

We have invested more than £20.47 million throughout the interim year improving safety by targeting roads that need it most, such as A-roads with higher collision rates. These schemes included changes to signage, road markings, pedestrian crossing improvements and speed management enhancements, which were subject to a formal statutory process.

On the A38 at Carkeel in our South West region, we delivered a scheme funded through our designated funds, alongside our partners, Cornwall Council and Devon and Cornwall Police. The scheme reduced the speed limit from 50mph to 30mph and introduced average and spot speed cameras. This scheme has been widely championed by residents and partners.

On the A5 at Little Brickhill in our south east region, we completed a safety scheme funded through our designated funds to deliver wrong-way driving measures. Our central investigation team found that while signage was correct it could be further improved, along with the design of the junction, to reduce risk at the location. We also identified a potential irregularity with sat nav audio instructions, which may have caused confusion and this was raised with the relevant companies.

We have also invested £4.25 million in developing our safety National programme in preparation for delivery in road period three. The National programme includes strategic route treatments that will reduce safety risks across 450 miles of our network.

Suicide prevention

Through Designated funds we have also delivered safety enhancements to manage the risk of suicides and suicide attempts on our network.

Working with the Chartered Institution of Highways and Transportation's (CIHT's) UK Roads Leadership Group, we launched the first ever guidance for Roads and bridges suicide prevention. The guidance is built on the ethos that suicide prevention is everybody's business, and we all have a role to play in supporting a multi-agency approach. It shows the steps the road sector is taking to ensure suicide risk is considered in design. The purpose of this guidance is to raise awareness of and provide information about, suicide prevention within road user safety management. Specifically, the guidance aims to:

- provide contextual information for suicide prevention in the UK
- provide information about the responsibility of the road sector in reducing suicides
- raise awareness and provide information about some common risk factors for suicides on roads and bridges

3 The above incidents could be subject to ongoing Police investigation and/or Coronial process and as such could be subject to change.

- raise awareness and provide information about the measures which can help to reduce suicide risk

This guidance is intended for highway authorities and managers, bridge owners, and those who design, deliver, operate and maintain roads and bridges, including local authorities. More on designated funds can be found on page 71.

Research and innovation

Beyond ongoing research and innovation initiatives, we launched an open call in November 2025 for research and innovation bids inviting different sectors to help increase safety on A-roads and maximise safety benefits while improving resilience of our network assets. The cross-sector proposals will support the pipeline of the improvements we will deliver in RP3.

Partnerships, engagement and awareness

Our Safe system approach considers how roads, vehicles, people, speeds, and post-collision care come together in the way we manage and improve safety. We acknowledge within the Safe System that we have a shared responsibility with other organisations and partners to prevent deaths and serious injuries on our roads. As a highways authority we directly control the safe roads and roadsides pillar and contribute to the safe speeds pillar, with some part to play across all other aspects of the system. Our partners comprise national and local government, regulators, emergency services, and commercial organisations and examples of our engagement with them can be found below.

Working with international delivery partners

We continued to work with UK Chief Engineers' Committee to improve safety across all UK road networks and continued to sponsor the Conference of European Directors for Roads (CEDR) Road Safety Working Group. This has enabled us to provide leadership for almost 30 countries across Europe and engage with Nordic countries on good safety practices. We've also worked with EuroNCAP to explore HGV rear-end collisions on the network and joined the steering committee for the EuroNCAP Safer Trucks programme driving up standards in Heavy goods vehicles (HGV) safety performance.

Working with national delivery partners - Road to zero harm

Road to zero harm is an ambitious evidence-led nationally significant safety programme. Working with our delivery partners we continue our work towards our vision that no-one should be killed or seriously injured. We know we need to work together to make zero harm a reality, that's why we've brought together a range of organisations to collaborate on the actions that will make the biggest difference to improving road safety.

We are working with a core group of delivery partners: DfT, Driver and Vehicle Licensing Agency (DVLA), Driver and Vehicle Standards Agency (DVSA), National Police Chiefs' Council (NPCC), National Fire Chiefs Council (NFCC) and local authorities via the Association of Directors of Environment, Economy, Planning & Transport (ADEPT). We created a roadmap which sets out areas of focus and the last 12 months has seen us collaboratively continue to implement the agreed safety measures, tasks and activities to put us on the best path to eliminating deaths and serious injuries.

We have also continued to coordinate police enforcement partnerships on our network such as compliance activities and HGV enforcement support. An example of this is Operation tramline which helps to identify unsafe driving and encourage better behaviours behind the wheel to make safer roads for everyone.

Working with stakeholders - Road Safety Panel

Acknowledging the Safe system principle of shared responsibility, we continued to fulfil a leadership role for the National Road Safety Panel. The purpose of the panel was to bring key road safety experts together to facilitate discussion, share best practice and information, enable alignment between different organisations and increase accountability and monitoring for road safety actions and activities beyond National Highways' control. Following the publication of the Road Safety Strategy by Department for Transport (DfT) in January 2026, this panel will be superseded by the DfT's National Road Safety Board.

We have also continued to develop and deliver national behaviour change campaigns focusing on key safety issues such as vehicle checks (TRIP), fatigue, close-following, motorcycle safety (BikerTek) and driving around HGVs. This included working with key stakeholders such as Halfords, Kwik Fit and Motorway service areas to reach key audiences, in the right place at the right time.

Working with employers – commercial vehicles

Our Driving for better business programme focuses on work-related road risk and supports employers who are legally required to ensure the safety of their drivers, their vehicles and other road users. We influence the behaviour of drivers through the companies registered with the programme who currently manage 128 partners and can reach over 435,000 companies through partner networks.

In 2025-26, we continued to deliver a targeted programme of activity to reduce the frequency and severity of collisions involving at-work drivers. This involved delivering a range of activities and resources, which were promoted via our Driving for better business programme and partners. These included:

- an enhanced van driver toolkit and a car driver toolkit improving awareness of safety compliance and driving behaviours
- a guide to driver roadworthiness, providing strategies for maintaining driver fitness and investing in driver welfare
- a guide to incident investigation, helping employers manage the risk of work-related driving
- enhanced driver education courses aimed at commercial freight and haulage drivers who use our road network

- a driver health and wellbeing toolkit for managers
- a renewed diesel spillages best practice guide providing guidance for drivers and operators
- developing and delivering the local road safety partners' toolkit to enable road safety teams, fire and police to deliver the programme to smaller businesses
- completing the trauma response training modules for road users and making them available to a section of van fleet operators

Health, safety and wellbeing

Our target - keeping our people safe

Key performance summary: improving safety for all

Our number one priority is safety. We all have a part to play in making sure that our colleagues, our road workers and our customers get home safe and well. Our ambition is that no-one should be harmed when travelling or working on our roads.

Throughout 2025-26, we continued to make the right safety risk-based decisions to ensure we are meeting our health, safety and wellbeing (HSW) obligations for our people, supply chain and road users.

2025-26 has seen good health and safety performance for our people:

- there has been a sustained reduction in the number of high potential near miss events involving our employees
- we continue to use regional injury reduction plans to target HSW management activities
- estates improvements continue to ensure the work environment is safe for those working in our facilities
- We set out our 2026-31 ambitions for improving health and wellbeing (included in our Home safe & well approach) and we've continued to focus on the following key areas of workplace health and wellbeing

Reducing musculoskeletal injury risk

- we have reviewed our fit for work standard and made final recommendations
- we have reviewed our display screen equipment (DSE) online training and individual assessment, which launched in February 2026
- we have continued to provide a direct access short-term physiotherapy therapy service from our occupational health providers to enable our people to get advice or early intervention to help reduce the impact of a musculoskeletal injury obtained inside or outside of work

Improving how we identify and record root causes of events to give us better insight

- we have improved the occupational health and wellbeing information shared with the business to better highlight patterns and trends, with this work continuing into the next year
- research jointly commissioned with our supply chain has been undertaken to better understand events leading to musculoskeletal related injuries at work

Investment in health and wellbeing

- we have supported the review and launch of training pathways for people managers, covering long-term absence management and health and wellbeing
- 2025–26 has seen a reduction in the total number of lost time incidents reported by our supply chain
- we have also seen a sustained reduction in high potential near miss events reported by our supply chain
- we continued our ongoing engagement activities and reviews with key suppliers to understand the management of health and safety in their workforce and extended supply chains
- we continue to support our supply chain through the Supply chain safety leadership group and promoting good practice webinars

Jointly, we continue to work on the quality of incident investigations, undertaking incident reviews to focus on effective root cause analysis and good learning from reported events.

More on road safety performance and measures are detailed on page 18.

Home safe and well plan

During the period 2020-26 (‘Road investment strategy 2’ and interim year), our Home safe and well approach focused on the health, safety and wellbeing of our people, supply chain, and road users. Moving into 2026, we have now developed an overarching Safety strategy for 2026-31 setting our strategic approach to how National Highways does safety, which will be underpinned by two approaches to delivery:

- Home safe and well (for our people and our supply chain)
- Road safety ‘Road investment strategy 3’ (RIS3) action plan in line with Road to zero harm (for road users)

This distinction reflects the different legal duties, roles and responsibilities under the Health and Safety at Work etc. Act 1974 and Highways Act 1980 respectively.

Our ambition is zero harm - we ultimately want to cause no harm to our people, supply chain and road users. We will work towards that by focusing on six areas:

Improving our safety culture

Our ‘Be the change’ safety maturity change programme continues to progress across the whole of National Highways. It’s a key commitment in our Home safe and well approach, with leadership commitment at every level.

Over the past year, we have taken major steps toward building a fully proactive safety culture, including:

- continued delivery of people manager workshops across the organisation to enhance and improve the management of health safety and wellbeing
- continued delivery of insight led, behaviour based, team ‘huddles’ – delivered by people managers across National Highways, with the aim of tackling real health, safety and wellbeing challenges, and fostering psychological safety including our promise behaviours in corporate and people manager induction pathways
- maintaining and upskilling our ambassador community (comprising of 115 individuals) who champion and support the instilling of our Home safe and well promise behaviours

By successfully embedding these safety behaviours, we aim to reduce incidents and improve performance to ensure our people get home safe and well.

Supply chain significant risks

Following a rise in supply chain Accident frequency rate (AFR), National Highways strengthened its oversight through forums such as the Supply chains safety leadership group and the Supply chain engagement council, and throughout 2025 has used these forums to provide effective challenge to supplier performance, enabling structured engagement with suppliers and providing assurance that significant workplace risks are understood and addressed.

This has included regular supplier performance reviews, dedicated supplier safety events and targeted communications on incident reporting, alongside ongoing benchmarking of health and safety performance and the systematic sharing of best practice across the supply chain.

Employee and supply chain performance

Reported lost time and accident frequency for National Highways Employees
12-month lost time injury rate decreased from 0.11 to 0.10
12-month ‘Reporting of Injuries, Diseases and Dangerous Occurrences Regulations’ (RIDDOR) rate decreased from 0.06 to 0.03)

We’ve continued efforts to reduce National Highways lost time injury events, including work on:

- our ‘Be the change’ programme focusing more on our behaviours, such as speaking up, taking action and learning from mistakes
- assuring that our procedures for health safety and wellbeing (focusing initially on mental health, travelling for work, and display screen equipment) are being followed effectively
- the Fatal risk control review group, to review high risk incidents with a focus on assuring effectiveness of management controls, as well as human factors
- developing regional injury reduction plans; focusing on reducing slips, trips and falls and improving learning from incidents

Reported lost time and accident frequency for our supply chain
12-month lost time injury rate decreased from 0.18 to 0.16
12-month RIDDOR rate decreased from 0.09 to 0.07

Our efforts to focus our supply chain on their safety performance have included:

- engagement with our supply chain at the most senior level, focusing on cultures and behaviours, skills and significant risk reduction

- development of a new Safety strategy and Home safe and well approach, reinforcing the commitment to zero harm and best-in-class safety performance across the supply chain. Key priorities will include effective risk management, improved health and wellbeing, and stronger supply chain engagement.
- partnering with the supply chain to fund and support a musculoskeletal risk profiling study across the highways sector. The research will develop a national musculoskeletal risk profile covering the full supply chain, identifying the most significant risks and highlighting effective control practices
- undertaking our project safety assurance activities at all stages of a project
- carrying out significant incident reviews with suppliers as part of the investigation, learning and improvement process

Enhancements

In 2025-26, we:

- started works on **2** schemes
- opened **2** schemes to traffic

Schemes opened for traffic

In 2025-26, we successfully opened two major enhancement schemes to traffic.

We completed the upgrade at M25 junction 28 in Essex during February 2026. The work included building a new two-lane loop road for anticlockwise M25 traffic joining the A12 eastbound, constructing three new bridges, and upgrading the slip roads. These improvements will increase junction capacity, reduce congestion, and improve safety for all road users, with improved facilities for pedestrians and cyclists.

In March, we completed the A63 Castle Street improvement scheme in Hull. The transformation involved lowering the A63 by around seven metres to create an underpass, while raising Ferensway and Commercial Road by one metre to form a split-level junction. The scheme also widened lanes and introduced new pedestrian and cycle bridges. Together, these improvements will improve access to the port, reduce congestion, enhance safety, and strengthen connections between the city centre and nearby tourist and leisure destinations.

Both schemes play an important role in supporting regional economic growth and improving reliability on the network.

Lower Thames Crossing

This year has seen some big milestones for our Lower Thames Crossing programme. Final approval was given for public funding and the green light was given to develop the project on the basis of private investment. We have started early works and opened a skills hub to train and upskill local people. Discussions have taken place with hundreds of local businesses to build our supply chain and we have used hydrogen and electric equipment to help us meet our ambition to be carbon neutral in construction.

For information and updates on our Lower Thames Crossing scheme, please go to our website.

National Highways - Lower Thames Crossing

National map

Opened for traffic

9 A63 Castle Street

52 M25 junction 28

Schemes in construction

17 Mottram Moor Link Road and A57 Link Road

22 M42 junction 6

23 A46 Coventry junctions

30 A52 Nottingham junctions

41 A47 North Tuddenham to Easton

42 A47 Thickthorn junction

43 A47 Blofied to North Burlingham[4]

44 A428 Black Cat to Caxton Gibbet

54 M25 junction 10[5]

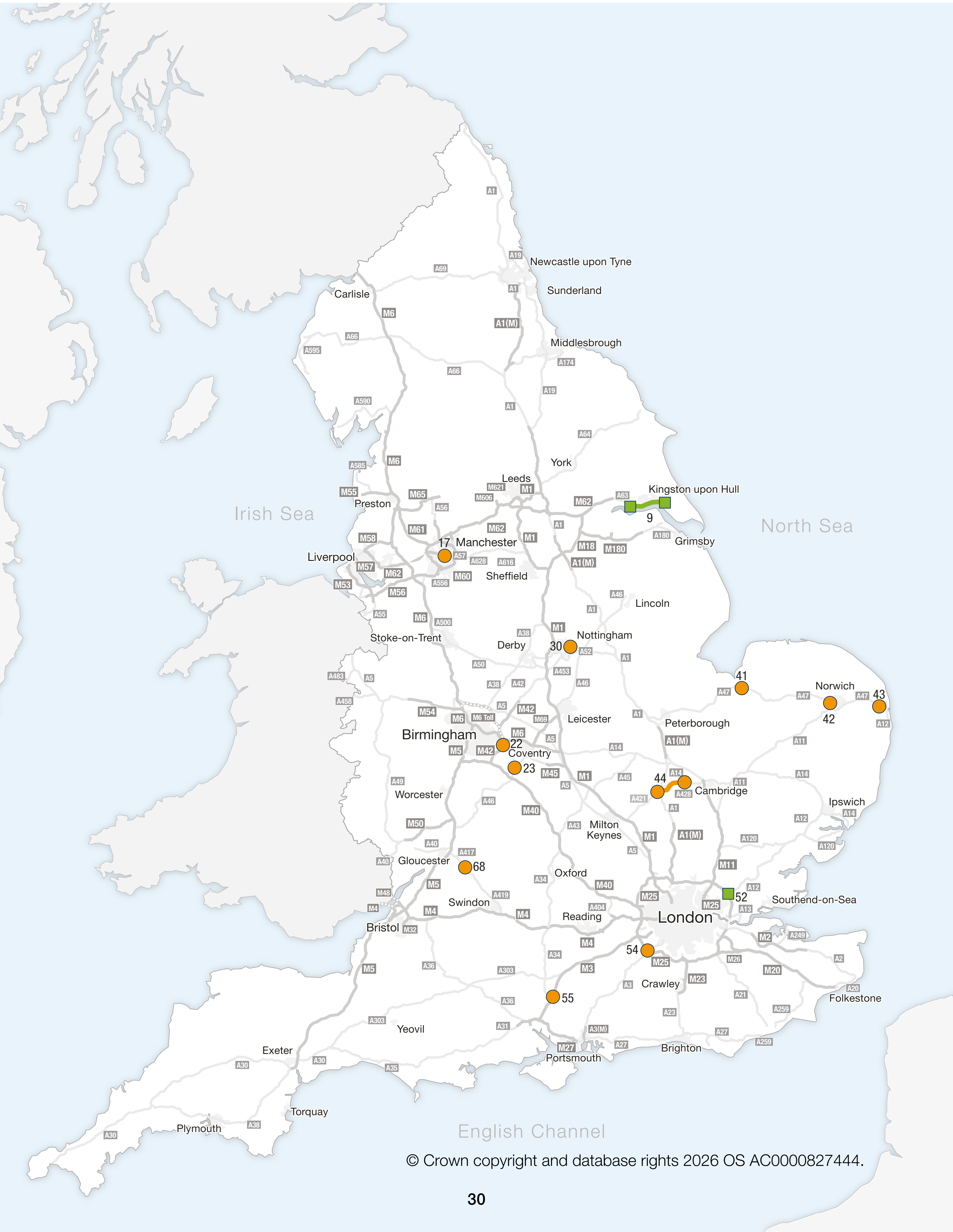
55 M3 junction 9

68 A417 Air Balloon

View the national map on the next page.

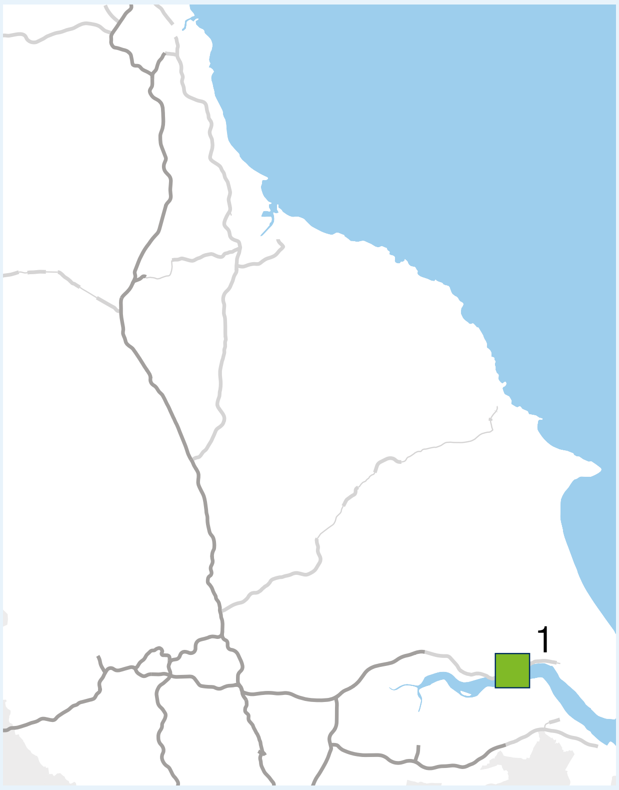
4 As of publication date, this scheme is open for traffic

5 As of publication date, this scheme is open for traffic


Newcastle upon Tyne
Sunderland
Carlisle
Middlesbrough
York
Leeds
Kingston upon Hull
9
Grimsby
Preston
Irish Sea
North Sea
17
Manchester
Liverpool
Sheffield
Lincoln
Nottingham
30
Derby
Stoke-on-Trent
41
Norwich
43
42
Leicester
Peterborough
Birmingham
22
Coventry
23
44
Cambridge
Worcester
Ipswich
Milton Keynes
Gloucester
68
Oxford
Swindon
52
Southend-on-Sea
Reading
London
Bristol
54
Crawley
55
Folkestone
Yeovil
Exeter
Portsmouth
Brighton
Torquay
Plymouth
English Channel

Regional updates

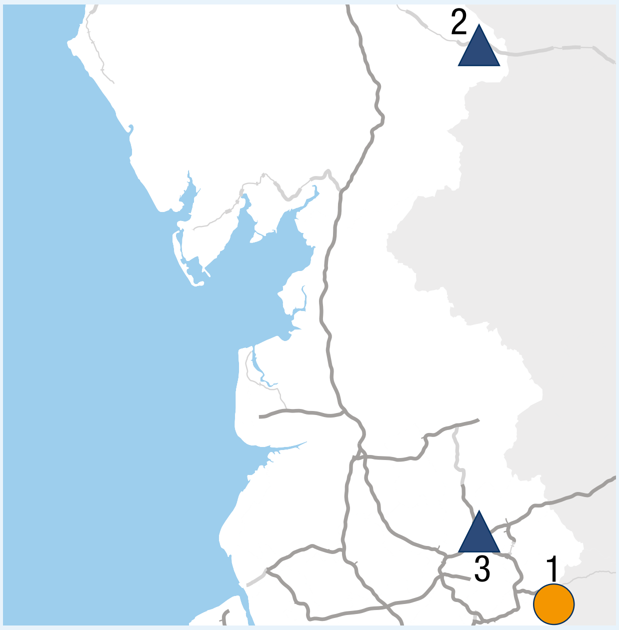
Yorkshire and North East



Opened for traffic

1 A63 Castle Street
(Scheme has progressed upwards to a higher delivery stage in-year)

North West



Schemes in construction

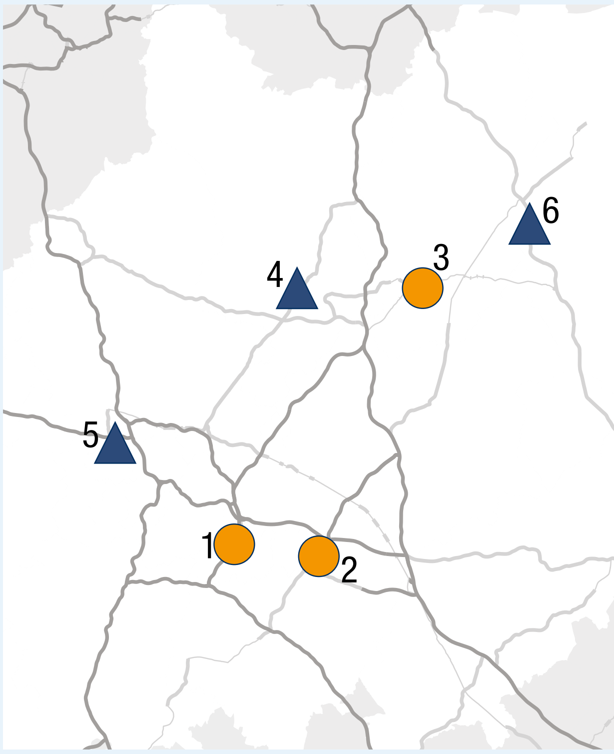
1 Mottram Moor Link Road and A57 Link Road

Schemes in development

2 A66 Northern Trans-Pennine

3 M60/M62/M66 Simister Island Interchange

Midlands



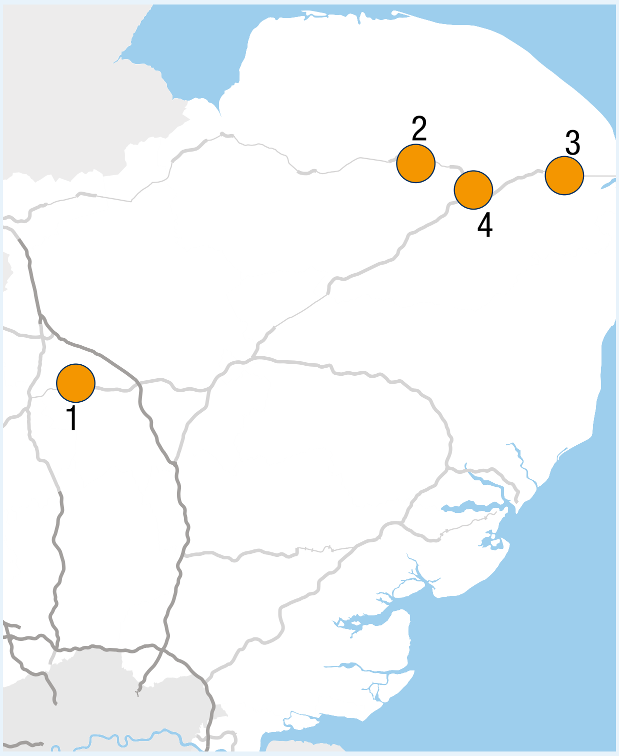
Schemes in construction

1 M42 junction 6
2 A46 Coventry junctions
3 A52 Nottingham junctions

Schemes in development

4 A38 Derby junctions
5 M54 to M6 Link Road
6 A46 Newark Bypass

East

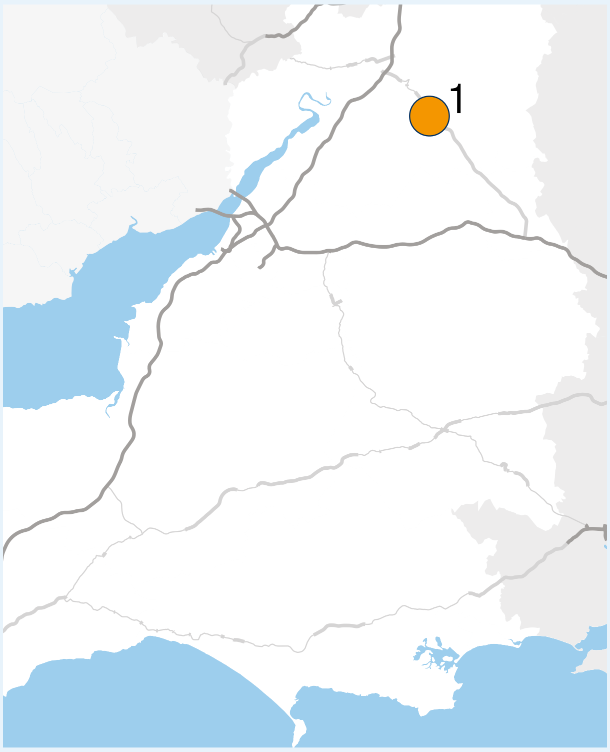


Schemes in construction

1 A428 Black Cat to Caxton Gibbet
2 A47 North Tuddenham to Easton.
3 A47 Blofield to North Burlingham
4 A47 Thickthorn Junction
(Scheme has progressed upwards to a higher delivery stage in-year)

Schemes cancelled following government's Spending Review 2025 announcement: A47 Wansford to Sutton; A12 Chelmsford to A120

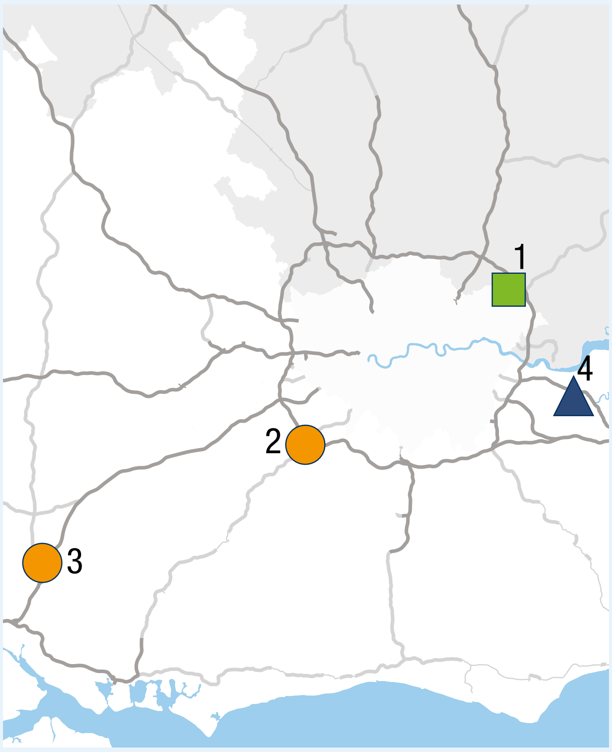
South West



Schemes in construction

1 A417 Air Balloon

London and South East



Opened for traffic

1 M25 Junction 28
(Scheme has progressed upwards to a higher delivery stage in-year)

Schemes in construction

2 M25 junction 10

3 M3 Junction 9
(Scheme has progressed upwards to a higher delivery stage in-year)

Schemes in development

4 Lower Thames Crossing

Day-to-day operational delivery

Our operational teams work 24 hours a day, 365 days of the year to keep our network safe and open for our customers.

Our regional operations centres monitor and manage traffic in real time across the country, while our traffic officers patrol the roads to respond swiftly to incidents and assist road users. Our inspectors continuously assess the condition of our assets, producing critical insights that inform the planning and delivery of maintenance programmes to ensure assets remain safe, reliable and fit for purpose. In addition, we deliver renewal, replacement and modernisation programmes for assets approaching the end of their operational life, carefully managing works to minimise disruption and maintain a safe, efficient and resilient network for our customers.

Our targets and ambitions

Average delay (seconds)	2025-26 results	Outcome
Our ambition is that average delay will be no more than 11.8 seconds per vehicle mile (spvm)	10.9 spvm	Achieved
Our target is to have a network availability of 97.5%	97.5%	Achieved
Our target is to have 86% of motorway incidents cleared within one hour, based on 24-hour coverage	89.3%	Achieved
Our aim is to ensure 96.2% of road surface is in good condition	96.3%	Achieved

Our average delay is monitored from a delivery perspective but as this has a big impact on customer satisfaction we also included initiatives for improving in our Customer service plan. For more on this see our customer section on page 54.

Key actions and wider progress in 2025-26

Operations

- Against a target of 10 minutes, we achieved an average traffic officer attendance time on all lane running motorways where emergency areas are more than one mile apart, of 8 minutes and 28 seconds.
- During the year, our traffic officers dealt with 90,916 incidents causing an obstruction, congestion or threatening the safety of our network. This is compared to 74,734 during 2024-25.
- We use insight monitoring tools to increase our situational awareness of our roadside technology performance. This year, we have renewed around 500 technology assets across our all lane running motorways. This includes cameras, signals, message signs and our Motorway Incident Detection and Automated Signalling (MIDAS).
- We developed a scheme to upgrade the existing variable message signage along the M1 between junctions 20 and 23 in both directions, and on the M69 between junctions 2 and 3, to improve the reliability, availability and performance of each sign. In addition to the signage upgrades, the scheme also included the replacement of the existing cabling and equipment within the roadside controller cabinets. The works were delivered with minimal disruption to road users through the implementation of overnight lane closures between 8pm and 6am, while maintaining one or two live lanes on the M1 at all times. A single overnight full closure of the M69 northbound link road to the M1 northbound was required due to the location of the signage. During this closure, traffic was diverted via a short, approximately one mile route along our network.

Maintenance

- The timely and efficient repair of defects is an important part of keeping our network safe for customers. We repaired a total of 23,339 defects within 24 hours of identification.
- Roadside technology plays a critical role in keeping our network moving. This year, our roadside technology assets were operational 89.3% of the time.

Renewals

This year we have delivered £1.27 billion worth of investment in renewals. We have met our output targets for five of the six primary asset types on the network, as detailed below. We met the needs of our customers and assets by:

- delivering 1,074.7 lane miles of asphalt surfacing such as the M5 J28-J30 scheme delivering 31.7 lane miles of asphalt surfacing on the M5
- renewing 249.2 miles of road safety barriers such as the A1M J43-44 Concrete barrier scheme, delivering 37.9 miles of safety barriers on the A42

- delivering 8.4 miles of new concrete safety barriers such as the A1M J43-44 Concrete Barrier scheme, delivering 6.1 miles of concrete safety barrier on the A1M
- refurbishing or repairing 16.7 miles of concrete roads such as M27 J5-7 Concrete Overlay, delivering 14.9 miles of concrete roads
- completing construction on 20 significant structures schemes, including the completion of £15.8 million works on the A1T Wentedge Road Refurbishment scheme
- delivering 318 CCTV and 242 signal renewals as part of our operational technology renewals programme, including the delivery of 98 CCTV camera renewals on the South West Optech ANPR/HSM/CCTV replacement scheme
- delivering mitigation works at 52 flooding hotspots

For details about our asset management, please visit our website.

National Highways our-strategy asset-management

Sustainability section

Our approach to environmental sustainability

Good environmental outcomes, along with economic growth and regeneration, are at the core of National Highways' plans. We are custodians not only of our roads, but also of the surrounding environment, from wildlife to clean air. We published our Environmental sustainability strategy, with a vision for a connected country and a thriving environment to provide a road network that supports the country's transport needs but also protects and strengthens the natural environment and improves community wellbeing. For more on the work we are doing on our air and water quality, and nature please visit our website and our Performance monitoring statements.

Environmental sustainability strategy

Noise mitigation

We understand that vehicles using our network generate noise for neighbouring homes and communities. We know noise from vehicles using our roads affects people's peace and comfort, as well as posing risks to their health and wellbeing which is why it is important to us to reduce noise impact.

Our target

We had a noise mitigation key performance indicator (KPI) for our interim year period to develop a plan for Road investment strategy three (RIS3). The plan has been developed and includes a programme of noise barrier, low noise resurfacing and noise insulation to be delivered during RIS3.

Key activities during 2025-26:

- identifying potential locations for noise barriers, low noise resurfacing and noise insulation

Biodiversity

We are committed to protecting and enhancing the natural environment that surrounds our roads. Biodiversity remains a key focus as we support government to achieve its long-term targets and deliver against our Environmental sustainability strategy. This year we have taken an important step in our journey to further integrate nature into our decision-making processes.

We conducted a review and high level gap analysis of our practices and how these align to the recommendations in the Task force on nature-related financial disclosures (TNFD). This has helped us to prioritise the actions we can take to align our reporting and management of nature related issues in the future. We are currently working on our first disclosure which will be published in our 2026-27 Annual report.

Our target

We had a biodiversity KPI to assure at least 2,700 biodiversity units. We measure performance in biodiversity units, calculated using Defra's biodiversity metrics.

Our key focus was on embedding biodiversity gains into our road projects, while also building the delivery foundations for RIS3. This included working in partnership with conservation organisations to identify, assess and develop a robust pipeline of habitat creation opportunities, ensuring our ability to deliver biodiversity enhancements in RIS3 and support national nature recovery.

Target description	2025-26 results	Our outcome
Assure at least 2,700 biodiversity units	3,061 biodiversity units assured	Achieved

The Interim year target was increased to reflect additional biodiversity units that could be assured from earlier delivery. This result includes the delivery of 31 off-site biodiversity enhancement projects that completed their capital construction works in 2024-25.

Carbon

In 2021, we published our ambitious Net zero plan (NZP) where we committed to be net zero for our corporate emissions by 2030, our maintenance and construction emissions by 2040 and our road user emissions by 2050.

Five years after publishing our first NZP, our understanding, organisational capabilities and available technologies have advanced, we have refined our commitments to ensure as our actions over the next five years are focused, deliverable and aligned with our long-term trajectory. An updated NZP will be published shortly.

Technical definitions:	
tCO2e	Tonnes for measuring greenhouse gas (GHG) emissions, expressed as the equivalent amount of carbon dioxide.
MtCO2e	Million-tonnes for measuring greenhouse gas (GHG) emissions, expressed as the equivalent amount of carbon dioxide

Key performance indicator for our corporate carbon emissions 2025-26

Our target

We have a corporate carbon KPI target to reduce carbon emissions resulting from our electricity consumption, fuel use and other day-to-day operational activities. This covers scope 1 (direct) and scope 2 (indirect) emissions generated from our business activities and all scope 3 activities. Further details about net zero can be found on page 42.

Target description	2025-26 results	Our outcome
75% carbon reduction against 2019-20 baseline	73%, a reduction of 110,326 tCO2e	Missed

Since the publication of our NZP in 2021, we have delivered a significant 73% reduction a strong achievement that demonstrates sustained progress and the impact of our decarbonisation efforts.

Key activities during 2025-26:

- transitioned 100% of our light vehicle fleet to electric and plug-in hybrid vehicles, with 39% of our light fleet now EVs.
- installed a further 8,960 LED lights between April 2025 and March 2026. This means that 61.16% of our network is now lit by LEDs, with more than 34,000 LED upgrades delivered in total.
- installed energy efficiency measures at a further 27 depots. This included the improvement of lighting and heating systems at 12 depots, the installation of solar PV at 23 depots and the continuation of installing electric vehicle charge points, bringing the total to 443 chargers across our estate.
- our travel and expenses policy and travel hierarchy encourage staff to prioritise sustainable travel choices. There was an 34% reduction in domestic flights seen in 2025-26 compared to 2024-25.

Maintenance and construction emissions

We have a performance indicator (PI) that monitors greenhouse gas emissions from the work we commission, delivered by our supply chain. This includes the greenhouse gases emitted during raw material supply and product manufacture as well as transport to site, emissions from the plant and machinery used in road construction and maintenance and waste. This covers emissions from making and transporting the materials used to maintain our network.

Key activities during 2025-26:

- we successfully retained our PAS 2080:2023 certification, reaffirming the strength of our carbon management approach. We continue to support our suppliers with attaining PAS 2080:2023 certification
- we modernised and streamlined our Manual of contract documents for highway works (MCHW) and our Design manual for roads and bridges (DMRB) standards, removing barriers and opening the door to adopting lower carbon materials and construction practices across our schemes
- we delivered 11 schemes in 2025-26 through the Low carbon demonstrator fund (LCDF), helping to accelerate the introduction of innovative low carbon technologies on the Strategic road network (SRN)
- our carbon hub continues to be updated with the latest guidance and our 'low carbon opportunities register' continues to be updated with new opportunities

Road user emissions

The largest source of emissions comes from the vehicles driving on our network. Government has set its trajectory for net zero road transport by 2050.

Transport decarbonisation plan

Key activities during 2025-26:

- we continued to deliver energy storage systems at motorway service areas (MSAs) to supplement the grid supply. This allows high powered (150kW) EV charging for drivers, with two live sites and a further six in commission
- 100% of MSAs in England now have at least one open access charging point available
- we undertook initiatives to help truck stop operators understand the process for charge point installation
- we developed a programme of work focused on heavy goods vehicle (HGV) decarbonisation including strategic charging infrastructure, incident management and the potential impact on road assets from zero-emission HGVs
- we continue to support the zero-emission HGV programme (ZEHID), investigating the transition to electric HGVs, UK charging technology, open-access depots, and hydrogen fuel cell vehicles and refuelling stations

Environment Net Zero

Our Net zero plan

Our commitments and progress

Over the past year, we have continued to make progress against our commitments and the actions being taken to reduce emissions across core areas.

KPI - Corporate emissions	PI - Maintenance and construction emissions	Road user emissions
Target: Achieve a 75% reduction in corporate emission against the 2019-20 baseline	Target: 0-10% by 2025	Target: 31-26 MtC02e
Emissions in 2025-26 for Net zero plan:	**Emissions in 2025-26 for Net zero plan:**	**Emissions in 2025-26 for Net zero plan:**
41,727 tCO2e	444,642 tCO2e	27,261,644 tCO2e
This represents a 8% decrease from 2024-2025 and a 73% reduction in emissions since 2019-2020. The reduction this year was driven by decreases in carbon across all our energy, fuel and vehicle fleet initiatives, except corporate purchases. These increased due to the acquisition of electric vehicles, and an updated methodology for calculating carbon emissions from professional services.	This represents a 1% increase from 2024-2025 and a 23% reduction in emissions since 2019-2020. The 1% increase this year was driven by variations in scheme-level activity and higher carbon intensity across major construction projects. This was further influenced by updated emissions factors. Further variations are expected in future years as the portfolio continues to change.	This represents a 3% decrease from 2024-2025 and continues to show ongoing reductions in carbon emissions. Part of the reason for this reduction is the use of the latest emissions factors recently published by Defra, which accounts for greater numbers of electric vehicles than previously reported. The higher numbers of electric vehicles in the fleet have positively contributed to the ongoing improvements in carbon emissions. The overall trend in the reduction in road user emissions is consistent with the trajectories in the Net zero highways plan and we continue to play a key role supporting charging infrastructure rollout along the SRN.

Carbon offsetting

Our Environmental sustainability strategy and NZP prioritise cutting emissions through low carbon operations and materials. In line with Science based target initiative (SBTi) guidance, we are committed to offset no more than 10% of our baseline emissions, ensuring that reduction and innovation drive forward our progress towards net zero. By choosing a net zero target rather than carbon neutrality, we are committed to decarbonisation, with carbon offsetting playing a limited role.

Offsetting is not part of our performance reporting. Carbon is removed annually through our soft estate. While this removal is reported each year, it is not currently applied as a reduction against our emissions.

Task Force on Climate-related financial disclosures (TCFD)

Since publishing our first TCFD report in 2023, we have progressed through all three phases set out in the HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. Our report explains how we identify and manage climate-related risks, and how we plan to further embed climate risks and opportunities into our future strategic planning.

We have complied with all TCFD-recommended disclosures, as outlined below:

- governance (a) and (b)
- strategy (a) to (c)
- risk management (a) to (c)
- metrics and targets (a) to (c)

Governance

Board's Climate governance

Our Executive team, reporting to the Board, is the main overseer of climate-related risks. Our Board receives quarterly updates on progress made to manage our corporate-level risks and has an annual strategy session with the Executive team where corporate risks are discussed. The Executive team report to the Board and provides feedback to management when it is important to communicate climate-related information throughout the business.

The Audit and Risk Committee ensure our organisation has efficient and effective risk management, internal control and governance arrangements, which it oversees on behalf of the Board. This includes risks and controls relevant to climate change.

For the role of the Audit and Risk Committee, see page 118. For more about our Board committees' oversight of climate-related risks and opportunities, see page 80.

Management's role

Through engagement with senior leaders, we are currently restructuring our climate adaptation governance arrangements to set a long-term strategic direction and develop clear objectives and responsibilities for climate adaptation across the organisation.

Environmental sustainability is part of our Business improvement and change programme and is being delivered through the Environmental sustainability division. The environmental sustainability monthly programme review oversees how our defined climate resilience actions and net zero plan are delivered and how programme risks are managed and escalated, prior to discussion at Executive level.

Risk management

Our approach to climate-related risk management

Risk management is embedded as a key component in our decision making. This enables individuals and groups to take an appropriate level of risk in an informed manner in line with the company's risk appetite. Our approach to risk management is presented in the 'managing our risks' section. Our principal risks, are as illustrated on page 80. These are supported by a series of secondary risks, including those related to climate change. These are managed by the business and where relevant are linked to an associated principal risk. We are undertaking a comprehensive review of our business-related risks to determine where climate change acts as a driver or contributor to a principal risk. This work will support embedding climate-related risk drivers within our enterprise risk management framework and ensure alignment across risk management processes.

The Government considers all chronic risks that may impact the UK and records these alongside the National risk register (NRR), which focuses on acute risks. Climate change is identified as one of these chronic risks and Government recognises that its exposure can increase both the likelihood and severity of any relatable risk held on individual organisation's own risk registers. This includes the impact of severe weather events, such as storms or extreme heat alerts. Within National Highways, our dedicated National resilience team coordinates the organisation's preparedness for major emergency risks, using the NRR to inform our own risk assessments and planning activities.

Climate change risk assessment and adaptation reporting

In 2024, we published our Adaptation reporting power (ARP4) report and updated climate change risk assessment (CCRA) as part of the fourth round of the Adaptation reporting power. It presents our latest assessment of climate risks and maps them against the UK CCRA, progress on adaptation actions, and areas for improvement. National Highways reports on progress against relevant UK CCRA actions through the National adaptation programme.

Horizon scanning and regulatory monitoring

We regularly monitor the environmental regulatory landscape and undertake horizon-scanning activities to identify emerging changes. Associated risks and opportunities, including potential financial, reputational, regulatory and legal implications, are regularly communicated through the environmental sustainability monthly programme review. Where required, these are escalated through papers submitted to Executive sub-committees.

Engagement and cross-sector collaboration

National Highways take an active role in policy discussions and consultation with DfT on net zero and climate adaptation. We are also strengthening collaboration across the transport sector through ongoing engagement with other Arm's length bodies (ALBs). This includes regular knowledge-sharing and aligning approaches on decarbonisation and resilience. We are actively engaging with key external stakeholders through groups such as the Infrastructure operators adaptation forum to identify and manage interdependent climate risks. In addition, we are an active member of the Transport adaptation steering group, contributing to sector-wide responses to climate risks.

Strategy

Materiality

Our climate-related disclosures follow HM Treasury's materiality-led approach. We report information that is most relevant to understanding how climate-related risks and opportunities affect National Highways' strategy, operations and long-term resilience. Material risks and opportunities are identified through our ARP4 climate risk assessment, our principal, secondary, and directorate risks and our scenario analysis. We consider a risk or opportunity material where it has the potential to significantly influence the safety of our customers and workforce, the performance and resilience of our assets, our organisational planning, or the delivery of our strategic priorities.

Scenario analysis

By testing our physical and transition climate risks against plausible future scenarios, we can be more prepared for future uncertainties and create stronger risk management practices. This will help ensure that our network is resilient to future challenges, minimise future impacts and ensure that we can continue to connect the country in a changing climate as we transition to a net zero carbon economy.

Our scenario analysis focused on the key physical and transition risks and opportunities which may materially affect our operations and long-term planning. All risks and opportunities were assessed qualitatively, with indicative scoring developed through workshops with key stakeholders and aligned to our corporate risk methodology. Scores are based on professional judgement and informed by desk-based analysis.

In line with HM Treasury's TCFD guidance, this includes a qualitative assessment of the potential financial implications associated with both decarbonisation (transition risks) and the long-term impacts of climate change on our organisation including our people, operations, assets and the SRN (physical risks).

Scenarios

	Physical		Transition	
Scenarios	Central emissions scenario **Global temperature increase of 2°C by 2100**	Higher emissions scenario **Global temperature increase of 4°C by 2100**	**Orderly** Orderly transition scenario which assumes climate policies are introduced early and gradually become more stringent, aligned to net zero by 2050.	**Hot house** Hot house scenario assumes only current policies are implemented and efforts are insufficient to halt significant climate change.
	Aligned to our ARP4 climate change risk assessment		Utilised the NGFS (Network for Greening the Financial System) climate scenarios	
Time Horizons	**2030, 2050, 2080**		**2030, 2040, 2050**	
	Aligned to ARP4, covers lifespan of assets.		Aligned to our three net zero commitments and government policy.	

Physical scenario analysis

For our physical risks, we took the 124 risks included in our Climate change risk assessment, submitted as part of our report for the fourth round of the ARP4, and consolidated them into eight risks for scenario analysis. Through workshops with key asset teams, we assessed how these risks could affect our assets and operations under different climate scenarios, including potential financial, service continuity, and health and safety impacts and these are illustrated in the table below. These outputs reflect the results of the risk assessment process (based on risk matrix scoring), rather than standalone statements of risk.

Physical Climate Risk Scores (Matrix-Based)

Physical risks and unmitigated risk score	2030	2050	2080	
			+2⁰C scenario	+4⁰C scenario
Excess surface water caused by extreme rainfall leading to unsafe driving conditions and working conditions.				
Heat stress caused by high temperatures leading to unsafe driving and working conditions, and reduced staff productivity.				
Debris and tree windthrow from high winds leading to unsafe driving and working conditions.				
Flooding, debris flows and scour caused by increased precipitation leading to structure damage or failure.				
Increased wind loads and windthrow leading to damage to structures and buildings.				
Overwhelming of drainage system causing flash flooding, leading to increased saturation and destabilisation, excessive erosion, landslides and damage to assets.				
Degradation of assets due to shrink-swell cycles of higher plasticity clay soils.				
Increased frequency of high temperatures leading to pavement damage.				
Risk level	Severe	Major	Moderate	Minor

These risks assume an un-mitigated climate scenario. In practice, National Highways is actively progressing targeted planning and mitigation actions to reduce exposure and impact.

Potential impacts of physical climate risks

Operational impact area	Potential financial impacts
Safety of our people and customers Increased frequency and severity of extreme weather events may cause unsafe working and driving conditions.	▪ additional operational expenditure for targeted inspections and maintenance in higher-risk locations ▪ increased resource requirements to support incident response during periods of more frequent or severe weather ▪ increased need for communication during periods of disruption or extreme weather
Maintaining and operating our network Increased frequency and severity of extreme weather events may cause more frequent service disruption such as closures and diversions, or operational inefficiencies.	▪ increased capital expenditure to enhance the resilience of our assets ▪ increased operational costs linked to preparedness activities, including emergency planning, forecasting and monitoring ▪ potential for greater reactive expenditure associated with emergency response, weather-related repairs and operational disruptions including closures ▪ potential wider economic disruption from longer disruption
Looking after our assets Increased frequency and severity of extreme weather events may cause more accelerated asset deterioration and increase repair and maintenance requirements.	▪ increased capital expenditure to enhance the resilience of our assets ▪ proactive mitigation can help avoid higher long-term costs ▪ ongoing operational costs for more frequent inspections and preventative maintenance ▪ potential for periodic, higher-cost interventions where assets are exposed to accelerated deterioration

Transition scenario analysis

We identified eleven transition risks under our three core emission action areas outlined in our Net zero plan: corporate, construction and maintenance, and road user. The table below shows risk trajectories for an ‘orderly’ transition to net zero by 2050 scenario, which aligns with our ambition.

Our transition risks

Transitional risks	Risk type	'Orderly' scenario risk trajectories					
		Corporate: net zero by 2030		Construction & Maintenance: net zero by 2040		Road User: net zero by 2050	
		2030	2050	2030	2050	2030	2050
Alignment with evolving external net zero climate policy requirements	Policy	↓	↓	↑	↓	↓	→
Challenges meeting our net zero ambitions	Policy	→	↓	↑	↓	↑	→
Alignment across decarbonisation, climate resilience and biodiversity net gain priorities	Policy			↑	↓		
Resourcing constraints affecting delivery of net zero, biodiversity and climate resilience commitments	Policy	↓	→	↑	→	→	→
Perception of alignment with low carbon transition goals and climate resilience	Stakeholder	↑	→	↑	↓	↑	↓
Data quality and availability	Data	→	→	↑	→	↑	→
Availability of green skills across workforce and supply chain	Markets	↑	→	↑	→		
Supply-chain readiness for PAS 2080 carbon-management expectations	Markets			↑	↓		
Readiness and availability of emerging low carbon materials	Technology			↑	→		
Readiness of charging infrastructure to support net zero trajectories	Markets	↑	→	↑	↑	→	↓

Availability of zero-emission heavy goods vehicles and charging infrastructure (ZEHGVs)	Technology		↑	↓	↑	↓

Risk trajectory	↑ Increasing	→ Maintained	↓ Decreasing

Potential impacts from our transition risks

Impacts	Potential financial impacts
Policy	▪ additional planning and assurance activity may be required to align with evolving climate and net zero policy expectations ▪ resource requirements may increase to monitor policy developments and incorporate updates into programmes ▪ new climate policies or carbon regulations may increase short-term costs related to emissions reductions and compliance measures but early investment in decarbonisation can deliver long term cost savings and reduce future regulatory exposure ▪ changes in policy direction may influence investment planning and prioritisation
Data and technology	▪ investment required to trial and accelerate emerging low carbon technologies, and supporting the transition to business-as-usual ▪ earlier adoption could help reduce longer term upgrade or retrofit costs ▪ delays in sector wide innovation may increase longer term expenditure if existing assets or systems become less efficient
Markets	▪ increased engagement with suppliers may be required to support decarbonisation and capability building but could result in stable pricing and cost-effective delivery of schemes

Climate-related opportunities

Building on the climate-related opportunities identified in our 2023 TCFD Report, we have identified five opportunities across corporate, construction and maintenance, and road user emissions areas. Many of our activities are already realising these opportunities.

Improving resource efficiency through lean design.	Strengthening our climate resilience while promoting nature-based solutions.	Supporting low-carbon supply chain innovation.	Expanding EV-readiness and infrastructure.	Deploying digital technologies to enhance asset performance.

Our strategic response

Policy alignment – We align closely with evolving UK climate policy, actively engaging with government and regulators. Our NZP is aligned to the UK's decarbonisation pathway and the Paris Agreement's 1.5°C target. In July 2024, our corporate and construction and maintenance targets were verified by the SBTi. We have retained our PAS 2080:2023 certification, reaffirming our carbon management approach and continue supporting our suppliers with attaining certification.

Research, innovation and adoption – We are supporting the acceleration of low carbon and climate-resilient innovation. Our Low carbon demonstrator fund is accelerating low carbon innovation on the SRN, helping mature technologies move into business as usual while addressing barriers to wider adoption. We are working with the Moors for the future partnership to explore how restoring moorland landscapes can strengthen climate resilience across our road network, helping to lower wildfire risk while better protecting our roads from flooding.

Working in partnership – We continue to work in partnership to deliver interventions. Over the past ten years, we have collaborated with the Environment Agency, investing £15 million across six flood-reduction projects. We collaborated with landholders and river trusts through our Natural flood management (NFM) pilot, delivering 129 NFM measures. Building on this, we are now working with partners through the Flood action coalition to identify efficient ways to scale up NFM and share benefits for both infrastructure and the wider economy.

Improving our data – Data improvement is an ongoing ambition to enable better decision-making and improve the accuracy of our reporting. Our 2024 Data improvement plan outlines our approach to enhancing and digitising carbon data collection across National Highways and our supply chain. We have also developed and implemented a weather-normalised drainage performance metric and are mapping areas of high potential future flood risks across the network using Environment Agency's naFRA2 data.

Standards – We continually update our standards to embed climate resilience and support low-carbon decision-making. In 2025, we updated our highway drainage standard to include new climate change allowances and introduced a new standard requiring climate change considerations in the management of structures vulnerable to scour. We also modernised and streamlined our Manual of contract documents for highway works (MCHW) and Design manual for roads and bridges (DMRB), removing barriers to adopting lower carbon materials and construction practices across our schemes.

Asset management – Our RIS3 Asset management strategy acknowledges the significant challenges presented by climate change to the operation, maintenance, and renewal of our ageing asset base. It outlines our commitment to ensuring the impacts of environmental changes and how we adapt to them are strengthened within our asset management decision making.

Strategic investment – Across RIS3 and beyond, we are embedding PAS 2080 principles into our decision-making, how we design and operate the network, ensuring the network remains safe and reliable for a low carbon future.

Organisational resilience

Our scenario analysis shows that future climate scenarios could have material impacts on National Highways. Physical climate hazards may increase safety risks for our people and customers, disrupt the network, and accelerate asset deterioration. Transitions risks, such as evolving net zero policy, data quality and availability, supply chain decarbonisation pressures, and shifts in vehicle technology may affect how we plan, operate and invest over the long term, and may have short-term cost implications.

National Highways has strong foundations to manage both physical and transition risks, and we recognise the need for ongoing improvement. We are strengthening our evidence base, refining governance arrangements, and accelerating low carbon climate resilient innovation and adoption across the SRN. Many of the strategic responses outlined above are already embedded within our strategic plans, supporting resilience under a wide range of climate and policy futures, and we will continue to update our approach.

The outcomes of our climate risk assessment are informing our long-term strategic approach to adaptation, financial and investment planning, and prioritisation. Our transition risks continue to shape our approach to our net zero commitments.

Metrics and targets

Five years after publishing our NZP, we are refreshing our strategy to align with Road investment strategy (RIS) funding. Our commitment to achieving net zero by 2050 remains firm. For an update on our NZP, progress, metrics and targets, see page 42.

In line with the Greening government commitments for adapting to climate change, our ARP4 report provides an updated climate risk assessment as part of the fourth round of reporting to the government. The report presents the latest climate change risk assessment, progress on our adaptation actions, and areas for improvement.

Our performance framework for the 2025-26 interim period included six long-term performance outcomes, each monitored by DfT and the Office of Rail and Road (ORR) through the performance specification.

Our climate-related metrics and targets

Outcome	Target and metrics	Progress
A well maintained, resilient network	KPI 3.1 Road pavement condition – Percentage of the network in good condition to be maintained at 96.2% or above.	▪ 2025-26 can be found on page 34 of this report
	PI – Drainage resilience Percentage of carriageway that does not have an observed significant susceptibility to flooding (weather-normalised).	▪ progress will be published in our Performance monitoring statement 2025 - 26
Being environmentally responsible	KPI 4.2* Achieve a 75% reduction in corporate emissions against the 2019-20 baseline in 2025-26, using the SBTi methodology. Monitors emissions resulting from our electricity consumption, fuel use and other day-to-day operational activities. This covers scope 1 (direct) and scope 2 (indirect) emissions generated from our business activities and all scope 3.	▪ 2025-26 can be found on page 40 of this report
	PI – Maintenance and construction carbon emissions Monitors emissions from the work we commission, delivered by our supply chain. This includes those emitted during raw material supply and product manufacture as well as transport to site, emissions from the plant and machinery used in road construction and maintenance and waste.	▪ progress will be published in our Performance monitoring statement 2025-26

* This performance indicator is changing from a KPI to a PI in the third road period.

Our customers

Delivering our customer service strategy and annual plan

Our Customer service strategy, published in May 2021, set out our vision for delivering great customer experiences and outlined how we would do this, based on the needs and wants of our customers. Ultimately, we want our customers to have increasing satisfaction with their journeys, knowing that we care about their experience and aim to make it as stress-free as we can. For more detail, please read our Customer service strategy: making a difference for our customers. We also published 2025-26 Customer service plan.

Customer service strategy

Customer service plan

Our target

Our formal way of measuring road users' satisfaction on our network is through the Strategic roads user survey, known as SRUS. This is led by Britain's independent watchdog for transport users, Transport Focus.

Target description	2025-26 result	Our outcome
Achieve a rolling average satisfaction score of 69.6%	71.1% based on 9,481 responses	Achieved
In 2024-25, the 12-month rolling overall satisfaction score was 68.6% based on 9,380 responses		

Our overall satisfaction score for 2025-26 rolling average was 2.5% higher than last year (68.6%). The focus on the customer and delay KPIs over the last year and the drive from the teams to make a difference has driven greater attention to making decisions with our customers at the centre of what we do. The insight that we have gained from our customers and stakeholders alongside the transport watchdog, Transport Focus has helped us to identify areas of improvement to achieving and delivering greater customer experiences.

Our target

Target description	2025-26 result	Our outcome
Information about full closures would be 75% accurate seven days in advance	76.1%	Achieved

The accuracy of our road closure information enables road users and stakeholders to better plan their journeys and reduce the impact of our works.

This year we have improved our performance by more than 1% (at 76.1%), achieving our KPI of being 75% accurate 7 days in advance for the first time, this being achieved despite the impacts of the weather in quarter 4.

Improving journey times

This year, we aligned the average delay plan with the customer plan, recognising the strong link between them, as journey time is a key driver of customer satisfaction. Initiatives aimed at improving delay performance also enhance customer satisfaction, which is why they have been included in the 2025-26 Customer service plan. For further information on our average delay performance, see page 35.

Regional delay plans

Regional delay plans are now in place across all regions, with a focus on reducing delays and improving congestion at identified hot spots, utilising data and analysis. This will enable us to pinpoint our efforts on reducing delay through a national, regional and localised view. Leading to more impactful targeted interventions to address these congestion hotspots.

Improving customers' experiences of roadworks

Roadworks are a necessary part of continuing to provide a high-quality network for our customers through increasing capacity, renewing and maintaining the roads, and creating better transport flows with new road design. It's important that we optimise the roadworks we do to take advantage of the opportunities to do more works at the same time during road closures while delivering a good quality of roadworks and minimising disruption for our customers. We have shared best practice across the regions to also ensure that we are focussed on providing a consistent experience across our network and improving the capability of our teams and our supply chain.

Continuing our in-journey customer audit programme

During the 2025-26 period, we significantly expanded our audit model and developed new survey tools to widen the overall range and scope of the audits we deliver across different road environments, including complex scenarios such as diversions and overnight closures. We continue to invite road users to drive directly through our roadworks schemes to provide feedback on their experience and we now also invite colleagues from across National Highways and key external stakeholders like Transport Focus to also get involved.

This year, we successfully completed these audits across high-impact schemes on major sections of the SRN, including the M6, M1, A1 and A63. Overall performance has been positive, achieving in-month programme highs of 95% and an average score of 94% across all schemes throughout the year. Importantly, any score of 90% or above is a strong indicator that our schemes are getting the basics right and delivering exactly what our customers need and expect on the ground.

A better end-to-end experience

Road users don't experience travel in isolated segments. They experience end to end journeys from door to destination. Even where aspects of journeys are outside of National Highways' direct control, we recognise our role in influencing better outcomes, through partnership working improved journey planning and direct interventions.

Improving the experience of bus and coach passengers and drivers

We have undertaken some parking enforcement with motorway service area (MSA) operators to ensure coach parking is not misused and passengers can alight safely and access the facilities.

We have also delivered improvements at six bus stops in Greater Manchester to enhance the waiting and bus-boarding experience for those in wheelchairs or with prams, by installing raised kerbs to ensure level access onto buses. These improvements support integration of the network and public transport network and complement broader bus improvements being made by Transport for Greater Manchester.

Improving the experience of drivers at truck stops

National Highways lorry parking facilities improvements scheme used Designated funds to upgrade truck stops across England.

Over the last two years, the scheme has awarded more than £15 million in grants, which when combined with industry contributions has generated over £30 million of investment in lorry parking sites. These investments have created over 500 new lorry parking spaces and enabled safety and security as well as welfare improvements at 135 sites. The impact of the second road period improvements has been evaluated and found that 62% of drivers feel more rested than before the improvements were made. 90% said the toilets had improved, 81% said vehicle security was better and 84% were more confident in finding a parking space.

Specifically in 2025-26, we've improved 12 sites delivering over 200 additional parking spaces. 1,600 metres of fencing and CCTV has been installed to improve the safety and security of drivers and their loads. A range of improvements to toilets, showers, and other welfare facilities have also been made using the funding.

Active travel – improving satisfaction for walkers, wheelers, cyclists and horse riders through our delivery schemes

We recognise that our customers journeys do not start and end on our network and their end-to-end journeys are just as important. We work with organisations such as Active Travel England to update design standards and guidance to walking and cycling infrastructure. We have completed the A52 Nottingham shared cycle and footpath, a 1.2 mile shared path linking suburbs to the city centre and connecting the University of Nottingham, QMC Hospital and Wollaton Hall. Alongside this we have worked with the National Trust to deliver cycle storage improvements at 16 properties linked to the network. We have worked with Walk, Wheel, Cycle Trust to re-design 31 access barriers at three locations that interact with the network to make routes accessible for all, improving travel choice for customer journeys and integration between the SRN and active travel routes.

We have also worked with Walk Wheel Cycle Trust and Sandwell Borough Council in the West Midlands to improve customer experiences of an underpass under the M5 by delivering new mural artwork and improved access barriers, to create a better environment for everyday trips to nearby primary schools for local facilities.

Providing better information

Information is as important to journeys as the physical road itself. High-quality, timely, and accurate information directly influences safety, reliability, customer satisfaction, and economic efficiency.

Continually improving communications through roadworks

We know from the Strategic roads user survey (SRUS) that customer satisfaction is lower when they travel through roadworks, however satisfaction is slightly higher if people are informed about any roadworks, so we have worked to ensure we improve how we communicate the roadworks.

Communicating through our variable message signs and signals

We've acted on customer feedback by reviewing how and when we can better support safety campaigns with our roadside variable message signs (VMS), including:

- to deter middle lane hogging and encourage customers to keep left unless overtaking we have signed regularly throughout the year, messages such as '**Don't hog the middle lane'** and **'Keep left unless overtaking'**
- messages to support the summer phase of the TRIP campaign. Specifically, the '**Rest**' element in our **TRIP** campaign, by displaying **Don't Drive Tired** to encourage a rest and to take a break from driving, every two hours
- VMS to alert motorists not to be alarmed by an unusual sound made by their mobile phone in advance and during the government alert testing system
- VMS to deter customers from driving while under the influence of drink or drugs during the run-up and through the festive period '**Don't drink and drive** and '**Drug driving costs lives.**'

- messages to support our litter activities as part of the annual GB Spring Clean event: '**Bin your litter** | **Other people do**' and '**Don't drop litter | Bin it'**

We have also replaced the word 'accident' with 'collision' on our VMS message sets in every region. This brought us in line with government, police and road safety organisations who have stopped referring to road traffic collisions as accidents. The change in terminology was made to move away from suggesting collisions are unavoidable and that road deaths and injuries are an inevitable consequence of road use

Continually improving diversion routes

Information shared during diversion routes is critical to our customers and we have been optimising the routes with a consistent application of customer design principles and utilisation of electronic digital signage along routes. We have trialled this application at A259, A12 east and A52 and empowered our teams to conduct diversion route audits, highlighting the benefits and areas of improvement and sharing the output across the business to drive consistent learning.

Improving customer contact

We are committed to continually improving how we engage and respond to customer contact, as well as how customers can give us their feedback. In 2025-26, we improved the timeliness of our responses to customer contact by 0.7%. As of March 2026, we achieved a 12-month rolling score of 94.4% (against a target of 93%) of customer contact resolved by the wider business, compared to 93.7% for 2024-25.

This year we:

- introduced an independent, confidential advocacy service to increase accessibility when contacting us. The service is available to all, especially customers who experience vulnerability because of disability or a specific situation. The service helps customers be clear and focused with their contact, understand our complaints process, and ensures their voice is heard. It also enables earlier resolution of any issues.
- enhanced training and guidance, empowering our people to deliver a professional, friendly customer service, including meeting customers face to face, when the nature of contact is difficult or when customers may be vulnerable.
- developed better, more accessible guidance on roles and responsibilities, to improve the quality of our customer contact.
- liaised with government departments to share best practice and identify areas for improvement.
- continued to expand how and when our customers can provide their feedback after contacting us.

A well maintained and safe network

The condition of the road shapes how road users feel about the whole system. Road users particularly notice smooth surfaces, clear markings and well-maintained verges and signage.

Reducing litter

We continue to focus on reducing litter on our network by influencing littering behaviour, enhancing operational delivery and asset maintenance, actively seeking and responding to customer feedback and strengthening partnership collaborations. This year we have completed the installation of compacting bins at two laybys, in partnership with East Devon District Council – A303 in the south west and Dover District Council – A2 in the south east which will reduce the likelihood of overflowing bins.

We conducted a litter detection trial on the M60 in our northwest region to assess whether technology could be used to effectively detect litter being discarded from vehicles on a motorway slip road.

We also continued our social media initiatives to explain the impact of litter and to discourage littering behaviours. For the eleventh year we joined Keep Britain Tidy's Great British Spring Clean. We pledged to pick 5,500 bags of litter and achieved 7,266 bags which included our people volunteering to pick litter around most of our office locations.

Developing better relationships

Developing better relationships with our customers, communities and stakeholders is important to ensure we are using their insight in everything we do to create better experiences; this may be through communications, stakeholder management, the way we engage during road works or how we respond to customer contact.

Using customer insight

To prioritise our customers' needs, we use insight tools, extensive research, surveys and programmes of research to complement the SRUS. We also use statistical analysis to understand what's important to our customers, this helps us to evaluate and take actions that enhance our customers' overall experience and strengthen their trust in us.

Considering all our customers

We have many different customers with different needs and it's important to us that we consider, listen, understand and improve the experiences all our customers have with us.

Providing more accessible and inclusive journey experiences

Our access and inclusion approach has been developed to support our customers to travel independently and relatively barrier-free and reduce the transport accessibility gap. More information can be found here.

Information on our accessible and inclusive approach

Meeting the needs of logistics, bus and coach businesses

We use the Transport Focus Logistics and coach survey to measure business satisfaction with the network. The survey covers key issues such as journey times, road surface condition, incidents, roadworks, stopping places and how well the network supports business needs. The survey results help us understand where improvements are needed and inform our planning. We also engage directly with the sector through the Freight Forum and the Bus and Coach Forum, bringing together senior stakeholders to discuss challenges and priorities.

To deepen our understanding, we carried out customer journey mapping with logistics, bus and coach operators. This produced recommendations that are shaping how we support operators and improve satisfaction with the network. Key actions include improving communication between National Highways and operators, and enhancing parking provision for freight, buses and coaches at motorway service areas and truck stops. We have also developed a targeted plan to strengthen ongoing engagement with these sectors.

Improving how we manage complaints

In 2025-26, we worked to further improve how we manage complaints. We received 0.6% less stage 1 complaints than the previous year and reduced the percentage of complaints escalated to stage 2 by 0.3%. We continue to improve how we manage and respond to complaints from our customers by:

- using our Customer contact forum to share best practice
- attending Department for Transport's Complaints forum and cross-government complaint groups to identify improved ways of working
- facilitating access to Parliamentary and Health Service complaint standards guidance and training as well as introducing guidance for face-to-face complaints handling
- quality assuring our responses so that they meet our quality guidance for better handling of customer complaints, with fair, open, honest responses that show our customers we care and that we are addressing their complaints

Customer complaints

Stage 1

Complaints received. 6,673 received. **6,545** resolved.

Stage 2

Complaints received.128 received. **94** resolved.

Stage 3

Complaints escalated to the independent complaint's assessor. **34** received. **26** resolved.

Stage 4

Complaints escalated to the Parliamentary and Health Service Ombudsman. **1** received. **1** resolved.

Empowering our people

It's important that our people understand how they connect to our customers and that we have a culture that puts customer thinking at the centre of our decisions, designs and delivery. We have been building capability and consistency across our teams and supply chain with processes that look at roadworks and diversion routes through a customer lens.

We're empowering our people to continuously improve the information we give to our customers on the roadside variable message signs. For example, we have used virtual reality training based on customer insight and user testing, including feedback from Transport Focus, to train our operators to improve the messages we set to better inform our customers of what is happening on the network and enable more informed journey choices.

Social value

Delivering social value

Social value measures the positive impact we bring to our society in excess of the core safety and economic benefits of our work. We – and our supply chain partners – deliver for people, the environment and the economy and we know how important it is that we make a positive difference to the communities and the environment where we work. We have a social value framework which has four key themes, details of which can be found in our Social value plan.

Social value plan

Measuring the social value we deliver

In 2025-26, over 80 suppliers reported the following key achievements for the work they have delivered on our behalf.

Economic prosperity

Over **103** apprenticeships completed. **12,512** weeks of work placements completed

Over **328,521** hours of accredited training delivered

Over **4,813** registered qualifications gained

Compared with last year, we saw an increase in the hours of accredited training delivered and the number of registered qualifications gained, but a decrease in the number of apprenticeships completed and the number of weeks of work placement completed.

Community wellbeing

21,137 hours completed within our supply chain on volunteering and community project initiatives, including 9,594 volunteering hours delivered by our teams - our highest ever total to date.

Our community legacy fund

The community legacy fund aims to maximise the delivery of social value through supporting local community projects which have been impacted by our work on the SRN. The fund is for smaller-scale social value projects ranging from £500 up to £10,000. In 2025-26, **37** applications were approved, awarding a total of nearly **£295,000**.

Recognising the commitment of our supply chain

In 2025, we held our annual awards ceremony, which included a social value category. The winning entry was from Winvic for the Ouse Bridge project.

The project delivered meaningful social value by working closely with local parishes, schools, charities and businesses to create benefits that extend beyond the construction phase. The project supported local employment and skills development by creating 47 new roles, with 33% of the Ouse Bridge workforce drawn from the local area. It also promoted early career opportunities through apprenticeships and T-level placements.

It invested over £2 million with local suppliers and delivered community initiatives that reached hundreds of people. This included a legacy playground project at Hook Primary School designed by the pupils, including disability friendly paths/equipment and benefiting over 200 children.

The project provided targeted support for people experiencing homelessness through outreach donations, and volunteering activity focused on environmental and community wellbeing.

By sharing learning through National Highways regional networks, case studies and online platforms the project has helped other schemes replicate successful approaches, extending its impact beyond the immediate project area.

Our people

Statistics for 2025-26

Recruitment and retention **1,016** roles filled during 2025-26 including:	Organisational change **6,895** full-time equivalent colleagues Changes this year include a 16% decrease in our senior leadership population, helping simplify our structure, making it easier to do business with us and fit for the future. The variance as at March 2026 is a 56 full-time equivalent increase compared to March 2025 this equates to 0.8% difference and is due to vacancies with attrition and recruitment
59% filled by external candidates	**609** new starters have joined – including 84 graduates/apprentices and 74 new traffic officers
41% filled by internal candidates	**83** graduates and apprentices have moved into permanent roles within National Highways
318 colleagues have been promoted via internal recruitment during the year	High5 employee recognition scheme **38,799** total nominations received by colleagues across the company in 2025-26

Investing in our people

In 2025-26 we continued to offer colleagues a flexible and accessible learning experience, providing development opportunities through our learning experience platform Thrive, alongside a combination of learning on the job, in-house delivery and specialist external provision.

Our in-house team of learning professionals enable us to design and deliver our own training, ensuring it is tailored to organisational requirements and is cost-effective. This year’s highlights have included a range of modules targeted at our people managers and a High performing teams (HPT) programme for our senior leadership teams.

Our HPT programme helps senior leadership teams assess how they work together, identify strengths and development areas, and take action to continuously improve their collective performance.

Our people manager development programme strengthens understanding of what effective management looks like at National Highways, outlining the responsibilities and capabilities expected of our managers while building the knowledge, confidence, skills and behaviours required to lead teams.

Future skills

Our early talent community, who are made up of graduates, apprentices, summer interns, Year in industry and T Levels students, are a vital part of the organisation and our future talent pipeline. We aim to align our recruitment of early talent with our future skills requirements, working to close any skills gaps and meet our medium and long-term commitments. For example, we continue to develop our early talent programmes in areas such as project management, digital, engineering and the built environment.

In 2025-26 84 graduates and apprentices joined National Highways. To support our pipeline into graduate and apprentice roles we also saw 31 Year in Industry and summer interns join us as well as providing placements for 16 T Level students.

We saw 83 early talent move off programme into roles across the organisation.

Recognising high performance

We continued to strengthen our people processes to support a culture of meaningful, forward-looking performance and development conversations. This year, we made improvements to our performance management approach by aligning our traffic officer and Regional operational centre operator colleagues to the same simplified, online process used across the wider organisation. This development ensures we are enabling high quality, supportive conversations focused on wellbeing, development and continuous improvement.

We continue to attract and retain our people through a comprehensive benefits package, including the introduction of long service awards, recognising colleagues for key career milestones from ten years onwards. This year alone, we celebrated 2,328 colleagues who had already met a milestone and 643 who achieved one this year, rewarding them with additional leave and/or monetary awards.

This year we also introduced Help at hand, a new app-based service supporting colleagues with fast, flexible access to digital health and wellbeing support.

Our employee recognition platform, High5, continues to be the approach used to show appreciation for a colleague's achievements and contributions.

Employee engagement

84% of our people provided feedback	**79%** of our people said that National Highways cares about their wellbeing, an increase of 4%
70% engagement score, a 3-point decrease from last year	**76%** of our people said they were motivated to do their best work, a decrease of 2%
74% of our people said they were proud to work for National Highways, a decrease of 4%	

While our engagement score has slightly decreased from 73% to 70%, we remain focused on continuously reviewing and improving colleagues' experience through targeted action planning particularly in the areas of leadership and change management. The survey results and insights inform our directorate, divisional and team engagement action plans. Throughout the year, plans will be reviewed and progress updates shared with our people to demonstrate the action being taken because of the feedback. Our Executive team also produces and publishes an action plan based on company-level results, which outlines areas of focus and identifies opportunities to make a difference to how we work.

In addition, employee engagement data is a metric within our annual Culture dashboard, which provides assurance to our Board. The dashboard also informs discussions at our Employee voice group, a forum connecting colleagues with a Non-Executive Director as part of our wider employee listening approach.

Creating an inclusive workplace

Our overarching ambition is to build an inclusive culture that recognises and values our people, supporting everyone to play their part in delivering our business goals. We support this through our Public Sector Equality Duty (PSED) objectives. This year, we introduced interim objectives to guide us through the transition to RIS3. Oversight of our equality objectives is provided by the Diversity and Inclusion (D&I) Executive Sub-Committee. The key achievements can be seen in the tables below:

People and places	Our Employer recognition scheme gold award was successfully revalidated, recognising our sustained support for the Armed Forces community, including advocacy, paid reservist leave and support for veteran recruitment. We launched our revised mandatory diversity and inclusion e-learning which aligns to our Respect at work policy and highlights how behaviours impact others. We also introduced an inclusive leaders module to help managers recognise bias, build psychological safety and foster a space where all colleagues feel valued and listened to. Following colleague feedback, we refined our Equality impact assessment (EqIA) process and introduced a new automated form to make EqIAs easier and more intuitive to complete. This helps ensure our decisions are fair and inclusive, meets the needs of colleagues and customers, and comply with our PSED. Our employment networks continue to raise awareness and understanding of their lived experience with activities celebrating key diversity dates throughout the year.

Customers and communities	We have continued to develop and implement our access and inclusion approach, to help reduce the transport accessibility gap and make our roads and services better for everyone. This work has included: ▪ commissioning access guides to all electric vehicle charging points at motorway service areas ▪ research and insight into the advice and guidance needs of disabled and vulnerable customers when planning and preparing their journeys, and in the event of breakdown ▪ working with Kwik Fit to promote free vehicle checks for customers unable to do these for themselves ▪ refreshing our equality and access training for customer contact advisers ▪ reviewing the governance and engagement structures for delivering our access and inclusion approach for the next five years, making sure we have the right leadership, advice and expertise

Supply Chain

Supplier engagement continues to rise, with a 7% increase in cross industry supplier event participation and over 50% increase in suppliers inclusion action plans. Importantly, this now includes a growing number of non-roads suppliers, reflecting broader awareness and commitment across our supplier community.

Our Supplier diversity forum (SDF) has been instrumental in driving forward collaborative learning focused on:

- sharing best practice through webinars and targeted events
- creating a diversity and inclusion learning pathway designed specifically for suppliers
- developing a new inclusion survey to capture lived experiences across the supply chain
- exploring early and new talent experiences, including running listening sessions, surveys, and focus groups
- introduction of a reverse mentoring hub

We completed our research with the University of Leeds, which showed that targeted D&I initiatives can improve performance and reduce turnover. Using these insights, we secured Innovate UK funding for a managed knowledge transfer partnership to translate the findings into practical tools for our supply chain.

A comprehensive D&I toolkit has also been launched via the Supply chain sustainability school along with open access webinars for all suppliers.

To strengthen senior leadership engagement, we hosted a CEO-level roundtable, ‘Engaging leaders to drive impactful diversity and inclusion,’ with leaders from 22 suppliers.

Achieving efficient delivery

Efficiency introduction

As a government-owned company, we must operate efficiently and demonstrate value for money in delivering all our agreed outputs and outcomes. We do this by balancing efficiency against the delivery of our other commitments, such as improving the safety of the road network and ensuring its effective operation. This means that efficiency can't be achieved at the expense of other commitments and our duties to comply with our Licence and the Highways Act 1980. Due to its importance, efficiency is set as one of our key performance indicators.

What is efficiency?

We define efficiency as the delivery of an improvement in the relationship between cost, output, and outcome. This is done by:

- delivering the same output for a lower cost or a greater volume of outputs for the same cost
- by spending wisely, making the correct intervention at the correct time

Efficiency performance

Our targets and ambitions

We have had to adapt our approach to reporting efficiencies for a single year. We committed to identifying and exploring all opportunities to delivering more efficiently across 2025-26, providing maximum value for money and efficiencies for government and the taxpayer. This included exploring further opportunities for efficiencies within our renewals programme and more widely in our delivery, such as through continued planning, coordination and bundling of works.

Our 2025-26 results and performance

We have demonstrated efficient performance through the measurement of three different metrics; our ability to control our costs to enable delivery of our agreed outputs within our budget, the demonstration of reduced unit costs through the production of our activity metrics and the provision of an efficiency narrative to explain how we have achieved this.

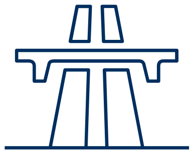
What we have done – delivery of our objectives for our budget

Across the year we have displayed strong efficiency performance demonstrated by positive activity metrics across our renewals, enhancements and maintenance programmes. Total expenditure remains broadly within budget, with minor variances at a programme level primarily resulting from changes in delivery scope and outputs.

A total of £203 million of efficiency initiatives, distributed evenly across all swim-lanes, have been reported and evidenced through the Digital efficiency register (DER). Case studies have been prepared and shared with ORR for large value claims.

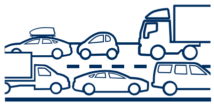
How have costs reduced?

6.4%



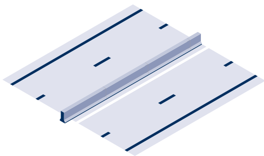
Reduced the cost of enhancement schemes by 6.4%

1.5%



Reduced the cost of carriageway resurfacing by 1.5%

5.3%



Reduced the cost of renewing steel barriers by 5.3%

What initiatives have reduced costs?

Enhancements	▪ utilising innovative design solutions to reduce costs in construction ▪ reduction in handover time to maintenance teams for completed schemes saving overhead costs during this period
Renewals	▪ traffic management setup and operation cost savings through sharing of resources and innovative solutions ▪ standardising the utility search process across regions
Maintenance	▪ improving maintenance productivity through the implementation of national standards and removing non-value-added work from delivery activities ▪ improving the green claims process to maximise recovery
Business costs	▪ relocating three corporate offices to reduce space, carbon emissions and costs

Designated funds

The Department for Transport provided a ring-fenced fund to invest up to £89 million for four areas across the business for the year. These funds supported our goals for safety, customer and delivery, helping to improve lives, increase accessibility, protect the environment and support the UK economy. Each fund and its key achievements for 2025-26 is set out below.

Safety fund

This fund was set up to invest up to £32 million into delivering network interventions to improve safety on high-risk roads. This included post collision response and suicide prevention activity.

Key achievements included:

- we developed and delivered a programme to improve safety on the roads that most needed it, focusing on A-roads and other locations with higher collision rates. Projects included improvements to signage, road markings, pedestrian crossing and speed management. This includes the A38 Carkeel in the south west. For further details see page 20 – road safety section
- we delivered safety scheme to address wrong way driving – A5 Little Brickhill in the south east. For further details see page 20 – road safety section
- we continued work on suicide prevention[6], for more information see page 20

Innovation and research fund

This fund was set up to invest up to £10 million into innovation and research to support long-term strategic commitments such as carbon reduction and safety improvements.

Key achievements included:

- investing in phase 3 of the Future asphalt surface project which delivered eight trial sites and 31 trial sections across five regions, advancing the Technology readiness level (TRL) of multiple innovations. To date, the project achieved carbon savings of over 180,000 kgCO_2e, reused more than 6,300 tonnes of materials (around 15 lane km) and was recognised as an Institute of civil engineers (ICE) carbon champion
- investing in a pilot using the Miyawaki technique to on the A14 to improve the tree planting method and subsequent establishment. The pilot, installed in February, involved improving soil conditions and planting high densities of mixed tree species. Following its success, there is a plan to roll this approach into business-as-usual planting from 2026-27

6 The delivery of safety improvements with the aim to prevent suicides and suicide attempts identified through incident data or using a risk-based approach.

Customer and communities fund

This fund aimed to invest up to £11 million to deliver benefits for people and communities who live and work alongside our roads, as well as those who use them. This included focusing on active travel, improving accessibility, enhancing the experience of freight operators and drivers, improving roadside facilities, and leaving a positive legacy for communities.

Key achievements included:

- we delivered a new 1.8 km shared use path to improve journeys into Nottingham city centre on the A52 between Priory Roundabout and the Queens Medical Centre, investing £4 million in active travel projects
- the Walk Wheel Cycle Trust (formerly Sustrans) delivered eight National Cycle Network improvements, investing £4.9 million. This created around 10 km of upgraded cycle paths, improved two crossings and removed or improved four barriers, strengthening connections between communities, facilities, and the SRN
- delivering barrier removal projects alongside the network, in partnership with Walk Wheel Cycle Trust, to reduce community severance and accessibility for all
- improved integration with the network. This included improvements to six bus stops on the A663 in Manchester and progressing preliminary designs for improvements at five bus stops on the A52 in Nottingham, investing £400,000
- funding access surveys of electric vehicle (EV) charging facilities at motorway service areas, trunk-road services and pedestrian facilities affected by construction or maintenance. The results will be published as online access guides to help disabled customers plan journeys confidently. Performance data for the EV charging point guide will be available from April 2026, with data for the pedestrian access and trunk-road service guides following during 2026-27

Environment fund

This fund aims to invest up to £36 million to support carbon reduction, habitat improvement and natural flood management.

Key achievements included:

- completing feasibility studies to support the development of barrier schemes for road period 3, aimed at reducing household noise exposure for the most affected communities
- achieving the biodiversity key performance indicator, meeting and exceeding the second road period no-net-loss target by 596 units. A total of 6,744 units were delivered against a requirement of 6,148
- completing cultural heritage field studies to assess the condition of fragile assets and inform improvement plans for the next road period
- delivering interim and final landscape masterplans at Killerton in Devon, including outline designs for retrofitted green bridges
- developing a programme to remediate the highest-risk water outfalls and soakaways (sustainable drainage solutions) to improve environmental outcomes. Investment in 2026-27 will continue this programme, including delivery of mitigation works where appropriate

Risk section

Traffic officer vehicle internal dashboard

Managing our risks

Overview of our process

Our risk management practices comply with the requirements of the five principles set out in HM Treasury's Orange Book (Management of Risk: Principles and Concepts) and align to the international standard ISO31000.

Our process focuses on the early identification, assessment and management of risk in line with our risk appetite. We align our risks to our strategic outcomes, which the Board and Executive proactively manage throughout the year through our established process. This enables clear oversight, informed decision making and a comprehensive understanding of our risk exposure.

Our people are encouraged to adopt these principles, which allows us to have a broader understanding of the company's risk landscape and risk exposure at all levels of our business.

Read the HM Treasury's Orange Book

Governance

The Board is accountable for setting our risk appetite – the amount and type of risk that we will accept to meet our strategic objectives – and owns our principal risks. It is also responsible for reviewing our risk performance against these parameters. Oversight of our risk management framework and its effectiveness is delegated to the Audit and Risk Committee and the outcomes from their work feed into the Board's wider business discussions.

Our Executive team manages the company's principal risks. These are monitored by the Board and supported by a series of secondary risks (tactical risks owned at Executive level) and operational risks owned by the appropriate business area. This structure provides a comprehensive view of our overall exposure and ensures that risks are managed at the level best placed to understand and control them.

Each principal risk is aligned to a relevant Board or Executive governance forum. This provides consistent oversight and clarity on where strategic risk-based decisions, material control evaluation and mitigation activity are discussed and approved.

Regular reporting across these forums ensures visibility of principal and secondary risk status, material control effectiveness and emerging areas of concern. Escalation occurs where risk exposure exceeds risk appetite or requires decisions beyond the owning level.

Risk management is embedded into our business planning and delivery processes so that funded activity and mitigation measures are aligned. This ensures that controls remain effective, risk exposure is understood and emerging risks are identified early.

Our risk appetite framework

The Board determines the level and type of risk the company is prepared to accept as a government-led organisation, in achieving our strategic goals and objectives. Reviewed annually, the risk appetite framework forms a core element of our corporate governance framework, setting the tone for proactive and appropriate risk management to support consistent, well-informed decision making across the business.

Our risk appetite statement

As an organisation with a trusted reputation to deliver, we encourage a risk-aware culture that allows our people to take calculated and proportionate risks to deliver our strategic goals successfully. Where appropriate, we will grasp all potential opportunities where innovation and creativity sit hand in hand with accountable, balanced, and risk-based decision-making.

To support our strategic objectives, we have set our strategic risk appetite at two distinct levels:

- **Low:** where our actions could compromise the safety of our customers, people or supply chain, our reputation, our integrity (including compliance with legal or regulatory requirements) or our effective use of public funds to deliver.
- **Medium:** for all other activities to enable the business to consider all potential opportunities and benefits in the delivery of our work.

This statement is supported by tactical risk appetite ranges, aligned to our strategic objectives. These ranges help risk owners understand whether a risk sits within or exceeds the level of exposure the company is prepared to accept. Where a risk exceeds appetite, additional controls, mitigation or escalation to the appropriate governance forum may be required.

Our framework is an essential tool to identify emerging or excessive risks early, supports proportionate mitigation, and ensures decisions are consistent with our strategic goals and responsibilities.

Risk management in practice

Principal Risks

- reviewed by the Board and Executives throughout the year
- fully refreshed annually to ensure continued relevance
- assessed for both inherent and residual risks, using the corporate risk matrix based on impact and likelihood

Secondary & Operational Risks

- owned and managed at directorate and programme level
- linked to corresponding principle risks to maintain clear line of sight between operational exposures and strategic risk themes
- support prioritisation of mitigation activities and escalation of material risks

Risks in Delivery

- integrated into programme and project governance, ensuring risks to delivery are identified, assessed and actively managed
- reviewed through programme assurance and performance reporting processes
- escalated where necessary to ensure material delivery risks are visible at the corporate level

Risk Culture

- promoted through clear accountability for risk ownership across the business
- supported by guidance, training, and engagement activities
- encourage proactive and open identification, escalation, and management of risks as part of day-to-day decision making

The Board and our Executive team refresh all principal risks annually and quarterly reporting is provided to monitor progress or discuss additional action necessary. All risks are evaluated against likelihood, impact and time, and assessed against our risk appetite framework. Each risk is measured in its:

- **inherent state:** without any (or adequate) control or mitigating action
- **residual state:** reflecting the effect of established controls

This two-stage approach helps us to understand the total impact of the risk and the effectiveness of our control plan, helping us to identify any further mitigation, if required.

Directorate and programme level risks are owned and managed by an Executive Director, relevant to their area of accountability, ensuring that secondary (tactical) and operational risks are managed appropriately. These risks are linked to corresponding principal risks to ensure full visibility across the business and to support prioritisation of mitigation activity during the business planning process.

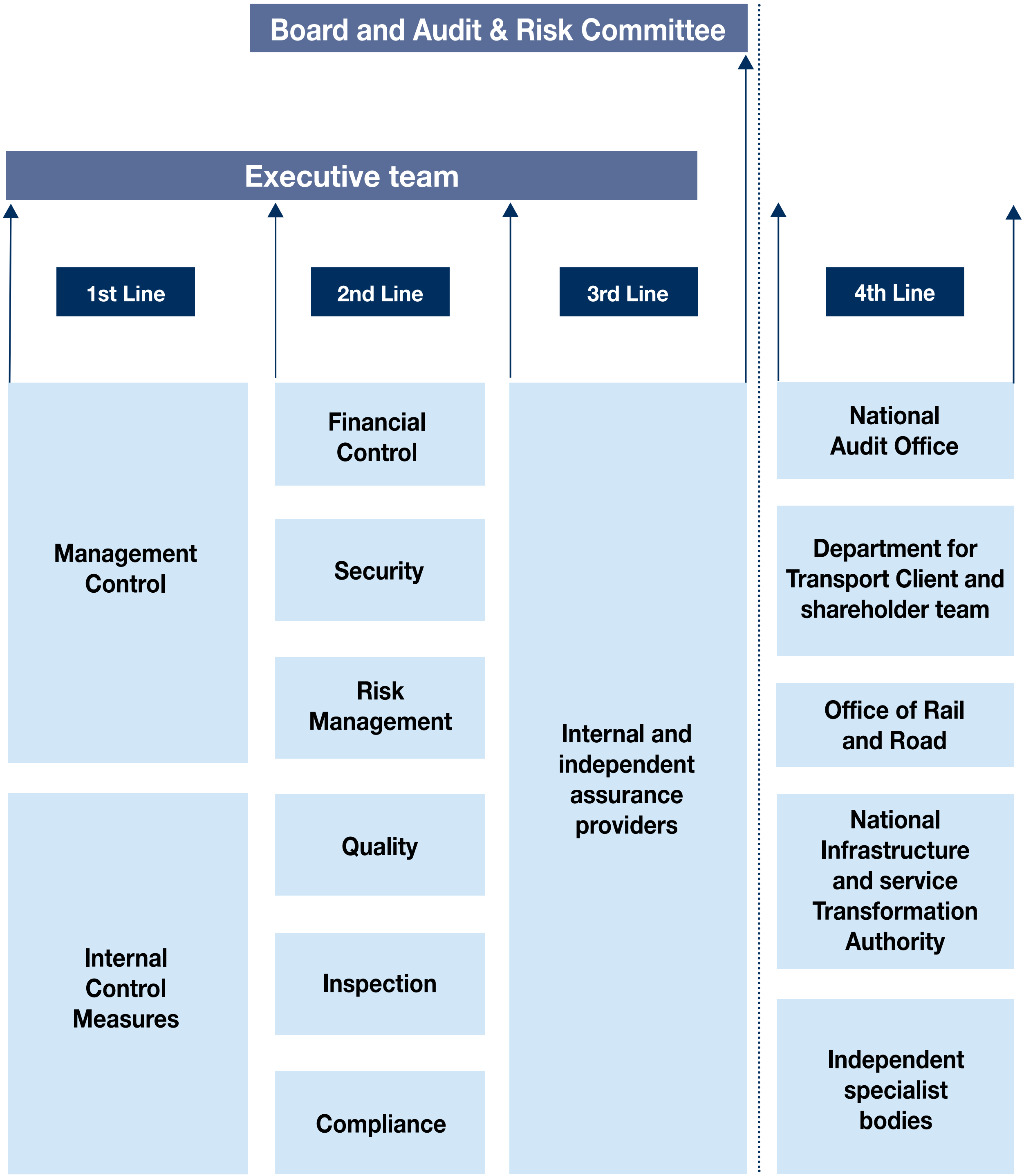
Our established network of risk champions and the Corporate risk and assurance division work collectively to provide insight, expertise and independent oversight in all areas of the business. They meet regularly to provide visibility of emerging risks and issues, share best practice and embed a consistent enterprise risk management approach.

Programme and project risks feed into the overall portfolio level view and, where relevant, link into our principal risks. It is the responsibility of programme risk managers to regularly review controls, and mitigation plans to ensure risks remain appropriately managed throughout delivery.

Our risk culture builds on our company values, and our enterprise risk management framework gives us the structure through which we can consistently evolve our capability. This is supported through enterprise risk management training for risk professionals and awareness sessions for colleagues who engage with risk as part of their roles. Our people remain aware of their responsibilities to identify and escalate risks appropriately, highlighting risks that might affect our ability to achieve our strategic goals.

Assuring our risk

We apply the industry standard 'four lines' model to provide the Board and Executive with robust assurance that risks are being managed pragmatically, proportionately and within our risk appetite. Each assurance line provides a level of oversight, which when combined, provides the risk owner with a layered and coordinated view of assurance across the organisation and validates the risk exposure and control effectiveness.



Principal risks and uncertainties

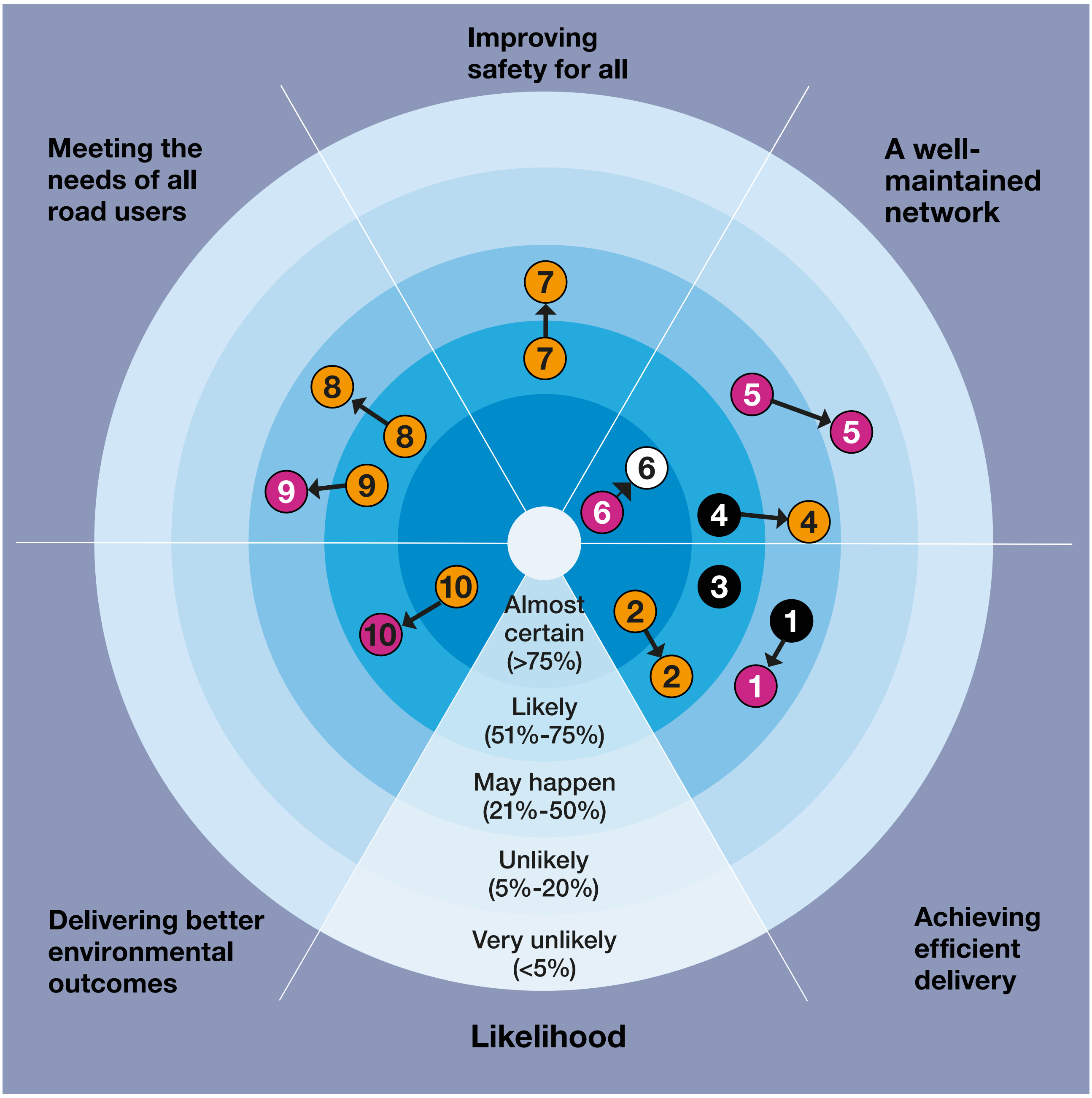
We link principal risks to our company's strategic outcomes, objectives and key performance indicators (KPIs) to provide a clear view of where exposure is most significant. Grouping risks in this way allows the Board and Executive to focus on areas of material movement and understand how risks could affect delivery, performance and long-term objectives. It also gives a broader perspective beyond risk category alone such as financial, operational or environmental.

The Board confirms that it has assessed and monitored all principal and emerging risks throughout the year, in line with Provision 28 of the UK Corporate governance code 2024. The diagram and accompanying table detail each risk, its severity, where it is relevant and how its position has changed over the year. Risks are presented under National Highways' strategic outcomes as defined in the Road investment strategy (RIS).

Our risk assessment

Our risk heat map illustrates the relative impact of each principal risk, as listed on pages 82 to 86, by showing both the inherent exposure (before controls) and residual exposure (after controls). This provides visibility of where our most significant risks lie, how effective our controls are and where further action or assurance may be required. We also consider proximity alongside the likelihood of each risk to recognise the importance of when a risk is most likely to materialise. This ensures the business focuses not only on what could happen but also on when it is most likely to occur, supporting more informed decision making.

Risk likelihood and impact mapping (pre and post application of control)



How we map our risks

Extreme: an existential threat to our organisation, or event that could threaten the position of our company or the DfT.

Major: a sustained or material breach of our organisation's responsibilities or key objectives.

Severe: a longer-term impairment on delivery or damage to our organisation's reputation with key stakeholders.

Difficult: a short-term impairment of the delivery of key objectives.

Undesirable: an unwelcome but manageable impact on the delivery of key objectives.

Opportunity

→ Shift in likelihood after control has been applied

Achieving efficient delivery	
1	Supply chain inability to support National Highways and its commitments
2	Failure to recruit and retain senior and specialist roles
3	Failure to understand and meet our physical, personnel and cyber security requirements
A well maintained and resilient network	
4	Critical or prolonged loss of service on the network due to a major asset failure
5	Failure to deliver capital investments (and company KPIs)
6	Physical reduction or loss of network capacity, resilience or service, which impairs our ability to uphold our legal strategic highways responsibility
Improving safety for all	
7	Ineffective control over safety, health and wellbeing threats for our people
Meeting the needs of the road users	
8	Failure to listen, influence or respond to our customers effectively
9	Inability to maintain trust and positive working relationships with statutory government and other key stakeholders within a complex and dynamic environment
Being environmentally responsible	
10	Our environmental performance falls short of legal or licence requirements and/or best practice

Risks by strategic outcome

In May, the Board reviewed the company's principal risks to ensure they remained relevant and fit for purpose for the year ahead. This resulted in refining several risks to reflect changes in focus as we prepare for the next RIS and the content has been further enhanced as a result of our deep dive programme. Updates are highlighted within the risk table below.

Achieving efficient delivery	
Commitment for us to demonstrate efficiency through our performance reporting to Office of Rail and Road (ORR).	
1. Supply chain inability to support National Highways and its commitments Residential Impact Severe Residential likelihood May happen	Supply chain disruption remains a material risk, driven by economic volatility, geopolitical pressures, labour constraints and shortages or critical components. These factors continue to create potential delay, cost impact and reduced delivery confidence. In-year we expanded the risk scope to reflect wider infrastructure-sector dynamics and shifting market conditions. This enhanced organisational understanding of emerging pressures and overall supply chain resilience. Risk performance remained stable throughout the year supported by a mature control environment that consistently maintained residual risk rating.
2. **New:** Failure to recruit and retain senior and specialist roles Residential Impact Major Residential likelihood Likely	This risk was identified by the Board during its annual risk refresh. Its focus reflects the broader organisational challenge of attracting and retaining senior and specialist capability in a increasingly competitive labour market. This replaces the previous focus on securing market-benchmarked pay for senior roles. The new risk has embedded well and is supported by a fully established control environment. However, it remains outside the Board's risk appetite while the company awaits the outcome of HM Treasury's review of our remuneration framework, which represents a key material control. We continue to focus on attracting, recruiting and retaining the capability required to deliver our strategic objectives, while investing in the development of our existing people to mitigate the risk. Further information on our people can be found on pages 63 to 68.
3. Failure to understand and meet our physical, personnel and cyber security requirements Residential Impact Extreme Residential likelihood Likely	The risk reflects the potential impact of failing to meet our security commitments and the associated consequences of an inability to recover effectively from a security incident. During the year, National Highways strengthened its overall security posture by consolidating physical, personnel and cyber security under the leadership of the Director of Security. This enhanced both coordination and organisational resilience measures. despite these improvements, the risk remains outside the Board's appetite, reflecting the fast-evolving and complex external security environment in which we operate. Monitoring the effectiveness of our control environment remains critical. We continue to evolve our risk response to prevent, respond to and recover from security incidents, ensuring robust oversight in this dynamic landscape.

A well maintained and resilient network

Our network is complex and varied and requires careful stewardship to keep it in good condition.

4. Critical or prolonged loss of service on the network due to a major asset failure Residential Impact Major Residential likelihood May happen	The Board strengthened the focus of this risk to emphasise the potential network and service impacts arising from failure of a major asset. This reflected the growing challenge posed by an ageing asset base and the need for continued operational resilience. During the year, the organisation processed its transition toward an Integrated asset management approach. Enhancement to technical assurance, clearer accountabilities, and the development of an asset data management plan - aimed at improving data quality and governance - further strengthened the control environment. These improvements supported more timely interventions and a more proactive approach to minimising customer impact from asset failures.
5. Failure to deliver capital investments (and company KPIs) Residential Impact Severe Residential likelihood Unlikely	The risk reflects the challenges associated with delivering our capital enhancement portfolio and meeting our strategic objectives. During the year, we strengthened project-governance and controls, enhanced performance monitoring, and clarified key decision checkpoints to support delivery to scope, schedule and budget. Although the external environment remains highly dynamic, operational risks are well understood and effectively managed through a robust suite of established business-as-usual controls. Our agile business planning approach continues to provide both certainty and flexibility for our teams and supply chain, supporting the successful delivery of our capable portfolio overall.
6. Physical reduction or loss of network capacity, resilience service Residential Impact Difficult Residential likelihood Almost certain	The Board identified this risk in recognition of National Highways' ability to operate, maintain and renew the network to the required service levels. In doing so, they acknowledged increasing operational demands, an ageing asset base and growing traffic pressures. Keeping the strategic road network (SRN) safe, open and reliable operating remained a key focus throughout the year. Performance was stable, with established controls effectively maintaining current risk exposure levels. Alongside this, work progressed to deepen our understanding of how rising traffic volumes, diversion route pressures and wider system constraints could effect network capacity and service continuity. More information on our operations, maintenance and renewal performance is available on pages 34 to 36.

Improving Safety for all	
We need to keep our people safe, above all else.	
7. Ineffective control over safety, health and wellbeing threats for our people Residential Impact Major Residential likelihood May happen	The Board refocused this risk solely on the safety and wellbeing of our people, recognising that contractor and road-worker safety risks are managed within our supply chain. This provides a clear distinction between our direct responsibility for employee safety and our client assurance role in overseeing supplier safety performance. During the year, we confirmed that our established controls continued to operate effectively, with assurance activities reaffirming strong baseline compliance. Opportunities were also identified to further enhance capability, management systems and assurance arrangements to strengthen our overall safety culture. More information on our safety performance is available on pages 18 to 27.

Meeting the needs of all road users	
We want to meet and exceed the expectations of all those who use our network	
8. Failure to listen influence or responds to our customers effectively Residential Impact Major Residential likelihood May happen	This year, we aligned the risk's key controls more closely with its underlying causes and drivers. This strengthened how we manage and improve our customer response, ensuring customer priorities more clearly influence our services and decision-making. As part of this, we refreshed our approach to capturing customer needs to support development of our new customer-centric model. Once implemented, this key control will enable us to better reflect what matters most to the people and communities who rely on our network. This will enable how we shape future improvements in how we operate the SRN. Further information on our customer service approach can be found on pages 54 to 61.

Meeting the needs of all road users (continued)

We want to meet and exceed the expectations of all those who use our network

9. Inability to maintain trust and positive working relationships with statutory government and other key stakeholders Residential Impact Severe Residential likelihood May happen	Risk performance remained stable throughout the year, with close collaboration enabling effective planning, despite continued change across the wider transport sector. Effective management of this risk relies on our ability to build and maintain strong relationships with our stakeholders. This supported by a robust control environment, enables us to operate confidentially in a dynamic context. It also underpins our long-term ambition to maintain trust, influence key decisions and deliver effectively for our customers and communities.

Being environmentally responsible

We want our roads to work more harmoniously with the communities that live alongside them, and the environments that surround them.

10. Our environmental performance falls short of legal requirements or Licence requirements and/ or best practice Residential Impact Severe Residential likelihood Likely	This year we continued to strengthen how we manage our environmental responsibilities to protect people, places and the natural environment. Performance remained stable, supported by ongoing improvements in how we identify and manage environmental risks in line with our Environmental business plan commitments. Our in-year review of the control framework focused on ensuring the organisation is better equipped to meet its legal obligations and public expectations. Work progressed on developing a new ISO 14001-aligned Environment management framework, including key tools such as a compliance register and environmental aspects register. Once embedded, these will strengthen governance and provide greater assurance across our environmental activities. More information on how we protect the environment can be found on pages 38 to 53.

In-year risk management

National Highways has continued to strengthen how we identify and manage risk across the organisation. This has helped us stay resilient in a changing environment and ensures we can continue to operate the SRN safely and effectively.

During the year, we conducted a comprehensive deep-dive review of all our principal risks. This enabled us to evaluate each risk individually and assess both the design and operational effectiveness of the associated control frameworks in relation to their underlying risk exposures. Each principal risk is aligned to its designated Board and Executive governance forums. This two-tier review approach provided structured and focused discussion at both levels, strengthening assurance over current risk management plans and informing future improvement activity. We will now incorporate this yearly review into our risk management process, which will enable the company to demonstrate application of the new Corporate governance code (Provision 29), which will come into force for 2026-27 reporting onwards.

The integration of risk with business planning advanced further during the year. Principal risk owners are required to evidence how funded control activity and mitigation measures link directly to their risks. This alignment is improving transparency and strengthening the relationship between planned activity, delivery and risk impact. The improved clarity and completeness of risk information now captured in directorate plans, allows more dynamic reporting to the Executive and onward to the Board.

Our annual maturity assessment against HM Treasury's Orange Book again concluded that National Highways is operating at the 'embedding and improving' level. Progress was supported by simplification of risk processes, improved escalation routes, standardised taxonomy and enhanced alignment between corporate and project risk practices. The establishment of the Risk design authority marked a significant development, providing an internal mechanism to oversee and approve future changes to enterprise risk management (ERM) methodology and ensure consistency across the organisation.

A major focus for the year was the continued rollout of the new ERM system. Initially intended to support capital investment projects, it provides increased visibility of programme and project-related risk and supports stronger and faster decision making. Feedback from users has been positive, with notable improvements in usability and data quality.

We successfully delivered further enhancements through the delivery of our in-year ERM improvement plan. This included upskilling directorate risk representatives, improving self-service documentation and strengthening communication flow across governance layers.

Standardisation of impact assessment criteria across corporate and project risk has begun, with further work planned for 2026-27 to update qualitative and quantitative assessment statements. These improvements are helping us build a stronger, more consistent risk culture and support the organisation towards increasing our risk maturity in the next assessment period.

Economic crime

As a major public body with significant annual expenditure and a complex supply chain, we face a persistent, evolving threat from fraud and other related economic crime. The government is also increasing its focus on these economic crimes. We share this commitment. Our stakeholders, customers, and supply chain rightly expect us to protect the public funds entrusted to us, and failure to do so could seriously undermine that trust.

We maintain a comprehensive suite of policies, processes, and procedures that meet current legislative requirements and fully comply with the Cabinet Office Functional standard (GovS 013). We work closely with the Department for Transport (DfT) and the Public Sector Fraud Authority, drawing on best practice across government to combat economic crime.

Our anti-economic crime strategy aligns with the five principles for public sector fraud and corruption management, established by the International Public Sector Fraud Forum. Through this strategy, we send a clear message: we are vigilant to fraud risk and committed to preventing it.

We have a dedicated in-house team of counter fraud specialists, all members of the Government Counter Fraud Profession (GCFP). Their role includes assessing vulnerabilities, advising the business on managing economic crime risks, and investigating potential cases of fraud, bribery, corruption, money laundering and modern slavery. Investigations are undertaken ethically, effectively and in full accordance with the law.

In-year activity

This year, we confirmed that our economic crime approach remains fully compliant with GovS 013, and relevant legislation. This ensures we continue to protect the company from both economic crime events and associated legal risks. However, we are not complacent. We continued to strengthen fraud awareness across the organisation through a series of targeted events and company-wide communications. Our fraud ambassador network expanded further during the year, enhancing its role in promoting our anti-fraud message, sharing good practice with colleagues, and acting as an additional channel for identifying and escalating potential fraud concerns.

As part of International fraud awareness week in November 2025, we delivered a programme of internal activities, including an online webinar that attracted strong participation from across the company. These activities provided practical guidance on recognising fraud indicators and offered greater insight into the work of our counter-fraud team.

Working alongside our learning and development colleagues, we have identified all roles across the organisation that require knowledge, understanding and application of our economic crime processes. Employees whose responsibilities are deemed ‘core to role’ will now be required to complete annual in-house economic crime training via our internal learning platform. This enhanced approach ensures colleagues are equipped with the knowledge and tools needed to identify and prevent fraud as part of their day-to-day work.

Referrals and investigations

We received 79 whistleblowing referrals, consistent with previous years. Of these, 13 related to economic crime and were fully investigated. The remaining referrals concerned procedural issues and were handled by the relevant parts of the business.

Most investigations found no fraud. However, our participation in the National Fraud Initiative data-matching exercise identified two members of staff having full-time employment at both National Highways and at local authorities and were dealt with appropriately.

We also prevented an attempted bank mandate fraud, which could have resulted in losses exceeding £0.247 million. This attempt was identified through strong internal financial controls.

Lessons learned from this case, along with other investigations where no fraud occurred, have been used to further enhance our controls, inform our risk management processes and prevent similar incidents in the future.

Modern slavery

We fully support the government's aim in tackling modern slavery and human trafficking. We also recognise the responsibility we have to spot risks, take action where needed and help protect those who may be vulnerable. Our commitment remains the same: to make sure our own operations and our supply chain uphold strong ethical and labour standards.

Over the year, we strengthened how we manage these risks by weaving modern slavery considerations more firmly into our procurement processes, contract management and wider risk management framework. We extended core training for key colleagues across operational teams and continued to work closely with suppliers to build their confidence, awareness and understanding.

We used a targeted, risk-based approach to assess our supply chain and carried out enhanced due diligence wherever we identified higher risk indicators. We also reviewed how suppliers are meeting our expectations and updated our tools and guidance to ensure concerns can be raised and addressed more effectively.

More detail on our approach and activities can be found in our annual Anti slavery and human trafficking statement on our website.

Read our Anti-slavery and human trafficking statement

Our future viability

Our long-term viability

The Board has assessed the viability of our company, in accordance with the UK Corporate governance code.

In doing so it considers our closing position as of the end of the interim settlement year (April 2025-March 2026) and our current position at the start of the third road period (April 2026-March 2031).

At the start of each road period, the Board assesses our long-term viability over a five-year period which reflects the same timeframe that government sets its strategic outcomes, funding and performance requirements for our company. In doing so, the Board has considered:

- the company's statutory duties and licence obligations
- the funding of emerging expectations for the third road period (April 2026-March 2031)
- approved business plans addressing the transition between road periods
- principal risks to meeting our strategic objectives.

Funding

National Highways is funded from the public purse by grants-in-aid from DfT through the RIS and does not operate on a commercial basis. Before each funding period begins, we work with DfT and the Office of Rail and Road (ORR) to agree our outputs and secure certainty over our capital and operating funding. This funding is set out in the Statement of funds available (SoFA) and within the government's annual spending limits.

As a company owned by DfT, our creditors are protected by government backing and the Secretary of State's statutory obligation to meet our liabilities.

The Board considers the assessment period to be appropriate and aligned to the funding settlement and investment timeframe. This assessment is reviewed annually to ensure it remains appropriate.

In March 2026, the government published the third Road investment strategy (RIS3), setting out its vision and investment plans for operating, maintaining, renewing and improving the SRN. The SoFA confirmed £27 billion of funding for the third road period.

Therefore, this long-term viability assessment assumes:

- the continuation of the statutory and RIS framework, including RIS3
- the availability of funding is broadly consistent with agreed and announced government commitments
- ongoing engagement with the DfT to manage emerging risks and changes in circumstances

Planning

For each road period, we produce a Strategic business plan and a five-year Delivery plan. These set out what we aim to achieve, how we will measure success, and where we plan to improve. Both documents will be published on the National Highways website.

We assess the future needs of the SRN, including long-term threats and opportunities. We expect roads to remain the main form of transport for both businesses and individuals, with the SRN continuing to play an essential role. These insights inform our Strategic business plan and our annual updates to the Delivery plan.

Our performance is reviewed quarterly by the ORR, and we publish an updated Delivery plan each year. We use our plans, budgets and financial models to forecast cash flows, track financial risks, manage liquidity, and anticipate future funding needs under our Licence.

Principal risks

We identify the main risks that could affect our ability to meet our strategic objectives through detailed and ongoing assessment. This involves regular reporting and review across the organisation.

We assess how resilient the company is to these risks by considering:

- how effective our controls and mitigating actions are in reducing the likelihood or impact of risks
- the Board's regular review of risk management and internal controls

The Board considers our exposure to credit, liquidity and market risks to be low given the nature of our operations. Further details are provided in note 10 of the financial statements.

The Board also tests our ability to withstand serious but realistic scenarios, including:

- safety: a major safety incident resulting in injuries or fatalities to employees, road workers or users
- customer: a significant event that disrupts the network or damages public confidence
- delivery: failure to deliver planned improvements to the SRN due to poor planning management or funding constraints

These scenarios reflect our principal risks and assess their potential impact on our key priorities and our ability to deliver commitments for the third road period.

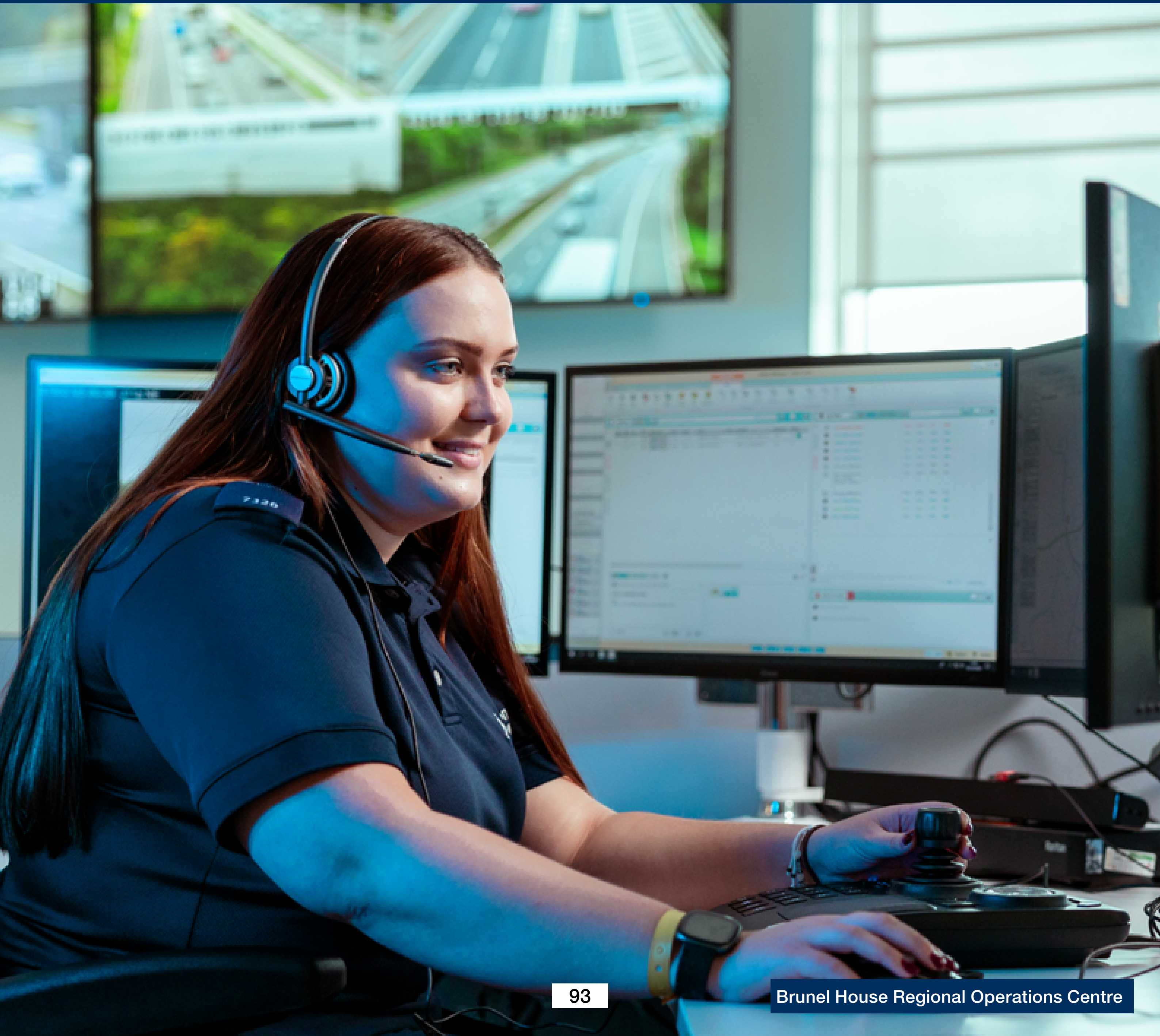
Based on this assessment, and subject to the assumptions set out above, the Board is satisfied that suitable arrangements are in place to reduce the impact of these risks and maintain the company's resilience to meet its obligations as they fall due over the course of RIS3.

The Board therefore expects that the company will continue operating and be able to meet its obligations up to March 2031.

The strategic report was approved by the Board on 8 July 2026 and signed on its behalf by:

Nick Joyce, Interim Chief Executive

Governance report



Brunel House Regional Operations Centre

Governance at a glance

Governance refers to the rules, practices and processes used to direct and control the company, and we follow best practice in line with the UK Corporate governance code ('the Code'). This report outlines the Board, Executive Directors, their activities, and our compliance with the Code, along with relevant committee and Directors' reports. The Board is responsible for the long-term success of the company and is accountable to our Shareholder, the Secretary of State for Transport, for all aspects of performance and activity.

An effective Board

The Board is our primary governance body and maintains the highest standards of governance to effectively deliver our strategy. The Board takes decisions to create sustainable long-term value for the benefit of our Shareholder, customers, people and supply chain.

The operation of the Board is supported by the collective experience and diversity of our Directors. This enables the Board to reach decisions in a focused, balanced, transparent way, guided by independent thought and constructive debate between its members. The Board supports open, honest conversations which, in turn, ensures decisions are made for the long-term benefit of the company, in full consideration of the impact on all stakeholders.

The company was created under the Companies Act 2006 and appointed as a strategic highways company under the Infrastructure Act 2015, operating under a Licence from its sole Shareholder. It manages and improves England's motorways and major A-roads, known as the strategic road network (SRN), to ensure safer and more reliable journeys, and changed its name from Highways England to National Highways in September 2021. The company is independently scrutinised by Transport Focus and the Office of Rail and Road, who advise the Secretary of State for Transport on its performance.

The company's governance is underpinned by the following:

- **Companies Act 2006 Section 172 statement:**

When making decisions, the Directors have regard to the interests of the company's employees and other stakeholders, including the impact of our activities on the community, environment and our company's reputation. The Directors, acting fairly and in good faith, consider what is most likely to promote the success of our company in the long term.

- **Governance structure:**

The Infrastructure Act 2015 sets out our overall governance framework, including our Licence agreement and the Road investment strategy (RIS).

- **Licence agreement:**

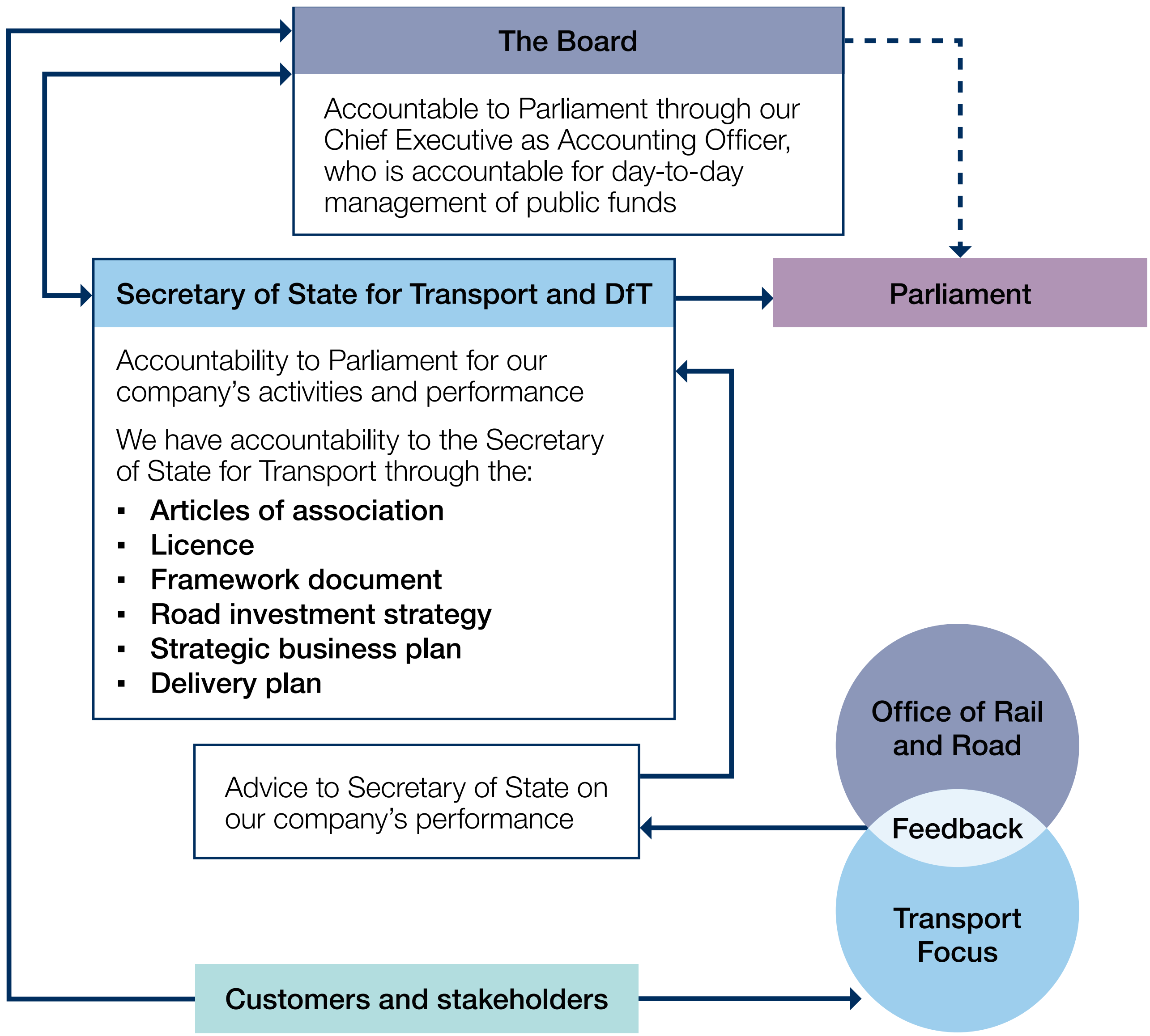
Our Licence sets out direction and guidance on how we must act as well as the process for setting and changing the RIS.

- **Framework document:**

The Department for Transport's (DfT)'s Framework document sets out the overall framework within which we operate as a business. This includes how we interact with the Secretary of State for Transport and our respective roles and responsibilities. It also sets out how our governance and decision-making responsibilities are exercised in the context of a public sector body and the responsibilities placed on our company's Accounting Officer.

- **Delivery plan for our interim year:**

Our interim year delivery plan for 2025-26 provided the detail of specific funding, activities and projects we were to deliver over the interim road period.



The Board

The Board's role is to ensure the company's long-term sustainable success and set the overall strategy and direction. The Board is accountable to our Shareholder for all aspects of our company's activities and performance, and has a responsibility to our customers, people, supply chain and the wider communities we serve. The Board provides appropriate challenge to management and ensures our company maintains an effective internal risk management control system.

View biographies of all Board members.

Committees

AR Audit and Risk Committee

I Investment Committee

N Nominations Committee

R Remuneration Committee

S Safety Committee

Board members

Gareth Rhys Williams CB (Chair)
Non-Executive Director
N S

Nick Harris
Chief Executive
(Left 31 March 2026)
I S

Rob Whiteman OBE
Senior Independent Non-Executive Director
AR N

Nick Joyce
Interim Chief Executive
(Joined 1 April 2026)
I S

Scott Dale
Chief Financial Officer
I S

Elliot Shaw
Chief Customer and Strategy Officer
(Board only)

Simon Blanchflower CBE
Non-Executive Director
I N S

Sukhi Johal
Shareholder Representative Non-Executive Director
AR I N R

Simon Wills
Non-Executive Director
AR I N S

Kim Shillinglaw
Non-Executive Director
N R

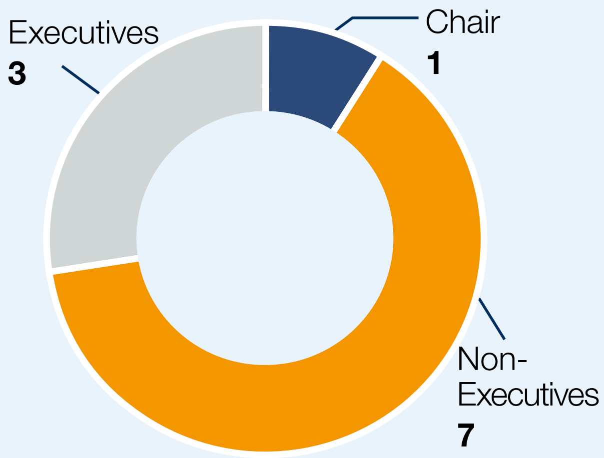
Manny Lewis
Non-Executive Director
N R

Janette Beinart
Senior Independent Non-Executive Director
(Left 30 January 2026)
I N S

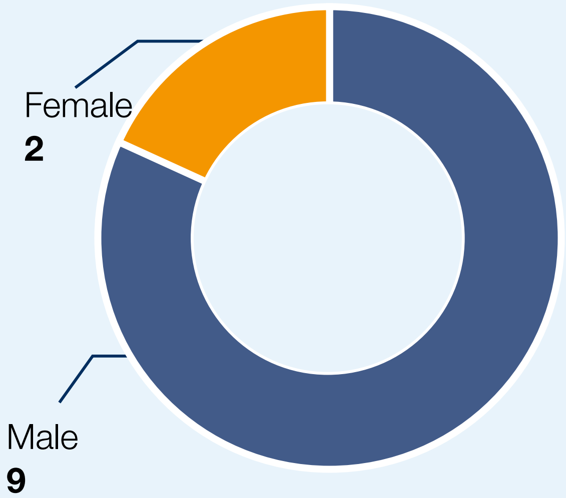
Vivek Chaudhri
Non-Executive Director
(From 1 March 2026)
N R S

Board highlights (as of 31 March 2026)

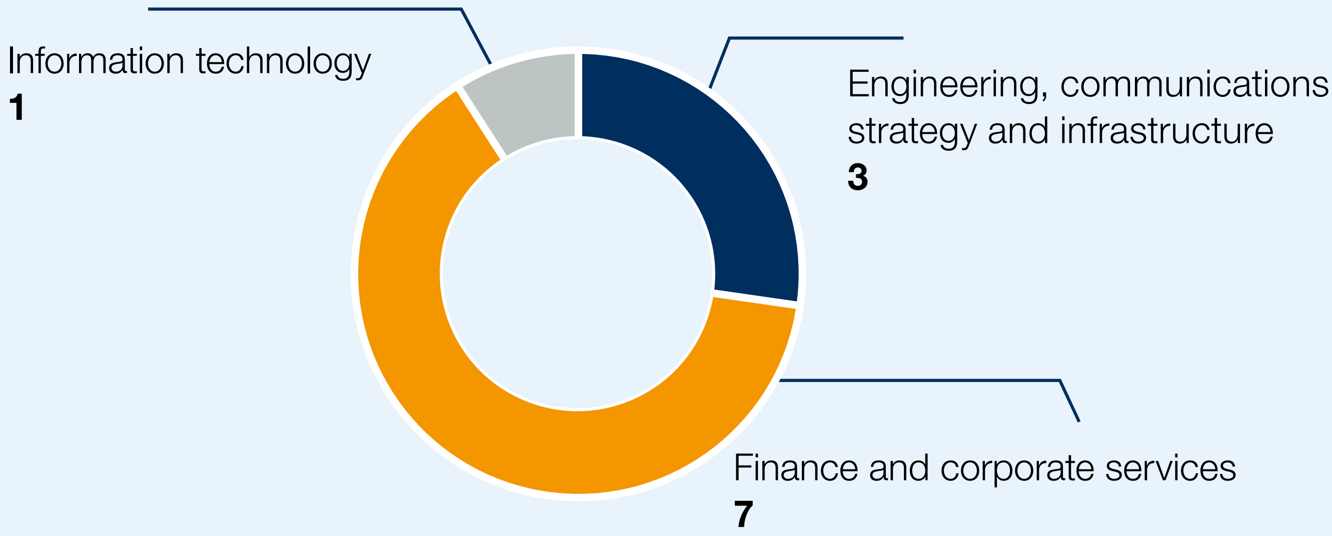
Board composition



Gender



Experience



Our Executive

Our Executive Directors support our Chief Executive in leading our company and delivering our strategy. They individually lead directorates to implement the Board's strategic decisions and manage risks.

View biographies of all Executive members.

Nick Harris
Chief Executive
Board member
(Left 31 March 2026)

Scott Dale
Chief Financial Officer
Board member

Elliot Shaw
Chief Customer and Strategy Officer
Board member

Nicola Bell MBE
Chief Capital Delivery Officer

Elaine Billington MBE
Chief People Officer

Matt Palmer
Executive Director, Lower Thames Crossing*

* At time of publication appointed as Lower Thames Crossing Chief Executive Officer

Richard Pedley
Chief Digital and Information Officer

Duncan Smith
Chief Operating Officer

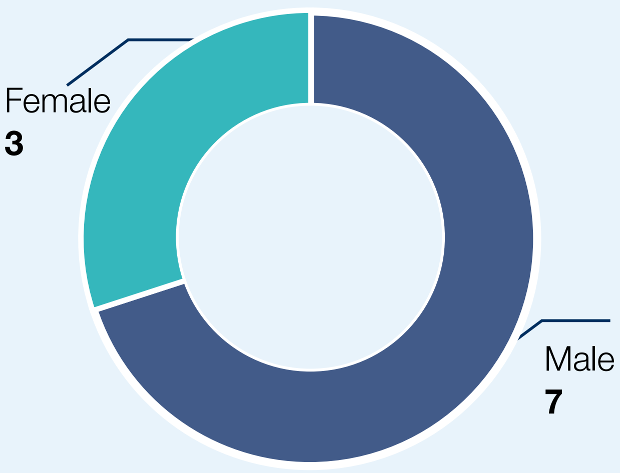
Mike Wilson
Chief Highways Engineer

Swati Paul
General Counsel
(From 7 July 2025, Prior to 7 July 2025 Sally Keith held the position on an interim basis)

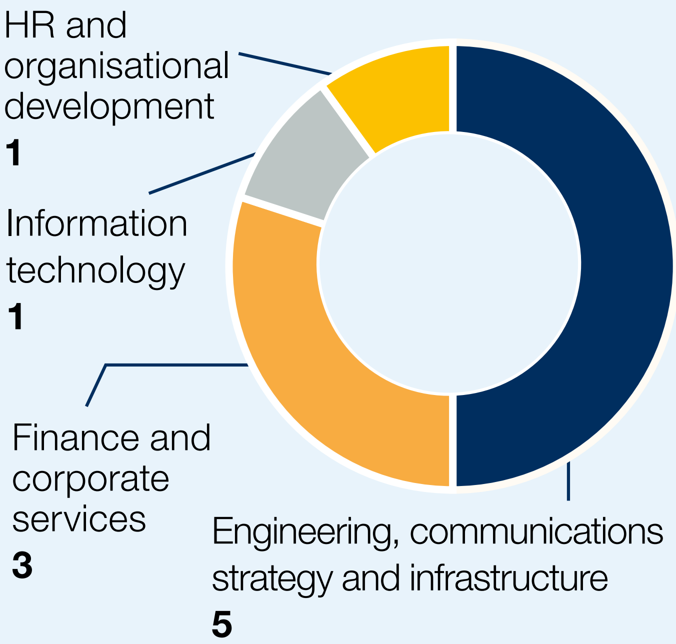
Nick Joyce
Interim Chief Executive
(From 1 April 2026)

Executive highlight (as of 31 March 2026)

Gender



Experience



Corporate governance report

Compliance with the UK Corporate Governance Code 2024 ('the Code')

Our company is expected to comply with the Code or specify and explain any non-compliance in this document. We believe that adopting the principles of the Code is a way of recognising and embedding best practice in corporate governance.

The Board considers that, for the financial year ending 31 March 2026, National Highways was fully compliant with the Code, except for the following five areas it could not comply with:

1. Board leadership and company purpose provision 3:

This requires our company to maintain a dialogue with its Shareholder, based on a mutual understanding of objectives. We have built and maintained our relationship with our Shareholder, the Secretary of State for Transport, with frequent contact with the DfT as their representative. The Board recognises that this arrangement differs from the governance practices normally expected under the Code.

2. Board leadership and company purpose provision 4:

This provision is not applicable to us because the Secretary of State for Transport is our company's sole Shareholder.

3. Succession and evaluation provision 18:

This provision is not applicable to our company because all Non-Executive Director appointments, extensions and terminations are confirmed by the Secretary of State for Transport as our company's sole Shareholder.

4. Audit risk and internal control provision 36:

This provision is not applicable to our company because Executive Directors do not receive any form of company equity or cash payments based on equity values as part of their remuneration.

5. Malus and clawback provision 38:

As a government owned company with a single Shareholder bound by an agreed Remuneration framework, National Highways does not operate Long term incentive plans or similar significant reward/bonus schemes for its Executive directors. In these circumstances the absence of malus and clawback provisions in their contracts is not considered to be a material risk to the company.

Fair, balanced and understandable reporting

At the request of the Board, the Audit and Risk Committee has considered whether, in its opinion, this Annual report and accounts, taken as a whole, is fair, balanced and understandable. The committee has also considered whether it provides the information necessary to assess our company's position, performance, business model and strategy.

The process below was followed by the committee in making its assessment:

Regular Audit and Risk Committee review

The committee reviewed the Annual report and accounts to enable sufficient time for comment and review, and to ensure overall balance and consistency.

Internal audit verification and oversight

Internal audit reviewed the Annual report and accounts and reported back to the committee on its assessment and findings.

Fair, balanced and understandable assessment

The committee reviewed and approved the process in place to support the fair, balanced and understandable assessment and reviewed the findings of this process. The committee was satisfied that all the key events and issues reported to the Board by management (both positive and negative) had been adequately referenced or reflected within the Annual report and accounts.

External auditor review

The National Audit Office, as external auditor, presented the results of their audit work. There were no material uncertainties or concerns identified by the National Audit Office in their report.

Recommendation to Board

The Board approved the committee's recommendation that the fair, balanced and understandable statement could be made, which can be found in the Directors' responsibility statement on page 144 of this report.

Board leadership and company purpose

Overview

The Board is accountable to our Shareholder for all aspects of our activities and performance and is responsible for ensuring the long-term success of our company.

The requirements of the Board are documented in our Articles of association, Schedule of matters reserved for the Board and Framework document.

As at 31 March 2026, the Board was made up of:

- the Chair, who was independent on appointment
- seven Non-Executive Directors
- three Executive Directors

Details of their career backgrounds, skills, committee memberships, tenure, and external appointments are set out in their individual biographies on the National Highways website. Further information on the roles of the Chair and Board members is provided later in the report.

The Board recognises the importance of considering all stakeholders in its decision making, as set out in Section 172 of the Companies Act 2006 (see page 94) and the reporting legislation around stakeholder engagement.

The Directors are entitled to request from our company all information they may reasonably require so they can perform their duties as Directors. This includes advice from an independent adviser at our company's expense if required.

The work of the Board

The majority of Board meetings held during the year were face-to-face. Most Board sub-committees were held virtually.

In Board decision-making, the relevance of any stakeholder group may vary depending on the subject. The Board seeks to understand the needs of each stakeholder group and Board papers demonstrate that stakeholder considerations have been taken into account as part of the decision-making process. Some of the Board's work is delegated to its committees. At Board meetings, the Chairs of each committee provide updates on activities from their committee's last meeting.

- **Safety Committee:** The committee has a key role in monitoring safety performance and supporting a culture of safety improvement. Further information on the work of this committee can be found on page 115.
- **Investment Committee:** Capital investment decisions are made by this committee, which monitors progress in delivering our capital programme to ensure good governance and value for money. It bases its decisions on our Executive Investment Decision Committee's recommendations. Further information on the work of the Investment Committee can be found on page 122.

- **Audit and Risk Committee:** The committee plays a key role in providing oversight of financial reporting, risk management, internal controls (including internal audit) and managing the relationship with the National Audit Office, our external auditor. Further information on the work of this committee can be found on page 118.
- **Remuneration and Nominations Committees:** The Board monitors progress on recruitment, retention and reward through its Remuneration Committee and Nominations Committee, the latter relating to senior positions only. Further information on the work of both committees can be found on page 125 (Remuneration) and page 117 (Nominations).

The Board welcomed the insights from our employee engagement survey undertaken during the year. The results can be found on page 65. The Board was pleased to note the very high response rate, and that we still remain strong in the purpose, teamwork, diversity and inclusion and wellbeing categories.

The Board approved for publication our company's performance against our key performance indicators (KPIs) and other performance indicators.

Board and committee attendance

	Board[1] (Chair: Gareth Rhys Williams)	Audit and Risk (Chair: Rob Whiteman)	Nominations (Chair: Gareth Rhys Williams)	Remuneration[1] (Chair: Manny Lewis[3])	Safety (Chair: Simon Wills[4])	Investment[1] (Chair: Simon Blanchflower[5])
Gareth Rhys Williams	8/8	N/A	2/2	2/2	5/5	2/2
Janette Beinart	7/7	N/A	0/1	N/A	2/3	4/4
Simon Blanchflower	8/8	N/A	1/1	2/2	5/5	4/5
Sukhi Johal	7/8	4/4	2/2	5/5	N/A	4/5
Rob Whiteman	8/8	4/4	1/1	1/2	N/A	2/3
Simon Wills	8/8	4/4	1/1	N/A	5/5	2/3
Kim Shillinglaw	7/8	N/A	1/2	1/3	N/A	N/A
Manny Lewis	7/8	N/A	0/2	5/5	N/A	N/A
Vivek Chaudhri	1/1	N/A	N/A	1/1	1/1	N/A
Nick Harris	7/8	3/4[2]	2/2[2]	3/5[2]	4/5	4/5
Scott Dale	8/8	4/4[2]	N/A	N/A	5/5	5/5
Elliot Shaw	7/8	N/A	N/A	N/A	N/A	N/A

Notes - Further committee information

1. In addition to the scheduled meetings outlined in the table above, there were three ad hoc Nomination Committee meetings, three ad hoc Remuneration Committee meetings and one additional Investment Committee meeting held during the year. Attendance at these meetings was based on availability at the time.
2. Not a committee member – in attendance only
3. Simon Blanchflower stood down as Chair of the Remuneration Committee in April 2025, with Manny Lewis taking on the role as Chair from that date.
4. Simon Blanchflower stood down as Chair of the Safety Committee in June 2025, with Simon Wills taking on the role as Chair from that date.
5. Janette Beinart stood down as Chair of the Investment Committee in June 2025, with Simon Blanchflower taking on the role as Chair from that date.

Key topics discussed at Board meetings

The Board receives a structured cycle of updates and approvals to support effective oversight, governance and strategic decision making. The Board has maintained its focus on our three imperatives: safety; customer service; and delivery.

Board meeting discussions are structured using tailored agendas, agreed in advance by the Chair in conjunction with our Chief Executive, Chief of Staff and Company Secretary. A typical Board meeting includes:

- strategic themes, risk updates, performance and delivery items, operational development and capability items and reputational themes
- performance reports from our Chief Executive and Chief Financial Officer, and updates on legal matters and company secretarial matters from the General Counsel and the Company Secretary
- items requiring approval, such as company policies, Board sub-committee terms of reference and investment approvals outside the cycle of Investment Committee meetings

The Board considered strategic topics at meetings throughout the year including the following:

- our Environmental sustainability strategy
- planning for the third Road investment strategy
- approval of our Strategic business plan and Delivery plan
- our people including an update on diversity and inclusion and corporate culture
- company preparations for Design, Build, Finance and Operate (DBFO) contract hand back[7]
- updates on our Business improvement and change programme
- overview of asset management
- A122 Lower Thames Crossing scheme
- update on 'good design' with Design panel members[8]

Some of the Board's work is delegated to the committees of the Board. At Board meetings, the Chairs of each committee provide updates on activities from their committee's last meeting. Further information on the topics covered by the committees can be found on pages 115 to 126.

Board and Executive strategy day

The Board and our Executive held a strategy day during the year, which they found beneficial as it allowed for in-depth joint discussions on a number of strategically important topics. This helped ensure that the development and delivery of key strategies and activities remain aligned to our imperatives and strategic aims.

7 Where a private contractor designs, constructs, finances and operates an infrastructure project for a long period
8 More on the panel can be found here https://nationalhighways.co.uk/suppliers/design-standards and specifications/good-design/

Board engagement with stakeholders

The Board engages with key stakeholders to balance their interests. This is an essential part of gathering insight and monitoring company performance.

Communities

The Board receives regular updates on community activities through the Chief Executive's report. The Investment Committee considers the impact of investment proposals on communities on behalf of the Board. Details on our social value work can be found on page 61. Regular updates are also provided to the Board on the performance of our Designated funds programme, work which positively impacts communities across the country.

Customers

The Board receives customer service updates via the Chief Executive's report and updates on technological innovations that benefit customers. Our Chair and Chief Executive met with their counterparts at Transport Focus who also joined a Board meeting.

Our people

The Board receives regular updates from our Chief People Officer on people-related topics and reviews the results of our Employee engagement survey. The Shareholder Representative Non-Executive Director acted as the lead Director for employee voice, attending employee forums and feeding back her findings to the Board throughout the year.

Supply chain

The Investment Committee oversees the performance of our company's major programmes on the Board's behalf.

Statutory stakeholders

Statutory stakeholders include the DfT, Office of Rail and Road and Transport Focus, among others.

Our Chief Executive, Executive team members, Chair and Board members met with ministers and senior DfT officials as required throughout the year. The Chair and Chief Executive of the Office of Rail and Road attended a Board meeting during the year to outline the key messages from the Office of Rail and Road's annual assessment of our company's performance. The Board also attended a workshop with the Office of Rail and Road's Board in November 2025 to better understand each organisation's priorities, challenges and ways of working together.

Regular updates are provided to the Board on company interactions with government, the Office of Rail and Road and Transport Focus at a senior level.

Composition, succession and evaluation

Composition

The composition of the Board and its sub-committees can be found on pages 111 to 114. Attendance at Board meetings can be found on page 106.

Regular attendees include the General Counsel, Chief Highways Engineer and Company Secretary, with other Executive team members and senior leaders joining from time to time on specific items of business.

The Company Secretary and General Counsel are responsible for ensuring the Board operates in line with our governance framework. They manage the flow of information to and from the Board, its committees and our Executive team. Directors have unlimited access to the advice and services of our Company Secretary and Chief of Staff.

Succession

Board changes during the year

Chronologically:

- Janette Beinart stood down from the Board on 31 January 2026
- Vivek Chaudhri joined the Board on 1 March 2026
- Nick Harris stood down from the Board on 31 March 2026

Induction of new Board members

A detailed, tailored induction programme for each new Director is offered based on their needs and requirements and covers a range of areas across our business.

Board performance review

Our annual Board performance review is an important part of maintaining strong governance. It allows the Board and its committees to reflect on how effectively they operate, the quality of decision-making, and the overall dynamics of discussion and its relationships with other members and committees and identifies areas for development.

In accordance with the UK Corporate Governance Code, this year's review was externally facilitated by Board Excellence. A questionnaire was designed and circulated to Board members to complete with a shorter questionnaire also circulated to members of the Executive Committee to complete. Representatives from Board Excellence also attended Board and Board sub-committee meetings as observers. The questionnaire outputs and the observations from the Board and its sub-committee meetings were analysed and a report prepared with insights and recommendations for the Board. The actions identified and agreed will be progressed and monitored during the forthcoming year.

The next Board performance review will be held in quarter 3/4 2026-27.

Board diversity policy

As an organisation, we work to offer an inspiring, open and inclusive environment in which people feel valued for who they are and the skills they bring. We want everyone to thrive and grow along the way with us, encouraged to work innovatively and trusted to succeed. We aim to embed equality, diversity and inclusion principles across all areas of our business, driving real change in how we work together.

We want to ensure that diversity, in its broadest sense, remains a significant feature of the Board. We believe a broad range of skills, backgrounds, knowledge and experience are key drivers of an effective Board. The Chair leads the Board diversity agenda and sets measurable objectives to improve diversity, bring different perspectives and stimulate debate.

As our sole Shareholder, the Secretary of State for Transport also has specific responsibilities that include appointing our company Chair and any Shareholder-appointed Director and also approving other appointments of Directors made by the Board. Our Shareholder operates in the context of the government and departmental diversity strategy.

Division of responsibilities

Overview

The Board is expected to have no fewer than three members, with the balance in favour of independent Non-Executive Directors. It has no upper limit.

There is a clear division of responsibilities between the roles of Chair and Chief Executive, and they have regular discussions together outside of Board meetings. The Chair and Non-Executive Directors meet after each Board meeting without the Executive Directors to debrief on the meeting and discuss relevant topics in a less formal setting.

Individual Directors meet routinely outside Board meetings as part of each Director's contribution to the delivery of our company's strategy and review of our business.

The Board is confident that the Non-Executive Directors have sufficient time to meet their Board responsibilities.

Board and Executive Committee framework

Board governance committees

Safety Committee

Oversight of our safety ambition and leadership, strategy, performance review and compliance.

Nominations Committee

Oversight of Board and Executive appointments.

Audit and Risk Committee

Oversight of financial and internal control, risk and governance, financial reporting, internal audit and assurance programme, and external audit.

Remuneration Committee

Oversight of the remuneration framework, including performance related pay and Board and senior pay decisions.

Investment Committee

Oversight of investments within delegated authority thresholds of £200 million to £500 million.

Executive sub-committees and Executive groups

Business Ethics Committee

Oversight of systems and material controls established to counter economic crime and security risks to the company.

Digital Strategic and Operational Committee

Oversight of the strategic direction for digital, data and technology matters.

Executive Customer Service Committee

Oversight of the development of effective relationships with customers and communities.

Executive Finance Committee

Provide planning, control and management of resources to support decision-making and delivery over the short-, medium- and long-term financial planning.

Safety, Health, Environment and Quality Committee

Oversight of safety management and leadership, environment management and asset quality safety issues. Work includes strategy development, performance monitoring, and compliance confirmation.

Executive Strategy Committee

Provides the Executive with a place to lead and develop the company's strategy, including supporting activities such as the business improvement and change agenda.

Investment Decision Committee

Oversight of investments within delegated authority thresholds of £50 million to £200 million.

Diversity and Inclusion Committee

Leading and developing the company's diversity and inclusion strategic direction and plans.

Quarterly Business Review

Leading and directing company performance through aligning accountability for business planning, controlling and managing company resources.

Reward and Resourcing Executive

Workforce planning, including decisions under the remuneration framework.

LTC Transition and Interface Sub-Committee

Provides the Executive with a place to discuss Lower Thames Crossing, with a particular focus on implementation, technical, commercial and operational matters.

Division of responsibility

The job descriptions of each Director, including the Non-Executive Chair and Chief Executive, and the division of responsibilities are clearly defined and agreed by the Board. The responsibilities of each of the Directors and the role of our Company Secretary (not a Board member) are summarised on the following pages.

The Board

Leadership

Non-Executive Chair

The Secretary of State for Transport appoints the Chair. This is a Non Executive and part-time role, with a minimum of 90 days per calendar year.

The Chair leads the Board and is responsible for ensuring we conduct our affairs openly, transparently and with probity. The Chair is also responsible for ensuring our policies and actions are appropriate to those of a government-owned company and that they support the objectives of the Secretary of State for Transport.

The Chair sets agendas and, with our Chief of Staff and Company Secretary, ensures timely communication of information to the Board to support sound decision-making. The Chair allows sufficient time in meetings for constructive and challenging discussions, seeking contributions from all Directors, and ensures that effective relationships exist between them. The Chair is also responsible for overseeing the annual Board performance review process together with the Senior Independent Non-Executive Director.

Chief Executive

Our Chief Executive has day-to-day responsibility for performance, leading our Executive team and overseeing operations. Our Chief Executive develops and implements our company's strategy, as approved by the Board. He sets the cultural tone of our organisation and facilitates an effective link between our business and the Board.

In compliance with government requirements, he is also the Accounting Officer responsible to Parliament for the stewardship of the public funds under our company's direction.

Chief Financial Officer

Our Chief Financial Officer is responsible for providing leadership and direction for, and oversight of, the financial, accounting, tax and capital activities of our company.

Chief Customer and Strategy Officer

Responsible for the strategic development of the network and the organisation's business improvement agenda, including oversight of analytical and economic functions, relationships with key statutory and regulatory bodies, and leadership of customer service, communications, and corporate affairs.

Executive Directors

The remaining Executive Directors not on the Board support our Chief Executive in delivering our company's strategy. Individually, they each lead directorates to implement the Board's strategic decisions. The profiles for each Executive Director can be found on the NH website.

link to executive biographies

Independent oversight

Senior Independent Non-Executive Director

The Senior Independent Non-Executive Director, in addition to his other responsibilities as Non-Executive Director, provides a sounding board for the Chair and supports the delivery of their objectives.

He also acts as an alternative contact for our Shareholder or Non-Executive Directors, should they have any unresolved concerns relating to the Chair, Chief Executive or Chief Financial Officer.

He leads the appraisal of the Chair's performance with the Non-Executive Directors and plays a key role in Board succession planning.

Non-Executive Directors

The Secretary of State for Transport approves all Board-appointed Non-Executive Directors. As our Shareholder, the Secretary of State also appoints a further Non-Executive Director as their representative.

The Non-Executive Directors bring valuable independent expertise and external experience to the Board. They assist and provide challenge in the development of strategy, as well as monitoring our Executive team's delivery.

They each serve on a variety of Board committees and have direct access to our senior management. We encourage both formal and informal contact with our wider business to develop a deeper understanding. They provide insights to the Board following engagement with internal and external stakeholders, including about our people and our company's culture.

Company Secretary

Our Company Secretary is responsible for guiding the Board in meeting the requirements of relevant legislation and regulation, and for ensuring that Board procedures are both followed and regularly reviewed. Directors always have access to the advice of our Company Secretary, as well as independent professional advice, where needed, to assist them in carrying out their duties.

Safety Committee report

Simon Wills Committee Chair

The committee's membership comprises three Non-Executive Directors, including: the committee Chair, as well as our Chief Executive, and our Chief Financial Officer. Our Chief Highways Engineer, Director of Health, Safety and Wellbeing, Director of Road Safety and General Counsel also attend each meeting. Other members of our Executive team and senior managers with safety responsibilities attend the committee when required. Attendance for the committee can be found on page 106.

The Safety Committee ensures that the Board fulfils its leadership responsibilities in relation to our health, safety and wellbeing ambition, including strategy and management arrangements.

The committee works closely with our Executive team to monitor safety performance so that, together with our supply chain, we have a strong and continuously improving safety culture. It provides leadership to ensure that key risks are identified, appropriately managed and mitigated. It is also responsible for setting clear expectations to improve safety standards across our company, supply chain partners and the SRN. The committee works closely with the DfT, benefitting from its broader perspective and input on all health, safety and wellbeing matters.

The Committee maintains oversight of our principal risks, including those relating to a major asset failure, the ineffective management of health, safety and employee welfare and failure to deliver our environmental legal and licence requirements.

During the year, the Committee conducted a comprehensive review of each of these risks and was satisfied that the associated control frameworks were appropriately designed and operating effectively to manage the underlying risk exposures.

Further information in relation to the Group's principal risks is provided on page 80.

The work of the committee

Health, safety and wellbeing underpin the operating performance of our company and everything we do. This means the committee has a vital leadership role to play. During the five times the committee met this year, the items covered included:

- road safety
- our people's safety and wellbeing
- the safety performance of our supply chain
- consideration of external perspectives to continuously improve health, safety and wellbeing
- the soft and hard estate, in particular assurance over inspections and maintenance management
- a review of the structure and content of the Health and safety performance report to increase and strengthen the committee's assurance role

Road safety

England's motorways and major A-roads are some of the safest in the world, but our ambition remains that no one should be harmed while travelling or working on our roads.

Part of the committee's role is to review and, where appropriate, challenge our company's approaches to improving road safety.

An update on notable incidents and events, particularly incidents involving serious and fatal injury is a standing agenda item. At each of its meetings during the year, the committee also reviewed reports on collisions on the SRN, including the road safety statistics (STATS19) published by the DfT. For statistics and information on our performance, see page 18.

With safety our number one priority, the committee members discussed the annual update on Regulation 28 Prevention of future deaths report from coroners and the RIS 3 Road safety update. The committee also reviewed the 2023 Road safety performance overview report which was brought forward this year to March 2026, from its usual publication date of September. This report includes the latest safety data analysed by National Highways, using the DfT's validated STATS19 dataset, and sets out the key safety headlines across the network. Reviews also took place of the National Highway's Safety strategy and Road to zero harm plans, linking to the new DfT Road safety strategy.

We acknowledge the support, guidance, challenge and scrutiny of our external colleagues in the DfT, the Office of Rail and Road and Transport Focus in helping us to further improve safety on our network.

Our people's safety and wellbeing

The physical and mental health of our people continued to be a key area of focus for the committee. At each Board meeting, the Health and safety performance report was shared, with key incidents and lessons learnt discussed in more detail.

Our Home safe and well plan continues to play an important role in our approach to health, safety and wellbeing. Over the last year, the committee have been regularly updated on progress to monitor how the plan has supported the improvement of our safety performance.

The committee regularly reviewed occupational health and wellbeing updates about our people, including the noting of an external review and accompanying five-year improvement plan for 2026-31. Find out more about the review on page 24.

The safety performance of our supply chain

The committee reviews our supply chain's safety performance at each of its meetings and determines where improvements could be made. The Board undertakes safety engagements through site visits to help in this task. The lost time injury rate and accident frequency rate can be found on page 26.

The committee continued to be sighted on the work of the Supply chain safety leadership group, which is focused on improving safety performance across the SRN.

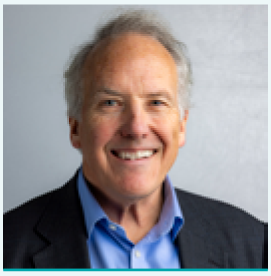
For more information on the work undertaken by this group, see page 24.

External perspectives

To support broader learning and challenge, the committee benefitted from insights provided by several invited external leaders, who offered valuable independent perspectives on a range of health, safety and wellbeing matters including:

- Glen Davies – transport and logistics specialist, Managing Director at The Driver Handbook
- Adrian Smith – RSK
- Dr Monika Misra – Global Head of Health & Wellbeing at Mars

Nominations Committee report



Gareth Rhys Williams, Committee Chair

Members of the committee include the Chair of the Board, four Non-Executive Directors, including the Shareholder Representative Non-Executive Director. Our Chief Executive, Chief People Officer and Company Secretary also attend meetings. Attendance for the committee can be found on page 106.

The committee's role is to make Board and Executive appointments. This is subject to approvals required by the Articles of association, the Framework document and our Shareholder.

Specific responsibilities include:

- approving recommendations for the appointment of Executive Directors and Non-Executive Directors
- keeping the structure, size and composition of the Board and its committees (including their Chairs) under review
- the continuation in office of Directors and the appointment process for Board members and our Company Secretary
- succession planning for the Board and for posts reporting to our Chief Executive, as well as ensuring planning arrangements are in place for the level immediately below
- giving full consideration to the challenges and opportunities facing our company and the future skills needed

The work of the committee

The committee met twice during the year to consider Executive and senior leadership team talent and succession plans. This included our Chief Executive and his direct reports. During the year, the committee provided input to the recruitment processes for two appointments to the Board. This included the appointment of one Non-Executive Director where Nurole, an external search firm was used to support this appointment. The committee also considered the appointment of the new interim CEO. A rigorous selection criteria and role profiles were used as part of the recruitment processes facilitated by Korn Ferry. The committee considers all recruitment in accordance with the Board's Diversity policy, as set out on page 110.

The committee also considered the membership of the various Board committees following changes to the Board.

Audit and Risk Committee report

Rob Whiteman, Committee Chair

Members collectively have a broad range of financial, commercial and IT expertise. This helps provide effective oversight of financial and operational risk and ensures they can advise the Board accordingly. Membership includes the Shareholder Representative Non-Executive Director, in accordance with the requirements of our company's Framework document.

Regular attendees include: our Chief Executive, Chief Financial Officer, General Counsel, Director of Financial Control, Director of Corporate Assurance, and the National Audit Office's Financial Audit Director. Other senior management are called to attend as necessary. Attendance for the committee can be found on page 106.

In accordance with HM Treasury's Corporate Governance Code of Best Practice and Audit Committee Handbook, the Chair of the Audit and Risk Committee (ARC) provides an annual summary of the Committee's work. This report supports the Board and the Chief Executive in his role as Accounting Officer and informs the Governance statement within the Annual Report and Accounts (ARA).

Role of the committee

The Audit and Risk Committee support the Board by providing independent oversight and advice on:

- financial reporting, including accounting policies, significant judgements and compliance with and consistency in the application of accounting standards
- narrative reporting, ensuring the ARA are fair, balanced and understandable to enable stakeholders to assess the company's in-year performance

- internal controls and compliance with statutory, regulatory and Licence requirements, including systems to prevent and detect fraud, bribery, corruption and other financial crime
- risk management, overseeing the effectiveness of the company's enterprise risk management framework
- corporate assurance activity, ensuring the adequacy of the Corporate Risk and Assurance Programme, considering their reports, management's responses and associated outcomes. It also regularly reviews whether the function is adequately resourced and is independent from management
- external audit, overseeing the work, independence and effectiveness of the National Audit Office (NAO) and approving their fees
- cyber security, providing assurance over management of cyber risks
- the Committee advises the Chief Executive as Accounting Officer on these matters and reports key conclusions and recommendations to the Board after each meeting

Membership and Attendance

The Committee comprises independent Non-Executive Directors with appropriate financial, commercial, risk and IT expertise, including a Shareholder-appointed Non-Executive Director, in line with the Framework Document requirements. Attendance during 2025-26 was strong, supporting effective challenge and oversight. For more information on attendance, please refer to page 106.

The Committee is supported by regular attendance from senior executives, including the Chief Executive, Chief Financial Officer, Corporate Risk and Assurance Director and representatives from the NAO. The Chair and Committee members also meet privately, without management present, with the Corporate Risk Assurance Director and the NAO as required.

The work of the committee

The Committee met regularly during the year and received standing updates from Finance, Corporate Risk and Assurance and the NAO. Key areas of focus during 2025-26 included:

Financial Reporting and Judgements

The Committee reviewed significant accounting judgements and confirmed that appropriate accounting policies were applied consistently. It considered key risks including:

- accruals, noting improved accuracy following management action, while emphasising continued vigilance
- valuation of the SRN, including endorsement of the revised valuation methodology agreed with the company's external valuers to address previously identified errors
- provisions, recognising their reliance on complex and inherently judgemental underlying valuations, and noting the resulting susceptibility to potential misstatement.

Annual Report and Accounts

Following review of draft and final submissions, the Committee concluded that the 2025-26 Annual Report and Accounts were fair, balanced and understandable, and recommended Board approval.

The Committee also reviewed the assurance over the company's final performance metrics position and recommended Board approval.

Finally, the Committee considered and approved the statutory accounts for the Dartford-Thurrock Crossing.

External Audit

The NAO is appointed as External Auditor. The Committee reviewed audit plans, monitored progress through the year, and considered the auditor's findings and management responses.

The Committee was satisfied with the independence, quality and effectiveness of the external audit and recommended approval of the final accounts.

Corporate Assurance and Internal Audit

The Committee approved the Corporate Risk and Assurance Programme and monitored delivery throughout the year, including the timely implementation of management actions. Key themes emerging from assurance activity included:

- project and contract governance
- financial and HR control effectiveness
- IT and asset management controls
- first- and second-line assurance maturity

The Committee considered several reports rated below satisfactory, including reviews across operational delivery and security areas and was satisfied that management has taken appropriate corrective actions to remediate.

The Committee also confirmed that internal audit complied with Government Functional Standard GovS009 and the new Global Internal Audit Standards, as evidenced through the 2025 External Quality Review, which awarded the Institute of internal auditors' rating: General Achievement.

The company participates in the DfT's management assurance process. As such, the Committee endorsed the final submission to DfT drawing confidence from the positive results identified through the exercise.

Risk Management

The Committee oversaw enhancements to the enterprise risk management framework. During the year it took reliance from the output of the Principal risk deep dive exercises, which provided the Board greater clarity and confidence over individual control environments. It also focused on cyber, physical and personnel security risks and the company's resilience and ability to recover. The Committee concluded that most risks are being actively managed within the Board-approved risk appetite. For those currently assessed as outside appetite, it was satisfied that appropriate actions are in place to reduce exposure over time.

Economic Crime and Ethics

The Committee:

- oversaw whistleblowing arrangements and the company's Economic crime framework
- considered the company's annual Counter-fraud report and noted a small rise in the number of allegations raised. Substantiated cases noted included polygamous working and inappropriate use of the company's travel and subsistence process
- acknowledged the strong financial controls that averted several attempted mandate frauds
- noted that the lessons learned from each case have been implemented to improve the associated controls

The Committee also:

- reviewed the company's Modern slavery programme and approved the 2025–26 Modern slavery statement for publication
- monitored compliance with Government Functional Standard GovS013 -Counter-fraud and the Public Sector Fraud Authority continuous improvement framework through reliance placed on the work of the Business Ethics Committee

Overall Assurance and Effectiveness

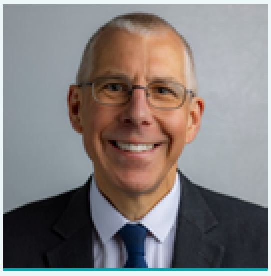
The Committee reviewed the Corporate Risk and Assurance Director's Annual Assurance Statement, which provided moderate assurance over the effectiveness of governance, risk management and internal control arrangements. In doing so, the Committee noted:

- no breaches of legislation
- seven breaches of HM Treasury or Cabinet Office requirements, for digital and technology spend. All were subsequently reviewed and retrospectively approved by the Cabinet Office and details are disclosed in the Directors' Report in the Annual report and Accounts

Based on the work undertaken during the year and the assurances received, the Committee is satisfied that there is a sound system of internal control, risk management and governance in place and operating effectively.

Rob Whiteman CBE, Chair Audit and Risk Committee
June 2026

Investment Committee report



Simon Blanchflower, Committee Chair

Members of the committee include four Non-Executive Directors, including the committee Chair, as well as our Chief Executive and Chief Financial Officer. Our General Counsel also attends the meeting. Other members of our Executive team who are responsible for the programmes and contracts under consideration attend meetings as required. Attendance for the committee can be found on page 106.

The committee supports the Board in exercising its investment decision-making authority. It advises the Board on investment approvals over £200 million and on other matters relating to the delivery of our investment portfolio.

On decisions relating to Tier 1 schemes, which are those over £500 million or where the treatment is considered novel or contentious according to the HM Treasury definition, the committee advises the DfT's Investment Committee[9] on whether the investment is appropriate.

The committee works closely with our Executive Investment Decision Committee to ensure effective governance of public expenditure. The committee also supports our Chief Executive in discharging his responsibilities as Accounting Officer. This assurance regime meets the criteria outlined in our Framework document, as agreed with the DfT.

The Committee oversees our principal risks, including those related to failure to deliver capital investments and the inability of the supply chain to support National Highways and meet its commitments.

During the year, the Committee carried out a comprehensive review of each of these risks. It was satisfied that the related control frameworks were well designed and operating effectively to manage the underlying risks. Further information in relation to the Group's principal risks is provided on page 80.

9 As part of internal reorganisation of DfT's governance structure the Committee changed its name from the Investment Portfolio and Deliver Committee to Investment Committee in October 2025.

The work of the committee

The committee met six times this year. The work of the committee covered three key areas:

1. Monitoring the investment programme

Throughout the year, the committee provided strategic oversight of the company's investment programme. At each meeting, the committee reviewed progress across the capital portfolio, focusing on performance, financial position and key risks. Regular updates were received on the in-year capital forecast and the management of pressures within the interim year funding of £3,404 million. Performance against delivery milestones was reviewed throughout the year, including updates on schemes starting construction, progress on major renewals, and achievement of key open for traffic commitments. The committee noted that although the National emergency area retrofit (NEAR) programme achieved its open for traffic milestone in March 2025, its final commercial and financial close-out activities continued and remained on track to complete within budget.

The committee maintained oversight of the portfolio's major risks, including schedule pressures, supply chain challenges, and dependencies on statutory planning processes. It monitored portfolio risk submissions to the DfT and received updates on the closure of several high impact risks, together with the introduction of new risks such as those arising from the changes in Project bank account policy.

The committee also supported work to strengthen portfolio governance for Road investment strategy three (RIS3), including reviewing proposals to reset cost baselines to more realistic levels and to evolve commercial models to improve cost certainty. These improvements are intended to support more resilient and predictable delivery in future road periods.

2. Reviewing proposed investments

The committee reviews Executive investment proposals and delivery plans, making recommendations to the Board in line with delegated authority. It considers value for money assessments, forecast benefits and findings from independent reviews.

During the year, the committee considered and endorsed several major projects requiring updated approvals, changes in delivery strategy or continued enabling works. This included projects affected by the Government's Spending Review. Key examples included:

- **A66 Northern Trans-Pennine –** endorsement of a revised delivery strategy and approval of enabling works funding to maintain progress toward a re-profiled start of works date
- **M42/A45 Free Flow Link & East Way Bridge –** approval of development phase funding to complete surveys, design activities and preparatory work supporting this combined enhancement and renewal project

The committee also reviewed proposals affected by cost pressures, commercial negotiations or schedule changes. These included:

- **A30 Chiverton to Carland Cross –** approval of funding uplift to support a lump sum agreement, improving cost certainty and reducing risk of further delays

- **A1 Birtley to Coalhouse –** approval of additional funding to cover Severfield-related defects, with costs to be recovered at contract close
- **M60/M62/M66 Simister Island Interchange improvement –** approval of the full business case and construction stage funding

The committee reviewed proposals relating to national frameworks and multi-year programmes, including:

- **Legacy Concrete Roads Reconstruction Framework –** approval of a six-year framework to support long term reconstruction across RIS3 and early RIS4

The committee also approved arrangements supporting wider operational and technology functions, such as:

  - **Operational Technology Commercial Framework (OTCF) –** approval of a two-year extension to cover the period up to January 2028
  - **Commercial and Project Management Services (CPMS) –** funding approval to support future enhancement schemes pipeline development and programme management capacity
  - **Facilities Management Framework –** approval to proceed to market for a national Total facilities management contract, expanding scope to include the operational estate and improve consistency of service standards

In all cases, the committee sought assurance that investment proposals were supported by robust evidence, realistic plans and appropriate risk management. Where needed, further clarification or analysis was requested to reinforce effective governance and stewardship of public funds.

3. Monitoring performance

The committee sets aside time for in-depth reviews of the performance of projects and major programmes in construction. These reviews consider forecast costs, schedule performance, value for money and risk management and the effectiveness of delivery approaches. The committee also considered emerging strategies for future investment programmes and reviewed supply chain performance.

The committee reviewed several significant major programmes and projects, including:

- **A428 Black Cat to Caxton Gibbet –** reviewed progress against delivery milestones, safety performance, risk mitigation actions, and delivery of efficiencies
- **A358 Taunton to Southfields –** noted completion of the scheme and endorsed submission of the close-out paper to the DfT Investment Portfolio and Delivery Committee
- **A38 Derby junctions –** noted emerging cost and schedule pressures and the need for updated analysis to reflect changes to benefits and underlying assumptions
- **M60/M62/M66 Simister Island –** noted revisions to cost and benefit changes which resulted in an improved value for money position

- **A47 Thickthorn junction –** received updates on delivery readiness and progress against key governance milestones ahead of start of works
- **A46 Newark bypass –** recommended further development funding drawdown to progress work firming up delivery strategy alongside setting RIS3, following the Government's Spending Review

The committee monitored the overall value for money position of the enhancement portfolio. The portfolio remained in the low value for money category with Lower Thames Crossing included and improved to medium rating when excluded. The committee noted planned updates to appraisal methodology, including changes to Freight Value of Time and the Value of Statistical Life, which are expected to strengthen future assessments.

Across all reviews, the committee sought assurance that delivery remained aligned to commitments, risks were actively managed and learning from delivery was being embedded across programmes to support continuous improvement.

Remuneration Committee report

Manny Lewis, Committee Chair

The committee is chaired by Manny Lewis. Members include three other Non-Executive Directors, including the Board Chair.

Our Chief Executive attends all meetings, except when his own remuneration is under review. The DfT's Director for Shareholdings, Appointments and Inquiry Response attends meetings as an observer on behalf of our Shareholder. The committee is advised by our Chief People Officer, our Director of Reward, Performance and Analytics and Director of Finance also attend meetings. Attendance for the committee can be found on page 106.

The committee assists the Board to meet its responsibilities for good governance, value for money, and alignment with regulatory and public sector pay expectations. It sets a robust, transparent and formal procedure for developing policy on Executive remuneration. This includes the total reward packages for our Chief Executive, Executive Directors Non-Executive Directors, and other members of the senior team.

The committee develops and approves proposals in respect of executive remuneration, where this falls outside of the Remuneration Framework this shall be subject to final approval by the Secretary of State for Transport and HM Treasury prior to implementation.

The committee is responsible for keeping under review the Remuneration Framework required under the Framework Document to be agreed with the Secretary of State, including recommending performance targets for approval by the Secretary of State.

The committee is also responsible for deciding or recommending proposals for approval by the Board in respect of other remuneration matters within its remit as agreed by the Board, such as regarding pension, and the structure of the remuneration packages for senior management.

The Committee maintains oversight of our principal risk, failure to recruit and retain senior and specialist roles. During the year, the Committee conducted a comprehensive review of the risk and was satisfied that the associated control frameworks were appropriately designed and operating effectively to manage the underlying risk exposure.

Further information in relation to the Group's principal risks is provided on page 80.

The work of the committee

Our company operates within the Remuneration framework, as agreed with our Shareholder. This is designed to promote the long-term success of our company. The framework includes the criteria for performance-related pay, which is designed to be transparent, stretching and rigorous. The overall remuneration philosophy is to provide our company with a distinctive, competitive and flexible total reward package, enabling us to attract and retain talented staff and embed a high-performance culture while remaining affordable and driving Shareholder value.

The committee maintains close oversight on organisational initiatives relating to employee performance and reward. The committee follows the requirements of the Remuneration framework and broad policy for remuneration, which consider DfT and HM Treasury guidance and rules on senior pay for arm's length bodies. These cover the basic pay, performance-related pay, pensions and benefits of:

- our Chief Executive
- the members of our Chief Executive's team, some of whom will be Board Directors
- the senior management population (Director-graded roles)

All Directors, including our Chief Executive, are excluded from any discussions and decisions on their own remuneration.

There is a focus on pay at all levels to ensure decisions are fair, consistent and transparent.

The committee reviews and approves the approach to senior pay review proposals. When determining annual salary increases for our senior leadership team, the committee is sensitive to the wider pay and employment conditions in our business, across the public sector, company affordability and the wider market.

We operate a consistent approach to performance management that applies to all our people, linking to pay and performance-related pay awards. Details of our performance-related pay scheme rules are available to all our people on our intranet supported by frequently asked questions on the HR Zone of our intranet.

The committee monitors the pay control envelope and oversees the work of the Resourcing & Reward Executive (RRE) and pension arrangements in place across National Highways.

As a government-owned company, long-term incentives, such as shares or share options, are not available. Performance-related pay is therefore the sole variable remuneration element within the reward package for senior roles. Under the rules of our company's performance related pay scheme limit payment is based on 20% of base salary for our senior group.

Executive Directors' remuneration (audited)

The remuneration of Executive Directors serving as members of the National Highways Board for 2025-26 was as follows:

	Year	Salary	Performance-related pay (PRP)	Pension related	Taxable benefits[10]	Total
Nick Harris Chief Executive[11]	**2025-26**	£585,729	£28,132	£0	£18,523	£632,384
	2024-25	£375,877	£22,041	£0	£28,386	£426,304
Scott Dale Chief Financial Officer[12]	**2025-26**	£230,250	£36,432	£23,025	£0	£289,707
	2024-25	£206,574	£17,205	£20,657	£0	£244,436
Elliot Shaw Chief Customer and Strategy Officer	**2025-26**	£195,238	£26,365	£19,162	£11,876	£252,640
	2024-25	£184,063	£23,525	£18,317	£13,257	£239,162

Notes:

Nick Joyce was appointed Interim Chief Executive Officer on 1 April 2026 on a secondment basis from the Department for Transport.

10 Taxable Benefits' amounts relate to reimbursed travel expenses for multiple workplaces as defined by HMRC, grossed up by the additional rate (45%) income tax band.

11 Nick Harris left the organisation at the end of the 2025–26 financial year. His total salary for the year included a base salary of £356,171 and an allowance equivalent to 10% of salary in lieu of an employer pension contribution. In addition, he received £13,683 in respect of accrued but untaken annual leave and a payment in lieu of notice of £180,258. All payments were made in accordance with the terms set out in his employment contract.

12 Scott Dale was appointed interim Chief Financial Officer in March 2024. In July 2024 Scott Dale was appointed as permanent Chief Financial Officer.

Non-Executive Directors' remuneration (audited)

The remuneration of Non-Executive Directors for 2025-26 was as follows:

Member	Year	Fee	Taxable benefits	Total
Gareth Rhys-Williams (Chair)[13]	**2025-26**	£120,000	-	£120,000
	2024-25	£119,667	-	£119,667
Janette Beinart[14]	**2025-26**	£21,583	-	£21,583
	2024-25	£28,000	-	£28,000
Kathryn Cearns[15]	**2025-26**	£0		£0
	2024-25	£21,000		£21,000
Rob Whiteman[16]	**2025-26**	£28,000	-	£28,000
	2024-25	£6,925	-	£6,925
Simon Wills[17]	**2025-26**	£28,000	-	£28,000
	2024-25	£4,500	-	£4,500
Simon Blanchflower[18]	**2025-26**	£27,500	-	£27,500
	2024-25	£31,000	-	£31,000
Sukhi Johal[19]	**2025-26**	£0	-	£0
	2024-25	£0	-	£0
Kim Shillinglaw[20]	**2025-26**	£26,250	-	£26,250
	2024-25	£3,917	-	£3,917
Manny Lewis[21]	**2025-26**	£28,000	-	£28,000
	2024-25	£1,656	-	£1,656
Vivek Chaudri[22]	**2025-26**	£2,083	-	£2,083
	2024-25	£0	-	£0

13 Gareth Rhys Williams joined as Chairman on 2 April 2024

14 Janette Beinart left on 30 January 2026.

15 Kathryn Cearns left on 31 December 2024.

16 Rob Whiteman CBE joined on 1 January 2025 as Chair of the Audit and Risk Committee. in February 2026 he became Senior Independent Non-Executive Director.

17 Simon Wills joined on 3 February 2025.

18 Simon Blanchflower has also served as an independent adviser of the Lower Thames Crossing (LTC) project since 2023, with the main input being the LTC Programme Board. This is additional and separate to his role as a Non-Executive Director. For 2025-26 his fee for this work totalled £4,881.25.

19 Sukhi Johal became the Shareholder representative Non-Executive Director on 1 June 2023. As such, her remuneration sits with UK Government Investments.

20 Kim Shillinglaw joined on 10 February 2025.

21 Manny Lewis joined on 10 March 2025.

22 Vivek Chaudhri joined 1 March 2026.

Chair's highlights

The Remuneration committee reviewed and agreed in June the final outcome of the corporate KPI performance for 2025-26 and its impact on performance-related pay for all our people, including Executive Directors.

The committee also reviewed performance-related pay for the 2026-27 performance year. The proposed scheme structure builds on the experience of the scheme in RIS2 and has evolved in line with metrics to drive delivery against our RIS3 performance specification. Stretching targets were set, with a strong focus on safety and improving the experience for customers on our network.

Pay multiples (audited)

	2025-26	2024-25	Increase/ decrease
Chief Executive	£632,384	£426,304	48.3%
Number of staff	7,077	7,026	0.7%
Lower quartile point	1,769	1,753	0.9%
Lower quartile salary	£30,317	£29,600	2.4%
Lower quartile remuneration	£31,166	£30,000	3.9%
Chief Executive ratio	20.29	14.21	42.8%
Median point	3,538	3,510	0.8%
Median salary	£40,809	£39,477	3.4%
Median remuneration	£41,700	£40,296	3.5%
Chief Executive ratio	15.17	10.58	43.3%
Upper quartile point	5,243	5,274	-0.6%
Upper quartile salary	£52,510	£50,908	3.1%
Upper quartile remuneration	£53,846	£51,833	3.9%
Chief Executive ratio	11.74	8.22	42.9%

Notes:

The median remuneration of the company's staff in 2024-25 and 2025-26, as shown in the table above, is based on annualised full-time equivalents.

The median remuneration of the company's staff in 2024-25 and 2025-26, as shown in the table above, is based on annualised full-time equivalents. This includes allowances and performance related pay (PRP) payments.

The ratio between the median remuneration and the highest paid director is 15.17. This has increased from the 2024-25 figure of 10.58. (The ratio between the median remuneration and the highest paid director, excluding accrued but untaken annual leave, and payment in lieu of notice reduced to 10.51 for 2025-26) (please see footnote 11 on page 127 for further details).

In 2025-26, no employee received remuneration more than the highest paid Director. Full-time equivalent remuneration ranged from £18,000 to £632,384 (including PRP).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The salary element of the highest paid director's remuneration increased by 55.8% in 2025-26 which includes accrued but untaken annual leave and payment in lieu of notice. The CEOs annual base pay award in the year equated to 3.75%. (Average element for the workforce is in line with this at 3.75%).

The highest paid director received a £28,132 performance-related pay element this year compared to £22,041 in 2024-25 (27.6% increase). (Average payment element for the workforce was 19.7% increase).

Supporting notes

Pensions

As an employer we offer employees access to the National Highways Personal Pension Plan, The Principal Civil Service Pension Scheme and the Mercer Defined Benefit Master Trust. These are described in more detail below including the eligibility criteria applied.

The National Highways Personal Pension Plan

Employees who joined the company with effect from 1 April 2015 are eligible to participate in the National Highways Personal Pension Plan. The pension scheme is a defined contribution group personal pension plan provided by Legal and General Ltd and came into effect on 1 April 2015. In March 2026 the plan had 5305 active members, and the default contributions are 5% (employee) and 10% (employer). In addition, life insurance cover is provided for members of the plan at an average cost of 0.4% of gross salary.

As this is a defined contribution scheme, our company incurs no liability for future pension costs of members of the pension plan. For the year to 31 March 2026, employers' contributions of £37.6 million (2024-25 £35.6 million) were payable to the plan.

The Principal Civil Service Pension Scheme

Employees who joined under a compulsory transfer from the Highways Agency on 30 September 2015 remain eligible to participate in the Principal Civil Service Pension Scheme. There are 1,632 employees participating in the Alpha scheme as of March 2026.

Pension liabilities do not rest with the company, and this is an unfunded public sector pension scheme, operated under the cost control mechanism as outlined in Section 12 of the Public Service Pension Act 2013. The scheme valuation was scheduled for March 2024, with contribution adjustments expected in 2027.

For the year to 31 March 2026, employers' contributions of £22.3million (2024-25 £22.7 million) were payable to the Principal Civil Service Pension Scheme at a flat rate of 28.97%.

Our people can choose to switch to a Partnership Pension Account. This is a defined contribution scheme operated by Legal and General, the Scheme Manager (Cabinet Office) appointed single provider. Employer contributions are age-related and range from 8% to 14.75%. The company also matches employee contributions up to 3% of pensionable pay. Contributions due to the Partnership Pension Account as at 31 March 2026 were £0.18 million (2024-25: £0.18 million*). In addition, employer contributions of £0.002 million (2024-25 £0.005 million), 0.5% of pensionable pay, were payable to the Principal Civil Service Pension Scheme to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

*Prior year this was reported as £0.16m but the revised figure is £0.18m.

The Mercer Defined Benefit Master Trust

We are a participating employer within the multi-employer Mercer Defined Benefit Master Trust scheme. It is operated by Mercers, with the organisation holding responsibility for future member pension costs for the two sections to which we are registered as sponsoring employer: the National Highways Company Limited Section and the National Highways (Severn Bridges) Section.

The Mercer DB Scheme is managed by Mercers as the provider and is governed by a board of professional corporate trustees. We are required to meet each section's liabilities and full actuarial valuations are completed by the scheme's appointed trustees on a triennial basis.

The National Highways Company Limited Section

This section was established on 1 July 2016 to protect the defined benefit pension rights of individuals joining the company via a 'Transfer of Undertakings Regulations'. The current active membership is low at nine members as of March 2026, and instances of new joiners are limited.

The contribution rates are based on the last actuarial valuation of the scheme as at 5th April 2022. The employer is required to pay contributions at the annual rate of 36.4%, less the member contributions which are dependent on contractual employee contribution rates agreed at the time of transfer. Employer contributions of £0.1 million were paid to this section in the year to 31 March 2026 (2024-25 £0.1 million).

The 5 April 2025 valuation has been received and is being finalised with the Trustees. The preliminary results show that the scheme is in surplus on the technical provisions basis, with a funding level of 195%.

The National Highways (Severn Bridges) Section

This section was established when the existing Severn River Crossing Pension Fund was wound up and transferred on the 31 December 2019, when we assumed responsibility for the Severn River Crossing from Severn River Crossing Plc. The current active membership of the scheme is limited at seven members as of 31 March 2026; this section is made up of predominately deferred or pensioner members. The contribution rates are based on the last actuarial valuation of the scheme as at 5 April 2023.

Employer contributions are 22.7% of pensionable earnings. Employer contributions of £0.04 million were paid to this section in the period to 31 March 2026 (2024-25 £0.06 million). The last valuation also identified a funding shortfall. To address this, recovery funding was agreed upon with the trustees. The funding agreement outlines annual payments of £1,175,000 for a duration of three years starting from April 2024. Additionally, contributions covering management fees are also payable each September. A provision of £2.53 million has been accounted for to address this shortfall.

Average number of persons employed (audited)

The average number of persons employed during the year was as follows:

			Year to 31 March 2026	Year to 31 March 2025
	Permanent staff	Other	Total	Total
Traffic officer staff	1,717	0	1,717	1,714
Direct support to front-line projects and service delivery	2,495	2	2,497	2,513
Staff engaged on capital projects	2,846	11	2,857	2,855
Average number of persons employed	**7,058**	**13**	**7,071**	**7,082**

During the year ending 31 March 2026 the actual permanent headcount increased from 6,996 to 7,078. The average permanent headcount for the year can be seen as 7,058.

Permanent staff turnover for the period 1 April 2025 to 31 March 2026 was 7.5%.

The 2025 average number of persons employed has been restated to reflect headcount rather than full time equivalent.

Sickness absence data (unaudited)

Recorded staff absence due to sickness equated to an average of 9.4 working days per employee during the year (2024-25: 8.6 days) for direct employees of National Highways Ltd.

During 2025-26, sickness absence reporting at National Highways has changed to be based on estimated working days rather than calendar days. This is based on conversion rules applied to different employee populations and enables better benchmarking. The impact of this is that the absence rate included in the 2024-25 Annual report is reduced to 8.6 working days, from 11.7 working days.

Civil Service and other compensation schemes - exit packages (audited)

Where appropriate redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The figures disclosed relate to exit packages agreed in the year.

Where National Highways has agreed early retirements, the additional costs are met by the Company and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

	Year to 31 March 2026		Year to 31 March 2025	
	Number of compulsory redundancies	Number of other departures agreed	Number of compulsory redundancies	Number of other departures agreed
<£10,000	-	28	-	29
£10,000 - £25,000	-	4	-	4
£25,000 - £50,000	-	-	-	3
£50,000 - £100,000	-	2	-	5
£100,000 - £150,000	-	-	-	7
£150,000 - £200,000	-	-	-	2
£200,000 plus	-	-	-	2
Total number of packages	-	**34**	**-**	**52**
Total resource cost (£)	-	**247,684**	**-**	**2,390,670,**

In 2025-26, the highest-value exit package related to the departure of the Chief Executive, Nick Harris, during the year. The exit package included a contractual payment in lieu of notice of £180,257. He also received a payment for accrued but un-taken annual leave of £13,683. These are not included the above table but is noted in the salary figure provided under the Executive Directors remuneration on page 127.

In April 2025 a restructure of National Highways' senior positions occurred. As a result, multiple S1 grade positions have been removed from the organisational structure, and those impacted were provided with exit packages in the coming months. These relate to 16 of the 52 roles listed above, accounting for £2.16 million of the £2.39 million resource cost in 2024-25.

National Highways off-payroll appointees, consultancy and temporary staff

As part of the review of tax arrangements of public sector appointees, published by the Chief Secretary to the Treasury on 23 May 2012, departments and their arm's length bodies have been asked to report on their off-payroll engagements and related tax arrangements for the periods and scope outlined by HM Treasury. This data is shown in the following tables:

Table 1: For all off-payroll engagements as of 31 March 2026, for more than £245 per day and that last for longer than six months

Number of existing engagements as of 31 March 2026	**11**
Of which:	
Number that have existed for less than one year at time of reporting	4
Number that have existed between one and two years at time of reporting	4
Number that have existed for between two and three years at time of reporting	3
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

We confirm that all existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment. This covered whether assurance was required around whether the individual is paying the right amount of tax. Where necessary, further evidence was sought.

Table 2: For all off-payroll engagements, or those that reached six months in duration, between 1 April 2025 and 31 March 2026, for more than £245 per day and that last for longer than six months

Number of new engagements, or those that reached six months in duration, between 1 April 2025 and 31 March 2026	**18**
Of which:	
Number not subject to off-payroll legislation	**18**
Number subject to off-payroll legislation and determined in scope of IR35	-
Number subject to off-payroll legislation and determined as out of scope of IR35	-
Number of engagements reassessed for consistency/assurance purposes during the year	-
Number of engagements that saw a change to IR35 status following a consistency review	-

There were a total of 18 new engagements that joined National Highways between 1 April 2025 and 31 March 2026, who will be with us longer than six months and will earn over £245 per day. All contracts included contractual clauses giving the company and the Department for Transport the right to request assurance. All engagements were ones where the Department for Transport requested tax compliance evidence and there were no contracts where an individual was exempt from this requirement.

Table 3: For any off-payroll engagements of Board members and/or senior officials with significant financial responsibility, between 1 April 2025 and 31 March 2026

Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, during the financial year	-
Total number of individuals on-payroll and off-payroll that have been deemed 'Board members, and/or senior officials with significant financial responsibility' during the financial year (both on-payroll and off-payroll engagements)	11

At 31 March 2026 there were three Board members at National Highways and eight other senior officials with significant financial responsibility.

There are no off-payroll engaged workers with significant financial responsibility.

Table 4: Expenditure on consultancy and temporary staff

During the year the company employed a number of consultancy and temporary staff. Expenditure on consultancy and temporary staff is shown in the table below.

	Consultancy (£m)	Temporary staff (£m)	Total (£m)
National Highways	6.5	2.2	8.7

Consultancy refers to the provision of objective advice relating to strategy, structure, management, or operations of an organisation, in pursuit of its purposes and objectives. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations or assistance with (but not the delivery of) the implementation of solutions.

Directors' report

In this section, the Directors present their report on the performance of our company, together with the financial statements and the auditor's report for the financial year ending 31 March 2026.

Our people

The Board

The Board is responsible for the strategy and direction of our company. We set out the Board's role, composition and responsibilities from page 109 as well as corporate governance requirements for composition and roles.

Our people

The commitment of skilled and experienced people is essential to the efficient and effective operation, maintenance and improvement of our network.

As at 31 March 2026:

2,578 women
4,510 men
7 undisclosed

The number of employees: 7,095

These figures include permanent, fixed-term early talent and contingent labour. These figures exclude consultants, Non-Executive Directors and secondments from outside of National Highways.

Gender pay gap

We are committed to developing a diverse, inclusive workforce and ensuring we are a great place to work. We want to make sure our people reflect the communities we work in by attracting, developing and retaining diverse talent, both now and in the future. This will enable us to build an inclusive culture where our people can reach their full potential and be themselves, regardless of their gender, age, race, disability, sexual orientation or social background. We published our Gender pay gap report in March 2026. Our 2024-25 gender pay gap is based on data taken on 31 March 2025, at which point we had 6,894 full-pay relevant employees. Full-pay relevant refers to those who received a normal month's salary in the reporting period, excluding those on reduced or nil pay due to leave from the calculation. Our mean gender pay gap is 4.5% and median gender pay gap is 3.7%. This compares favourably to the national private sector median benchmark of 17.5%, based on the Office for National Statistics' annual survey of hours and earnings.

Read our Gender pay gap report (2025)

Employee networks

Our employee networks represent a range of communities, and members help us shape policies and working practices to positively impact our workplace.

- Access for All network
- Armed Forces community
- Carers network
- Chronic Illnesses Support group
- Connecting Women network
- Driving Futures network
- Early Talent network
- Embrace network
- Fertility Support network
- Neurodivergent and Proud network
- Menopause and Hormonal Conditions network
- MENtalk
- Parents network
- Part-Time Working network
- Rainbow Roads network

We have also focused on attracting apprentices and graduates from a variety of backgrounds and worked to break down the barriers of a traditionally male-dominated engineering environment.

6,895 full-time equivalent employees in our organisation.[23]

609 new starters joined us on our journey over the last 12 months.

7% attrition rate over the last 12 months with employees leaving our organisation.

23 This figure includes permanent, fixed term appointments, apprentice, graduates, placement and contingent labour.

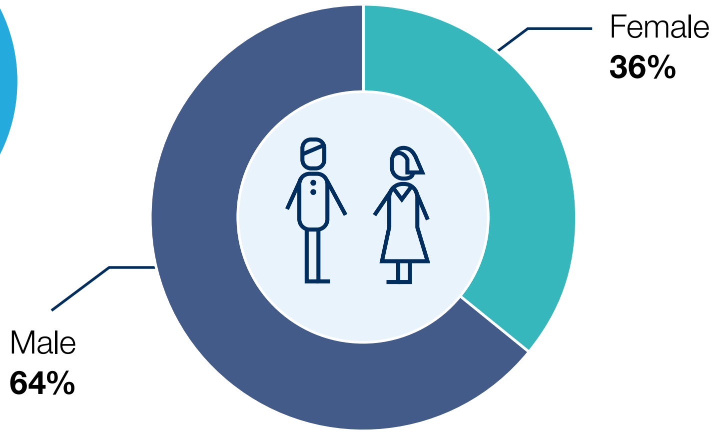
Gender

1.2% of our organisation hold senior roles

25.5% of our organisation are line managers

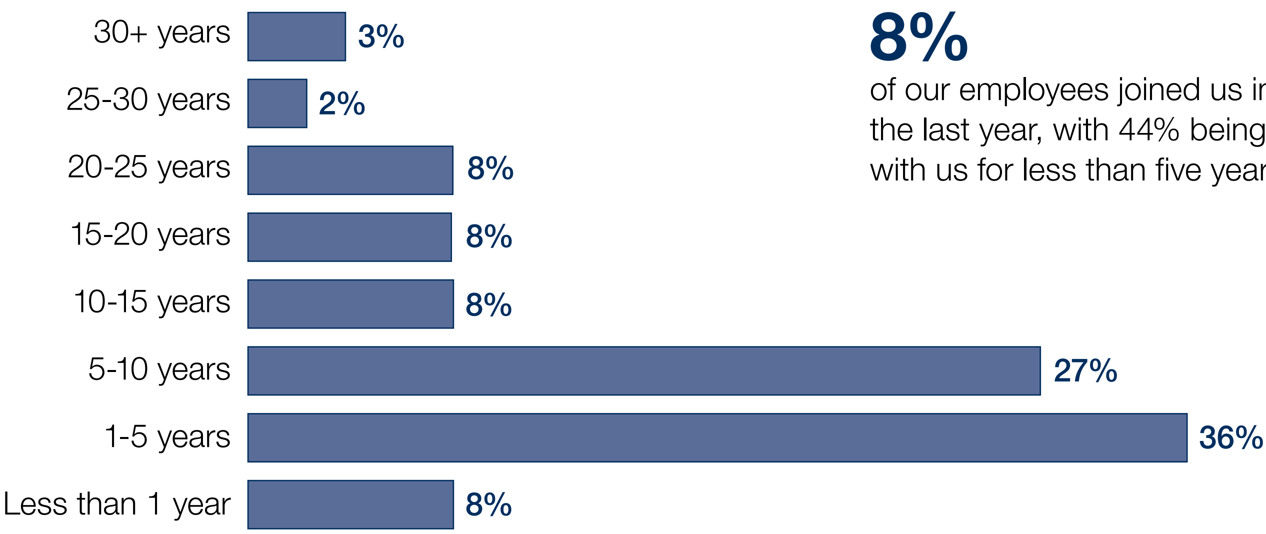
Women accounted for **41%** of our senior managers and men for 59%

Gender split across our organisation



14% of women work part-time and **6%** of men work part-time

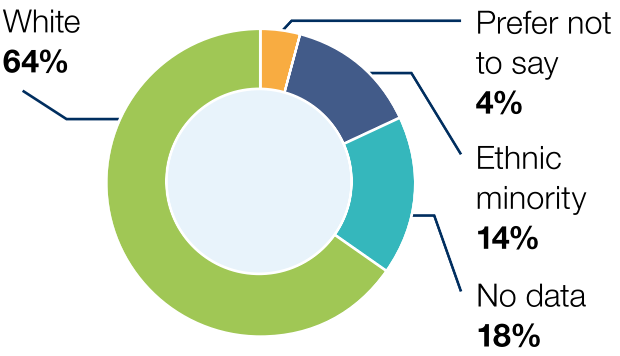
Length of service



8% of our employees joined us in the last year, with 44% being with us for less than five years.

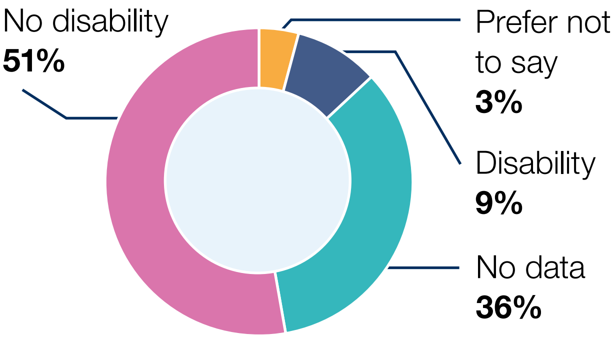
Diversity (as at 31 March 2026)

Ethnic diversity



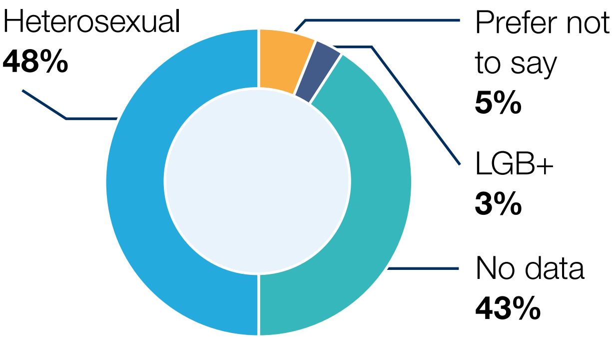
Of our total workforce, 14% have declared as ethnic minorities, which remains the same as last year.

Disability



Of our total workforce, 9% have declared as disabled, which has remained the same as last year.

Sexual orientation



Of our total workforce, 3% have declared as LGB+, which is unchanged since last year.

Inclusive environment

We are committed to providing an inclusive work environment in which individuals' differences are understood, respected and valued. We have a framework for the actioning of adjustments for people with disabilities to create the right working conditions. We also have a well-established internal disability network, Access for All, which helps our people share experiences and work together to address issues.

Employee engagement

We engage with our people in a variety of ways. This includes interaction with the Non-Executive Director leading on employee voice, engagement through employee networks and discussions with trade union representatives.

We share details about the financial performance of our company with all our people at the appropriate time, and we provide opportunities for them to give feedback. These include team or shift meetings, directorate events, Town Hall sessions with our Chief Executive and other senior leaders, 'Calling all colleagues' webinars and our annual Employee engagement survey.

Economic crime (including whistleblowing)

We refer to the collective of fraud, bribery, corruption, money laundering and modern slavery as economic crime, and we take any allegation of fraud and impropriety seriously. Our policies and procedures reflect current UK legislation and fully comply with the Cabinet Office's functional standards (GovS 013: Counter Fraud).

Most allegations are received through our raising concerns at work (whistleblowing) channels. They are logged and investigated by a professionally trained team. Our detailed approach can be found in our principal risks section on page 80.

As a public sector body, we do not fall within the remit of the regulated sector, as defined by Money Laundering Regulations 2017. However, we apply the regulations in our approach on a best practice basis. Any potential incidents identified by our control framework are reported to the National Crime Agency, in accordance with the Proceeds of Crime Act 2002. This protects us from any legal action taken against the perpetrator.

Our company

Sustainability, corporate responsibility and the environment

We are committed to ensuring that activity on our network does not harm the environment. Our measures to reduce impact on both the built and natural environment can be found in our sustainability report on pages 38 to 53.

Human rights and the Modern Slavery Act

Our supply chain must comply with all legal requirements. We use contractual arrangements and regular meetings to remind our supply chain of the need to comply with all legislation, including the Modern Slavery Act.

Our detailed approach to modern slavery can be found in our principal risks section on page 89.

Read our Anti-slavery and human trafficking statement

Payment to our supply chain

We aim to pay our supply chain promptly, with a target of paying at least 98% of supplier invoices within contract terms and at least 80% of invoices within five working days of receipt. We monitor this through the use of project bank accounts and through our financial systems. More detail can be found in our financial review on pages 10 to 17.

Charitable and political contributions

Our company made no charitable or political contributions in 2025-26.

Results, going concern, share capital and dividend

We have prepared our company's financial statements for the reporting period ending 31 March 2026 in accordance with UK-adopted international accounting standards. The audited financial statements for this period are set out from page 181.

Our Directors have a reasonable expectation that our company has adequate resources to operate for the foreseeable future. Our viability statement is available from page 90.

The financial statements have been prepared on a going concern basis and note 11 to the financial statements (see page 209 outlines the basis of this view. Our company did not pay a dividend during the financial year.

We are a government-owned, not-for-profit company, incorporated by shares and funded by grant-in-aid. Our sole Shareholder is the Secretary of State for Transport, and the authorised and paid-up share capital is £10. Note 8 of the financial statements highlights the funding our company receives from government through the Department for Transport (see page 203).

Our financial statements are consolidated into the Department for Transport's Group Accounts. Once they are laid in Parliament, they will be published on the Department for Transport's website.

Cyber security

In an increasingly complex and interconnected world, the role of security across our organisation continues to evolve. We recognise that security is no longer confined to cyber alone but encompasses physical, personnel and operational environments. It is not solely the responsibility of a single team but a shared commitment across the organisation, where every individual contributes to protecting our people, systems and services.

Over the past year we have taken significant steps to strengthen this collective approach. We have transitioned to a unified, security model, supported by a new operating approach, stronger collaboration, and a more resilient culture. Through the introduction of our Security operating model based on Direct, advise, respond and assure (DARA) functions, we have established greater clarity on how security supports the business. This model has enabled clearer priorities, earlier engagement in projects, improved incident response, and more consistent assurance across all security domains.

Security is now more embedded across key areas, including Major Projects, Operations, HR, and Estates, strengthening alignment between digital and physical environments and improving risk management. Our collaboration with Health and Safety particularly through initiatives such as the Home Safe and Well campaign has reinforced the strong connection between safety and security and our shared responsibility to protect one another.

We remain vigilant in the face of an evolving threat landscape. This year, we have responded to distributed denial-of-service (DDoS) attacks, social engineering attempts targeting our colleagues, and identity-related incidents. These events highlight the importance of awareness, preparedness and coordinated action across the organisation.

To support this, we are committed to:

- launching the Security operating model and embedding DARA principles across all activities
- introducing a new Security control framework to provide clear and consistent standards
- continuing to improve security awareness, training and reporting behaviours
- expanding our supply chain security and assurance activities
- delivering organisation-wide resilience exercises to ensure preparedness

Looking ahead, we will focus on critical areas such as operational technology security, the responsible adoption of artificial intelligence, deeper partner collaboration and ongoing improvements to organisational resilience.

Security remains a critical enabler of our mission, ensuring we protect our people, systems and services in an increasingly complex environment.

Executive management cyber security leadership statement

Cyber, personnel and physical security remain central to the resilience of National Highways. The threats facing critical national infrastructure continue to evolve, and protecting our systems, data, people and operations is essential to the safe and reliable running of our network.

Security is a shared responsibility across the organisation. Every colleague plays a role in safeguarding the physical and digital environment that supports our work. By staying alert, informed and proactive, we strengthen our ability to prevent, detect and respond to threats.

Over the past year, we have continued embedding a culture where secure behaviour is part of everyday practice. Our focus remains on giving people the knowledge and confidence to operate securely.

The Executive continues to:

- support security training - ensuring colleagues receive regular, practical training that reflects the changing threat landscape
- strengthen policy compliance - maintaining clear, robust policies that protect our people, data and infrastructure
- promote transparency and reporting - encouraging quick, open reporting of concerns or incidents
- lead by example - with senior leaders modelling strong security behaviours

Our goal for the third road period is to build a resilient and confident organisation where everyone understands their role in protecting National Highways. By engaging with training, following policies and reporting suspicious activity, our people remain vital to our defence.

Disclosures and statements

Directors' third-party indemnity provisions

We have appropriate Directors' and officers' liability insurance in place to indemnify the Directors or officers/company against loss arising from any claim made against the Directors or officers/company. Our company did not indemnify any Directors in 2025-26.

Conflicts of interest

We have established procedures in place, in accordance with our company's Articles of association, to ensure compliance with the Directors' conflicts of interest duties within the Companies Act 2006. This includes procedures for dealing with any situation in which a Director may have a direct or indirect interest that conflicts with, or may conflict with, the interests of our company.

At the date of this report, there are no conflicts of interest. It should be noted that Kim Shillinglaw is a Non-Executive Director of Natural England, a non-departmental public body sponsored by the Department for Environment, Food and Rural Affairs. Simon Blanchflower has also served as an independent adviser of the Lower Thames Crossing (LTC) project since 2023, with the main input being the LTC Programme Board. This is additional and separate to his role as a Non-Executive Director. For 2025-26 his fee for this work totalled £4,881.25.

Information Commissioner's Office

During 2025-26 we made no formal personal data reports to the Information Commissioner's Office.

Variable Speed Camera Anomaly

In 2025 we announced we were implementing a fix to address an anomaly detected in the way some variable speed cameras interact with signs on some A roads and motorways. This resulted in a small number of people incorrectly facing enforcement action for speeding, and a process to provide redress has been underway since February 2026. We apologise to anyone who has been affected.

The Minister for Roads and Buses instructed us to continue our investigations back to 2019, when the upgrade of cameras began. This will ensure we can be fully confident that anyone who has been impacted is identified. We will also implement the learnings from the Department for Transport's (DfT) independent review into the speed camera system anomaly. We welcome the DfT's independent review which will strengthen our own "lessons learned" activities. The review terms of reference were published in January 2026.

National Highways Press Release on variable speed camera anomaly

Minister for Transport's Statement

Independent Review Terms of Reference

Directors' responsibilities statement

Our Directors are responsible for preparing this Annual report and accounts in accordance with applicable law and regulations. They have considered the interests of suppliers, customers and other stakeholders during their decision-making over the year as set out on pages 104 to 108.

Company law requires Directors to prepare the financial statements for each financial year. Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs, and profit or loss of our company, for that period.

In preparing the financial statements, Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable International financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that our company will remain in business

Our Directors are responsible for keeping adequate accounting records that are sufficient to show, and explain, our company's transactions and disclose with reasonable accuracy at any time the financial position of our company and viability to ensure that the financial statements comply with the Companies Act 2006. Our Directors are also responsible for safeguarding our company's assets and for taking reasonable steps to prevent and detect fraud and other irregularities.

Each Director, whose name and function are described in this Annual report and accounts, has confirmed that to the best of his or her knowledge:

- the financial statements have been prepared in accordance with International financial reporting standards, as adopted by the EU, and give a true and fair view of the assets and liabilities, financial position and the profit or loss of our company
- the Directors' report and strategic report include a view of the development and performance of the business and the position of our company, together with a description of the principal risks and uncertainties that our company faces

Our Directors are responsible for the maintenance and integrity of the corporate and financial information included on our company's website.

Our Directors consider that this Annual report and accounts, taken as a whole, is fair, balanced and understandable. They consider that it provides the information necessary for our Shareholder to assess our company's position, performance, business model and strategy.

Compliance with the Corporate Governance Code and other government requirements

Information on our company's compliance with the Corporate Governance Code can be found on page 102.

In 2025, we identified six cases of non-compliance with Cabinet Office control requirements for digital and technology spend. All were subsequently reviewed and retrospectively approved by the Cabinet Office Digital and Technology Joint Approval Panel. The Panel confirmed that these issues arose from internal misinterpretations of established guidelines rather than deficiencies in the company's spend control environment. Immediate corrective actions were implemented to address future non-compliance and the company has further strengthened its governance procedures to prevent reoccurrence.

Accounting Officer's responsibilities statement

The Accounting Officer shares, on an individual basis, many of our Directors' responsibilities listed above. The Accounting Officer also has responsibility for the propriety and regularity of the public finances for which they are answerable, for keeping proper records and for safeguarding our company's assets. These responsibilities are set out in full in 'Managing public money', published by HM Treasury.

The Permanent Secretary of the DfT appointed Nick Harris as Accounting Officer for our company from February 2021. His Accounting Officer responsibilities ended on 31 March 2026 when he stepped down from the Chief Executive Officer role. Nick Joyce was appointed as interim Chief Executive Officer and Accounting Officer from 1 April 2026.

Events after year-end

Nick Joyce was appointed as interim Chief Executive Officer from 1 April 2026.

Matt Palmer was appointed as Lower Thames Crossing Chief Executive Officer from 1 April 2026.

The DfT independent review into the speed camera system anomaly is underway. A final report setting out an assessment of the facts and recommendations will be issued to DfT.

In April 2026, the company agreed a number of 60 year lease extensions relating to motorway service areas generating £262 million in revenue.

On the 30th June 2026, the government announced the Defence Investment Plan and as part of this will be consulting on reductions to roads funding under the third Road investment strategy (RIS3), which will include a consultation on whether to discontinue two planned road schemes. The schemes affected are the A38 Derby Junctions and A46 Newark Bypass. Further details can be found on page 212.

Disclosure of information to auditors

Our company's auditor is the Comptroller and Auditor General.

In so far as each person serving as a director of our company is aware, at the date of approval of this Directors' report by the Board there is no relevant audit information (needed by the auditor in connection with preparing their report) that the company's auditor is unaware of.

Each Director confirms that they have taken all the steps necessary as a Director to make themselves aware of any relevant audit information and to establish that our company's auditor is aware of that information.

This report, and its content, are the Board's statement of compliance with our company's Licence and Framework document obligations. To the best of the Board's knowledge and belief, having made all reasonable enquiries, the information contained in this document and the accompanying Performance monitoring statements are set out appropriately. It also constitutes our company's annual progress report under clause 6.26 of the Licence.

As Accounting Officer, I confirm that to the best of my knowledge and belief, this Annual report and accounts as a whole is a fair and balanced reflection of our company's performance this year. I take responsibility for this report and the judgements taken.

The Board approved this Directors' report on 8 July 2026.

Nick Joyce, Interim Chief Executive in his role as Accounting Officer on behalf of the Board

Independent Auditor's report and financial statements

M11 Great Chesterford

Independent Auditor's report to the sole Shareholder of National Highways Limited and to the Houses of Parliament

Opinion on financial statements

I have audited the financial statements of National Highways Limited ("National Highways") for the year ended 31 March 2026 which comprise National Highways:

- statement of Financial Position as at 31 March 2026
- statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of the National Highways' affairs as at 31 March 2026 and of the net expenditure after taxation for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the National Highways in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of authorities	
Authorising legislation	▪ Companies Act 2006 ▪ Infrastructure Act 2015 ▪ The Delegation of Functions (Strategic Highways Companies) (England) Regulations 2015 ▪ The Licence issued by the Secretary of State for Transport providing statutory directions to National Highways
HM Treasury and related authorities	▪ The Framework document between the Department for Transport and National Highways ▪ Managing Public Money

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Highways' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of National Highways' future funding commitments from the Government, particularly the Road investment strategy (RIS) period three covering funding to 2031, HM Treasury's UK Infrastructure 10 Year Strategy (2025) and the Department for Transport (DfT) main estimate for 2026-27.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Highways' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Director's considered it appropriate to adopt the going concern basis of accounting.

My responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the presumed risk of management override of controls under International Standard on Auditing (UK) 240, an area where my work has not identified any matters to report.

The key audit matters were discussed with the Audit and Risk Committee; their report on matters that they considered to be significant to the financial statements is set out on pages 118 to 121. In this year's report the risks identified as key audit matters are consistent with those identified in my prior year report.

Valuation of the strategic road network (SRN)

Description of risk

The SRN is the largest balance in the accounts at £165.3 billion as at 31 March 2026 (31 March 2025: £151.9 billion). The valuation is based on an estimate of how much it would cost to replace the SRN today, adjusted for wear and tear, to show its fair value where there is no income or market data available. The estimate is derived from the actual costs of recent schemes, together with records about the number, type and condition of physical assets.

During the year, the revaluation of the SRN has increased its value by £11.9 billion. This was made up of:

- £11.4 billion increase resulting from the revaluation of special structures and tunnels
- £2.7 billion downward adjustment to the value of assets under construction
- £2.5 billion increase due to movement in the IOPI index used to index roads, structures and technology assets and
- £0.7 billion in increases due to dimensional variances and other indices used in the valuation

The SRN valuation involves significant judgement and estimation uncertainty and has therefore been identified as a key audit matter. This reflects the inherent complexity of the valuation and the range of assumptions required. Significant audit effort was directed towards addressing risks associated with asset volumes, cost rates, indexation and other key assumptions, as well as evaluating management's methodology and testing the application of the valuation model. Although the measurement of condition-based depreciation was assessed as presenting a lower risk of material misstatement relative to other components of the depreciated replacement cost estimate, it has been included within this key audit matter due to the level of audit effort required in this area.

Complex source data detailing asset volumes, types and locations underpins the valuation. National Highways details the critical judgements and estimates it has made in relation to the SRN in note 6.2 and note 9.1 of the financial statements. Several assumptions are implicit in determining the SRN valuation. Examples of key assumptions are:

- whether costing rates for material SRN elements remain a reasonable basis for valuing a modern equivalent asset; and
- the use of the "greenfield" assumption, which assumes that any replacement for the SRN would be built on empty land.

As at 31 March 2026, management performed a quinquennial review (QQR) of Special Structures assets (net book value of £14.9 billion at 31 March 2026), comprising bridges and tunnels. The Special Structures QQR applies distinct valuation methodologies reflecting the differing characteristics of these assets. For bridges, where detailed cost data at a scheme level is limited, recognised industry benchmark costs are used as a starting point to estimate how much a bridge would cost to construct. These are supported by a theoretical cost build-up using modern equivalent asset assumptions and relevant adjustment factors.

For tunnels, a different methodology is applied, with valuations derived using a model which estimates the cost of constructing a modern equivalent asset based on key parameters, and adjusts outputs to current prices through indexation and benchmarking.

Although the valuation of these special structures is a relatively small part of the SRN, there is additional risk associated with the lack of recent comparable cost data, with no similar structures built in over a decade.

Separately, for roads and land, existing valuations were updated in-year using the Implied Output Price Index (IOPI), while for structures, IOPI was applied alongside an additional uplift to reflect increases in concrete prices, which have exceeded general construction inflation.

How the scope of my audit responded to the risk

My procedures on the SRN valuation are geared towards evaluating the reasonableness of management's estimate of its value. In carrying out these procedures, I evaluated:

- The design and implementation of controls over the valuation model
- The nature, timing and scope of management's expert involvement in the SRN valuation and their competence, capability and objectivity in carrying out this work

- The reasonableness of costing rates and cost indexation applied in-year
- The reasonableness of other key assumptions, including the greenfield assumption and the assumed level of preparation and supervision and preliminaries costs among others; and
- The adjustments made in respect of the network's condition based on the available evidence from inspections of roads and structures, including related assumptions, and the completeness of any impairments beyond the scope of such adjustments.

I used an expert to assist my review of the methodology and assumptions applied by management in performing the QQR on special structures to confirm that they were appropriate, and re-performed management's valuation model to ensure all data inputs were appropriately reflected in the valuation. I also used experts to perform sample testing of costing rates used in the QQR, tracing them to backing documentation, ensuring rates were consistently applied and confirming that the underlying modern equivalent assets reflect current design and safety standards.

I used an expert to support my evaluation of a sample of road and structure assets to confirm that the condition-based depreciation methodology had been consistently and correctly applied and that the depreciation adjustment reflects the underlying condition data.

I also tested the quantities and classifications of a sample of roads, land and structures, assessed the selection and application of indices used by management, reviewed other movements in the SRN balance, and assessed disclosures in the accounts including those relating to estimation uncertainty

Key observations

Based on my audit work on the SRN, I found management's key assumptions were consistent with the evidence obtained. These assumptions are disclosed in notes 6.2 and 9.1 of the financial statements.

My audit procedures found that cost indexation and management's assessment of condition were also supported by the evidence obtained.

As a result of my audit, a material £3.7 billion prior period error in the valuation of Special Structures was identified, arising from the treatment of preparation, supervision and preliminary costs. This has been corrected through retrospective restatement in accordance with IAS 8. I am satisfied that the revised valuation methodology.

I did not identify any unadjusted material misstatements in the valuation of the Strategic Road Network recognised and disclosed in the financial statements.

Recognition and valuation of provisions for land and property

Description of risk

National Highways recognised provisions for land and property acquisition of £572 million as at 31 March 2026 (31 March 2025: £617.0 million). These relate to the estimated cost of planning blight, discretionary and compulsory acquisition of property and compensation for property owners arising from physical construction of road schemes.

The balance has decreased by £45 million from the prior year due to derecognitions relating to cancelled schemes alongside provisions utilised under the Lower Thames Crossing scheme, partially offset by new provisions created under the same scheme.

As the underlying land cost estimate valuations present an element of significant inherent judgement in selecting the appropriate methods and assumptions, while containing a high amount of estimation uncertainty, this area is treated as a significant matter for the audit. Further information on the accounting for land and property purchases is included in notes 7.4 and 9.4 of the financial statements.

How the scope of my audit responded to the risk

I performed the following procedures over the provisions for land and property purchases balance:

- evaluated the design and implementation of controls over the valuation model and the underlying provisions database
- the nature, timing and scope of management's expert involvement in the valuation of provisions for land and property and their competence, capability and objectivity in carrying out this work
- reviewed the accounting treatment of provisions and contingent liabilities against IAS 37
- challenged the reasonableness of significant write-backs
- used an auditor's expert to evaluate a sample of underlying land and property valuations, including review of underlying assumptions and methodology; and
- tested a sample of provisions at year end to agree the valuation and existence of the provision to supporting documentation, including a sub-sample of payments and aggregations against the chosen provisions.

Key observations

While I made suggestions for improvement, my audit procedures found that the provisions recorded are consistent with the evidence obtained.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the National Highways' financial statements as a whole as follows:

Materiality	£1.5 billion
Basis for determining materiality	1% of the total value of the strategic road network (SRN) of £151.9 billion (current year: £165.3 billion))
Rationale for the benchmark applied	This benchmark was chosen to reflect users' interest in National Highways' performance in managing and enhancing the road network and providing service potential for road users. I have also applied this materiality benchmark to non-SRN property, plant and equipment and intangibles, given that the key assets in these classes, such as motorway service locations, have a function closely linked to the SRN.
Particular classes of transactions, account balances and disclosures where an additional level of materiality has been applied	I set an additional materiality threshold of £74 million for transactions and balances related to cash spending, including capital additions to the SRN.
Basis for determining residual account materiality	1.5% of gross expenditure of £4.96 billion (2024-25: £5.20 billion)
Rationale for the benchmark applied	Given that such a large element of the SRN balance is brought forward and reflects non-cash entries, and the additional user interest I assess in respect of the taxpayer-funded costs of National Highways' activities, I deemed that misstatements of a lesser amount than overall materiality could influence the decisions of the users of the accounts. This benchmark is calculated on the basis of net expenditure, adjusted to exclude non-cash costs such as depreciation and impairment, and to include capital additions.

Performance materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality for the 2025-26 audit (2024-25: 75%). In determining performance materiality, I have considered the low level of uncorrected misstatements identified relating to the SRN in the previous period.

Against my secondary materiality threshold, I set performance materiality at 75% of materiality. This is consistent with the percentage used in 2024-25. In determining performance materiality, I have considered the level of uncorrected misstatements identified during the 2025-26 audit.

Other materiality considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error reporting threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £300,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements

Unadjusted audit differences reported to the Audit and Risk Committee:

- against my overall materiality level have not impacted net expenditure.
- against my additional materiality level have increased net expenditure by £8.2m

Audit scope

The scope of my audit was determined by obtaining an understanding of the National Highways' and its environment, including the entity wide controls, and assessing the risks of material misstatement.

Other information

The other information comprises the information included in the Annual report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements; and
- the information about internal control and risk management systems in relation to financial reporting processes, and about share capital structures, in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the National Highways' corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Highways and its environment obtained in the course of the audit, I have not identified material misstatements

- in the strategic report or the Directors' report

- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA rules

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff
- I have not received all of the information and explanations I require for my audit
- the financial statements and the parts of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns
- certain disclosures of Directors' remuneration specified by law are not made
- a corporate governance statement has not been prepared
- the governance statement does not reflect compliance with HM Treasury's guidance

Corporate governance statement

The Listing Rules require me to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to National Highways' compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 141;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 141
- Directors' statement on fair, balanced and understandable reporting set out on page 103;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 80
- The section of the Annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 75 to 91; and
- The section describing the work of the Audit committee set out on pages 118 to 121.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for:

- maintaining proper accounting records

- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters
- providing the C&AG with additional information and explanations needed for his audit
- providing the C&AG with unrestricted access to persons within National Highways from whom the auditor determines it necessary to obtain audit evidence
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error
- preparing the Annual Report, which includes the Remuneration Committee Report, in accordance with the Companies Act 2006; and
- assessing the National Highways' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Highways' accounting policies, key performance indicators and performance incentives
- inquired of management, National Highways' head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Highways' policies and procedures on:
  - identifying, evaluating and complying with laws and regulations
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Highways' controls relating to the National Highways' compliance with the Companies Act 2006 and Managing Public Money
- inquired of management, National Highways' head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud
- discussed with the engagement team and the relevant internal and external specialists, including engineering, land valuation and IT audit specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Highways for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimate. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of National Highways' framework of authority and other legal and regulatory frameworks in which National Highways operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Highways. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, employment law and tax Legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and

- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

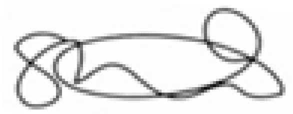
I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.



Sarah Che (Senior Statutory Auditor)

9 July 2026

For and on behalf of the **Comptroller and Auditor General (Statutory Auditor)**
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements

For the year ended 31 March 2026

- Statement of Comprehensive Net Expenditure
- Statement of Financial Position
- Statement of Cash Flows
- Statement of Changes in Taxpayers' Equity

Notes to the financial statements

National Highways Limited ("National Highways" or "the company") is a private company limited by shares, domiciled in the United Kingdom and registered in England and Wales under the Companies Act 2006.

The company is wholly owned by the Secretary of State for Transport.

The company registration number is 09346363.

The registered office of the company is National Highways, Three Snowhill, Snow Hill Queensway, Birmingham B4 6GA.

The company's principal activities are to operate, maintain and modernise the Strategic Road Network (SRN) in the interests of its customers. National Highways Limited was incorporated on 8 December 2014 and commenced trading on 1 April 2015, following the transfer of assets and liabilities from the Highways Agency. The company name changed from Highways England Company Limited to National Highways Limited on 9 September 2021.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2026

	Note	Year to 31 March 2026 £000	Year to 31 March 2025 restated £000
Staff costs	3	203,230	194,407
Maintenance and similar activities		531,597	612,337
Interest on private finance initiative (PFI) finance leases	7.5.2	71,005	77,736
PFI service charges	7.5.3	536,972	501,396
Depreciation and amortisation	6.1, 6.4	1,495,778	1,362,738
Impairment	6.1, 6.5	334,621	431,865
Loss/(Profit) on sale of assets including detrunking	6.2	(4,073)	20,753
Other expenditure	4	210,884	146,020
Operating income	2	(76,002)	(56,975)
Net expenditure before taxation		**3,304,012**	**3,290,277**
Taxation charge	5	35,961	-
Net expenditure after taxation		**3,339,973**	**3,290,277**
Other comprehensive net expenditure			
Items that will not be reclassified to net expenditure			
Net loss/(gain) on remeasurement of property, plant and equipment	6.2	(11,852,902)	9,569,836
Total comprehensive expenditure (income) for the period		**(8,512,929)**	**12,860,113**

The accounting policies and notes on pages 168 to 221 form part of these accounts.

Statement of Financial Position as at 31 March 2026

	Note	Year to 31 March 2026 £000	Year to 31 March 2025 restated £000	01 April 2024 restated £000
Non-current assets				
Property, plant and equipment	6.1	166,223,837	152,985,332	160,865,700
Intangible assets	6.4	271,619	280,169	43,463
Trade and other receivables	7.2	44,834	3,747	5,330
Total non-current assets		**166,540,290**	**153,269,248**	**160,914,493**
Current assets				
Assets classified as held for sale	6.5	24,272	9,939	7,552
Inventories	6.6	85,489	78,270	59,577
Trade and other receivables	7.2	314,419	334,663	322,665
Cash and cash equivalents	7.1	140,559	79,627	1,700
Total current assets		**564,739**	**502,499**	**391,494**
Total assets		**167,105,029**	**153,771,747**	**161,305,987**
Current liabilities				
Trade and other payables	7.3	1,133,611	1,069,236	1,021,715
Provisions	7.4	135,407	290,051	251,184
Total current liabilities		**1,269,018**	**1,359,287**	**1,272,899**
Non-current assets less net current liabilities		**165,836,011**	**152,412,460**	**160,033,088**
Non-current liabilities				
Provisions	7.4	483,358	375,137	329,446
Other payables	7.3	909,154	941,328	1,043,534
Deferred Tax	5	38,575	-	-
Total non-current liabilities		**1,431,087**	**1,316,465**	**1,372,980**
Assets less liabilities		**164,404,924**	**151,095,995**	**158,660,108**

	Note	Year to 31 March 2026 £000	Year to 31 March 2025 restated £000	01 April 2024 restated £000
Taxpayers' equity				
Share capital		-	-	-
Capital contributions		49,084,434	49,084,434	49,084,434
Retained earnings		19,491,388	17,654,966	15,509,170
Revaluation reserve		95,829,102	84,356,595	94,066,504
Total taxpayers' equity		**164,404,924**	**151,095,995**	**158,660,108**

The accounting policies and notes on pages 168 to 221 form part of these accounts.

The issued share capital of the company is £10, as detailed in note 8.

These financial statements were approved and authorised for issue by the Board of Directors on 8 July 2026, and were signed on its behalf by:

Nick Joyce, Interim Chief Executive

Company registered number: 09346363.

Statement of Cash Flows for the year ended 31 March 2026

	Note	Year to 31 March 2026 £000	Year to 31 March 2025 £000
Cash flows from operating activities			
Net operating cost		(3,339,973)	(3,290,277)
Adjustments for non-cash transactions:			
Depreciation and amortisation	6.1, 6.4	1,495,778	1,362,738
Loss/(Profit) on sale of fixed assets		(4,073)	20,753
Net increase/(decrease) in resource provisions	7.4	6,225	3,165
Programme impairments		334,618	431,864
Interest on leases	7.5.1	1,440	1,007
(Increase)/decrease in inventories	6.6	(7,219)	(18,693)
(Increase)/decrease in trade and other receivables	7.2	(20,843)	(10,415)
Increase/(decrease) in trade and other payables	7.3	73,622	(54,685)
Less movement in payables relating to items not passing through the SoCNE	7.5.1	(25,589)	(5,082)
Use of resource provisions	7.4	(2,820)	(2,927)
Adjustment for capital element of PFI payments	7.5.2	110,977	104,246
Net cash outflow from operating activities		**(1,377,857)**	**(1,458,306)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6.1	(3,359,461)	(3,669,163)
Use of capital provisions	7.4	(112,242)	(57,868)
Non-cash movement on creation of IFRS 16 asset		39,955	19,402
Purchase of intangible assets - cash additions	6.4	(46,895)	(81,287)
Proceeds on disposal of assets		185,802	6,535
Capital element of movement in provisions	7.4	62,413	143,035
Net cash outflow from investing activities		**(3,230,428)**	**(3,639,346)**
Cash flows from financing activities			
Capital contribution from Shareholder: current year		4,796,000	5,296,000
Capital element of payments in respect of on balance sheet PFI contracts	7.5.2	(110,977)	(104,246)
Payment of lease liabilities	7.5.1	(15,806)	(16,175)
Net financing		**4,669,217**	**5,175,579**
Net (decrease)/increase in cash and cash equivalents in the year		**60,932**	**77,927**
Cash and cash equivalents at the beginning of the year	**7.1**	**79,627**	**1,700**
Cash and cash equivalents at the end of the year	**7.1**	**140,559**	**79,627**

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2026

	Note	Capital contributions £000	Retained earnings £000	Revaluation reserve £000	Total equity £000
Balance at 1 April 2024 restated		**49,084,434**	**15,509,170**	**94,066,504**	**158,660,108**
Changes in taxpayers' equity for 2024-25					
Net (loss)/gain on remeasurement of property, plant and equipment		-	-	(9,569,836)	(9,569,836)
Transfers between reserves		-	140,073	(140,073)	-
Net comprehensive expenditure after taxation for the year		-	(3,290,277)	-	(3,290,277)
Total recognised income and expenditure for the year ended 31 March 2025		**49,084,434**	**12,358,966**	**84,356,595**	**145,799,995**
Funding from Shareholder		-	5,296,000	-	5,296,000
Balance at 31 March 2025 restated		**49,084,434**	**17,654,966**	**84,356,595**	**151,095,995**
Changes in taxpayers' equity for 2025-26					
Net (loss)/gain on remeasurement of property, plant and equipment	6.2.iii.b	-	-	11,891,477	11,891,477
Deferred tax on revaluation gains		-	-	(38,575)	(38,575)
Transfers between reserves		-	380,395	(380,395)	-
Net comprehensive expenditure after taxation for the year		-	(3,339,973)	-	(3,339,973)

	Note	Capital contributions £000	Retained earnings £000	Revaluation reserve £000	Total equity £000
Total recognised income and expenditure for the year ending 31 March 2026		**49,084,434**	**14,695,388**	**95,829,102**	**159,608,924**
Funding from Shareholder		-	4,796,000	-	4,796,000
Balance at 31 March 2026		**49,084,434**	**19,491,388**	**95,829,102**	**164,404,924**

Notes to the financial statements

1. Significant changes in the current period

The in-year revaluation of special structures identified errors in certain judgements carried forward from the previous valuation of this asset class, last undertaken in 2020–21. These have been assessed as prior period errors and, accordingly, prior year property, plant and equipment balances have been retrospectively restated to correct the carrying values. Further details on the nature of the errors and the impact of the restatement are provided in Note 22.

For a review of the company's performance and financial position please see the financial summary on pages 10 to 17.

2. Operating income

Operating income relates directly to the operating activities of the company and arises from:

- recoveries from third parties for damage to the SRN
- third party contributions to road schemes
- administrative contributions for work carried out on a full-cost basis to external customers in both the public and private sectors
- other income

	Year to 31 March 2026	Year to 31 March 2025
	£000	£000
Operating income analysed by classification and activity is as follows:		
Recoveries from third parties for damage to the SRN	(37,669)	(22,329)
Contribution to road schemes	(5,432)	(5,429)
Project administration contributions	(11,825)	(8,850)
Other income	(21,076)	(20,367)
Total operating income	**(76,002)**	**(56,975)**

The revenue recognition principles for each of the major revenue streams are set out below. While the company does not have customers in the traditional sense, it has applied the principles of IFRS 15 Revenue from Contracts with Customers, where relevant, as a matter of best practice.

Recovery from third parties for damage to the SRN: The company considers that past events involving damage to the network initially give rise to a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as they create circumstances in which reimbursement from the responsible party is probable. Income is recognised at the point at which an insurer confirms that it will make a payment, as reimbursement is then considered to be virtually certain.

Contribution to road schemes: Contributions are received from developers or local authorities that require the company to tailor its schemes to align with their development activities. Revenue varies depending on the number and scale of such developments and is recognised over time by reference to the stage of completion of the related construction works. The treatment of this revenue is consistent with IFRS whereby revenue is recognised over time as the asset is created or enhanced.

Project administration contributions These relate to contributions to schemes from third parties under S274/278 contract. These are agreements where external individuals, groups or entities wish to enhance or extend the existing network. Works could include, for example, the construction of a new slip road onto the road network. Revenue in relation to this type of contract is received in advance and is then held as deferred income until costs are incurred to fulfil the contract. The treatment of this revenue is consistent with IFRS whereby revenue is recognised over time as the asset is created or enhanced.

Other income: This relates to a number of less material revenue streams, including income from vehicle recovery, short-term property lettings, and grant income.

3. Staff costs

			Year to 31 March 2026	Year to 31 March 2025
	Permanent staff	Other	Total	Total
	£000	£000	£000	£000
Wages and salaries	339,618	2,712	342,330	331,494
Social security costs	43,831	-	43,831	35,685
Other pension costs	45,534	-	45,534	45,189
Total gross costs	**428,983**	**2,712**	**431,695**	**412,368**
Capitalised staff costs	(226,676)	(1,443)	(228,119)	(217,888)
Less recoveries in respect of outward secondments	(346)	-	(346)	(73)
Total net costs	**201,961**	**1,269**	**203,230**	**194,407**

Permanent staff are those staff with a permanent or fixed-term employment contract with the company.

Other relates to contingent labour.

Wages and salaries includes gross salaries, performance pay or bonuses, overtime, recruitment and retention allowances, ex-gratia payments and any other taxable allowances or payments, as well as costs relating to agency, temporary and contract staff engaged by the company on a contract to undertake a project or task.

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

Total gross staff costs have increased by £19.3 million (5%), primarily driven by the annual pay award and an increase in employer National Insurance contribution.

Performance-related bonuses

At the year end, individual employee performance assessments had not yet been finalised and the final settlement of performance-related payments remained subject to formal approval. Approval is expected to be obtained in June 2026. As the related services had already been rendered by employees during the year ended 31 March, a liability has been recognised in accordance with IAS 19 Employee Benefits.

The amount accrued represents management's best estimate of the performance-related payments expected to be made. The estimate is based on all information available at the reporting date, including company performance forecasts and the terms of the performance-related pay schemes.

Holiday pay

Employees of the company have differing holiday leave year-end dates based on their dates of employment. As leave is taken at varying points during the year rather than on a straight-line basis, a balance may exist at 31 March representing leave owed either to or by employees. The cost of leave earned but not taken at the reporting date is recognised as a liability in accordance with IAS 19 Employee Benefits. National Highways also operates a holiday trading policy, under which employees may buy or sell annual leave.

Termination

Termination benefits are amounts payable as a result of a decision by the company to terminate employment before the normal retirement date, or a decision by an employee to accept an offer of voluntary redundancy. Amounts payable are recognised on an accruals basis within staff costs in net expenditure when the company is demonstrably committed to terminating the employment or making an offer of voluntary redundancy.

4. Other expenditure

	Note	Year to 31 March 2026 £000	Year to 31 March 2025 £000
Information technology		81,506	67,360
Research and development expenditure		7,859	9,317
Rates and building costs		30,083	29,411
Provisions expenditure	7.4	7,226	3,684
Short term leases		479	2,985
Interest under IFRS 16	7.5.1	1,440	1,007
Travel and subsistence		3,605	4,155
Traffic management vehicle costs		4,547	4,856
Recruitment and training		4,248	5,519
Consultancy		2,979	3,566
Communication		194	(199)
Stationery		1,081	925
Other		65,637	13,434
Total		**210,884**	**146,020**

The majority of information technology expenditure relates to software purchases, hardware, and ongoing maintenance. Costs have increased by 21% compared to the prior year, driven in part by expenditure on new Internet Protocol Address Management (IPAM) service and contracts associates with our Integrated Asset Management Information System (IAMIS).

Provision expenditure has increased, reflecting a higher liability recognised for new red claim cases compared to previous years.

Excluding VAT, the audit fee payable to the Comptroller and Auditor General for the year ended 31 March 2026 is £390,000 (2024–25: £454,000). In addition, the audit fee in respect of the Dartford–Thurrock River Crossing Charging Scheme is approximately £92,700 (2024–25: £110,000). Both amounts are included within ‘Other’ above.

Expenditure on research activities is not capitalised and is recognised as an expense as incurred. Development expenditure that does not meet the recognition criteria for capitalisation is similarly expensed and recognised in net expenditure in the period in which it is incurred, in accordance with IAS 38 Intangible Assets.

Total other expenditure has increased by £52.4m, this is due to the reclassification of the company’s electricity costs as other expenditure rather than as maintenance expenditure within the Statement of Comprehensive Net Expenditure.

5. Corporation tax

The tax expense for the year comprises both current and deferred tax, each recognised in accordance with applicable UK tax legislation and relevant accounting standards.

Current tax represents the amount of corporation tax payable or recoverable in respect of the taxable profit or loss for the year, calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax reflects the future tax consequences of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases.

	Year to 31 March 2026	Year to 31 March 2025
	£000	£000
a) Analysis of the tax charge/(credit)		
Current taxation	35,961	-
Deferred taxation	38,575	-
Total Tax	**74,536**	-

	Year to 31 March 2026	Year to 31 March 2025
	£000	£000
b) Factors affecting the tax (credit)/charge for the year		
The differences are explained below:		
Net expenditure on ordinary activities	(3,304,012)	(3,290,277)
Effect of:		
Net expenditure on ordinary activities not subject to corporation tax	(3,454,830)	(3,290,277)
Net expenditure on business activities subject to corporation tax	150,818	0
Utilisation of tax losses	(6,975)	0
Total taxable net expenditure	**143,843**	**0**

Corporation Tax

The company is not considered to be trading for profit and, as such, contributions received from the Department for Transport (DfT) in respect of its statutory functions, principally the management and operation of the SRN are not chargeable to corporation tax.

The company is subject to corporation tax only on income derived from specific business activities, currently comprising interest, rental property income, and lease renewals.

In the year, a corporation tax charge arose in respect of income generated from the renewal of a number of Motorway Service Area (MSA) leases.

Deferred Tax

Deferred tax liabilities are recognised in respect of all taxable temporary differences, whereas deferred tax assets are recognised only to the extent that recovery is considered probable through future taxable profits.

During the year, the company has recognised a deferred tax liability of £38.6 million relating to future MSA lease renewal agreements. Deferred tax on property revaluations has been measured at 25% reflecting the rate expected to apply on disposal of the underlying assets.

Deferred tax is measured using the tax rates and laws enacted or substantively enacted at the reporting date that are expected to apply to the reversal of the relevant temporary differences.

6. Non-financial assets and liabilities

This note provides information about the company's non-financial assets and liabilities. This includes:

- property, plant and equipment (both SRN and non SRN)
- intangible assets
- assets held for sale
- inventory

Property, plant and equipment is sub-categorised into:

- SRN - This consists of the motorways and major A-roads in England, as depicted by the network management map, which form a single integrated network and includes assets under construction (AUC)
- Non-SRN Network Financial Assets (NNFA) – These include land, buildings and information technology outside the SRN's perimeter, as well as all plant and machinery and assets held under leases as defined by IFRS 16

6.1. Property, plant and equipment

2025-26

	SRN and related AUC	Non-SRN AUC	Land	Buildings	Dwellings	Plant and machinery	Information technology	Leased assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2025 restated	**173,728,128**	**127,902**	**470,912**	**160,879**	**198,185**	**216,652**	**17,223**	**129,136**	**175,049,017**
Reclassification	(7,015)	5,288	(4,182)	-	(16,232)	5	(5)	-	(22,141)
Capital additions	3,183,580	94,732	-	-	-	-	-	39,732	3,318,044
Disposals	(59,991)	-	(126,929)	(20,262)	(672)	(24,455)	(3,926)	(6,764)	(242,999)
Revaluation	15,307,957	-	27,674	34,128	647	12,647	1,212	-	15,384,265
Impairment– SoCNE	(240,170)	(5,308)	(25,514)	(68,231)	(72)	-	-	-	(339,295)
Impairment– Reserve	-	-	(23,800)	(12,838)	(1,584)	-	-	-	(38,222)
Transfers of AUC	(6,912)	(90,813)	12,367	54,836	1,355	15,819	13,348	-	-
At 31 March 2026	**191,905,576**	**131,801**	**330,528**	**148,512**	**181,627**	**220,668**	**27,852**	**162,104**	**193,108,668**
Depreciation and impairment									
At 1 April 2025	**21,797,534**	**-**	**-**	**71,586**	**-**	**109,515**	**10,863**	**74,186**	**22,063,684**
Charged in year	1,380,263	-	-	11,565	-	22,364	10,069	15,461	1,439,722
Disposals	(15,075)	-	-	(14,039)	-	(23,306)	(3,926)	(5,640)	(61,986)
Revaluation	3,438,213	-	-	13,218	-	6,676	857	-	3,458,964
Impairment- SoCNE				(11,155)					(11,155)
Impairment- Reserve				(4,398)					(4,398)
At 31 March 2026	**26,600,935**	**-**	**-**	**66,777**	**-**	**115,249**	**17,863**	**84,007**	**26,884,831**
Net book value									
At 1 April 2025 restated	151,930,593	127,902	470,912	89,293	198,185	107,137	6,360	54,950	152,985,332
At 31 March 2026	**165,304,641**	**131,801**	**330,528**	**81,735**	**181,627**	**105,419**	**9,989**	**78,097**	**166,223,837**

2024-25

	SRN and related AUC	Non-SRN AUC	Land	Buildings	Dwellings	Plant and machinery	Information technology	Leased assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2024 restated	**180,865,682**	**272,630**	**279,377**	**155,893**	**192,258**	**212,026**	**10,553**	**112,475**	**182,100,894**
Capital additions	3,584,536	63,496	-	-	-	-	-	21,131	3,669,163
Disposals	(33,802)	-	(858)	(246)	(725)	(15,865)	-	(4,470)	(55,966)
Revaluation	(10,262,746)	-	190,174	5,118	8,265	2,989	177	-	(10,056,023)
Impairment– SoCNE	(422,830)	(5,170)	(111)	-	-	-	-	-	(428,111)
Impairment– Reserve	-	-	(67)	-	-	-	-	-	(67)
Transfers	(7,192)	(24,332)	6,249	114	1,166	17,502	6,493	-	0
Reclassification	4,480	(178,722)	(3,852)	-	(2,779)	-	-	-	(180,873)
At 31 March 2025 restated	**173,728,128**	**127,902**	**470,912**	**160,879**	**198,185**	**216,652**	**17,223**	**129,136**	**175,049,017**
Depreciation and impairment									
At 1 April 2024 restated	**20,997,933**	**-**	**-**	**65,798**	-	**102,545**	**9,628**	**59,290**	**21,235,194**
Charged in year	1,299,444	-	-	4,793	-	20,721	1,061	19,381	1,345,400
Disposals	(10,550)	-	-	(197)	-	(15,423)	-	(4,485)	(30,655)
Revaluation	(489,292)	-	-	1,193	-	1,671	174	-	(486,254)
At 31 March 2025 restated	**21,797,535**	**-**	**-**	**71,587**	**-**	**109,514**	**10,863**	**74,186**	**22,063,685**
Net book value									
At 1 April 2024 restated	159,867,749	272,630	279,377	90,095	192,258	109,481	925	53,185	160,865,700
At 31 March 2025 restated	**151,930,593**	**127,902**	**470,912**	**89,292**	**198,185**	**107,138**	**6,360**	**54,950**	**152,985,332**

6.2. SRN

2025-26	Roads	Land	Structures	Technology	AUC	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2025 restated	**95,132,332**	**13,129,834**	**57,263,876**	**5,084,644**	**3,117,441**	**173,728,127**
Reclassifications	-	-	-	-	(7,015)	(7,015)
Capital additions	654,442	-	272,246	-	2,256,892	3,183,580
Revaluation	1,066,818	384,409	16,448,193	77,141	(2,668,604)	15,307,957
Disposal and derecognition	(27,994)	(3,452)	(28,545)	-	-	(59,991)
Impairment	-	-	-	-	(240,170)	(240,170)
Transfer of AUC	-	-	212,742	153,569	(373,223)	(6,912)
At 31 March 2026	**96,825,598**	**13,510,791**	**74,168,512**	**5,315,354**	**2,085,321**	**191,905,576**
Accumulated depreciation						
At 1 April 2025	**4,894,181**	**-**	**13,743,910**	**3,159,444**	**-**	**21,797,535**
Charged in year	600,086	-	601,438	178,739	-	1,380,263
Revaluation	(621,915)	-	4,042,390	17,738	-	3,438,213
Disposal and derecognition	(2,025)	-	(13,050)	-	-	(15,075)
At 31 March 2026	**4,870,327**	**-**	**18,374,688**	**3,355,921**	**-**	**26,600,936**
Net book value						
At 1 April 2025 restated	90,238,151	13,129,834	43,519,966	1,925,200	3,117,441	151,930,592
At 31 March 2026	**91,955,271**	**13,510,791**	**55,793,824**	**1,959,433**	**2,085,321**	**165,304,640**

2024-25 Restated	Roads	Land	Structures	Technology	AUC	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2024 restated	**102,847,752**	**16,013,884**	**54,131,429**	**4,625,051**	**3,247,566**	**180,865,682**
Reclassifications	-	-	-	-	-	
Capital additions	784,727	-	308,780	-	2,491,028	3,584,535
Revaluation	(8,715,013)	(2,908,868)	2,674,327	379,771	(1,692,963)	(10,262,746)
Disposal and derecognition	(4,902)	(67)	(28,833)	-	-	(33,802)
Impairment	-	-	-	-	(422,831)	(422,831)
Reclassification	-	-	-	-	4,480	4,480
Transfer of AUC	219,768	24,885	178,173	79,822	(509,839)	(7,191)
At 31 March 2025 restated	**95,132,332**	**13,129,834**	**57,263,876**	**5,084,644**	**3,117,441**	**173,728,127**
Accumulated depreciation						
At 1 April 2024 restated	**4,968,931**	**-**	**13,193,756**	**2,835,247**	**-**	**20,997,934**
Charged in year	883,905	-	246,846	168,692	-	1,299,443
Revaluation	(958,283)	-	313,486	155,505	-	(489,292)
Disposal and derecognition	(372)	-	(10,178)	-	-	(10,550)
At 31 March 2025 restated	**4,894,181**	**-**	**13,743,910**	**3,159,444**	**-**	**21,797,535**
Net book value						
At 1 April 2024 restated	97,878,821	16,013,884	40,937,673	1,789,804	3,247,566	159,867,748
At 31 March 2025 restated	**90,238,152**	**13,129,834**	**43,519,966**	**1,925,200**	**3,117,441**	**151,930,592**

i) Valuation principles and methodology:

The company has chosen to value the network at fair value. Fair value is a rational and unbiased estimate of the potential market value of an asset at a particular point in time - in this case, the company's year-end accounting reference date. Generally, the uplift on revaluation (the gain) is recorded in a revaluation reserve, subject to adjustments discussed at 6.2.iii.B below.

The SRN is a specialised asset and does not have an easily attainable market valuation or an income stream on which to base the valuation. The company therefore determines the fair value of the SRN using depreciated replacement cost (DRC) in accordance with the guidance provided by the Financial Reporting Manual (FReM). This approach is consistent with accounting standard IFRS 13: Fair Value Measurement, and calculates the value of the SRN to a theoretical buyer based on how much it would cost to construct a network of equivalent service potential. At a high level, the DRC estimate involves the calculation of an 'as new' replacement cost based on a modern-equivalent asset offering the same function, which the company takes to include identical routing and capacity, on a greenfield site, before applying depreciation to reflect the current condition of the network.

The company undertakes a full valuation of each of the high-level SRN asset classes (roads, structures, land and technology) at intervals not exceeding five years. This valuation is undertaken with support from professional cost estimators and relevant experts on engeineering, modelling and statistics. The five-yearly valuation, known as a quinquennial review (QQR), is undertaken in accordance with the general principles of the RICS Valuation - Global Standards (Red Book).

Valuations are not based on the historic actual cost of construction for individual elements of the SRN but on standard costing rates for the specific asset types making up the SRN on a modern equivalent asset basis. This is determined based on the best information available on the actual cost of recent schemes. Costing rates are kept up to date in intervening years using indexation, as described in note 6.2.iii. The QQR provides an opportunity not only to derive rates using the latest source data, but also to reconsider the methods used to value assets.

A QQR revaluation of special structures was undertaken in 2025-26. Special structures include all of our tunnels as well as exceptional bridges and viaducts. These assets are bespoke in their nature due to their size, complexity and uniqueness. Due to their high replacement cost they are treated differently from standard structures and a separate QQR is undertaken for them. This review implemented updates to our rates for these assets to reflect the current market, modern equivalent design changes and some other underlying assumptions. The net value of the assets has been adjusted to reflect these changes. Further detail is available in 6.2.1.1 below.

The next QQRs in relation to structures, roadside technology, and roads and lands are due in March 2028, March 2029 and March 2030 respectively.

The company does not include any historical cost valuations for assets including the SRN that have subsequently been revalued. Due to the nature of the SRN, with ever changing design standards and construction methods, historic costs quickly become obsolete and would not provide a meaningful figure to users of these financial statements. In addition, due to its size any exercise to develop historic costs would be excessive and not commensurate to the benefits users of these financial statements would receive.

ii) Standard costing rates:

The SRN valuation is based on a standard cost model. Many accounting assumptions are made when calculating the unit rates for the various elements of the SRN as part of the QQR process:

Unit cost	Measurement principles
Roads	Standard costing for roads is based on 33 road types each of which has a standard unit rate that is applied across the SRN for the relevant road type. Unit rates are generated from suitable schemes constructed over recent years that have opened for traffic. For road types that are not represented by recent construction work, the company relies on quantity assumptions derived from established design and engineering principles. The costs for these road types are then determined using pricing data from recent schemes.
Land	Land costing rates are determined for the SRN land parcels based upon values provided by the Valuation Office Agency. Parcels of land are established using the company's red line data, which maps out the land belonging to the highway for the whole SRN. Once this land has been quantified the appropriate land costing rate based on its geographic location is then applied to it. Some land occupied by the SRN is not owned by the company such as Crown land. However, we are entitled to use this land in perpetuity as it is included within the freehold value of the network.
Structures	For standard structures, unit rates are calculated based on recently completed schemes. Bridges, gantries and retaining walls are valued by applying unit rates to the scale of each asset, such as the span and width of bridges. Special structures are defined as our tunnels as well as exceptional bridges and viaducts. These cannot be quantified and valued in the same manner as other structures due to the unique combination of their size, construction and character. For these assets, professional judgement are used to inform the valuation. Special structures have a net value of approximately £15 billion
Technology	For technology equipment, which includes Variable message signs, CCTV, automatic number plate recognition cameras, cabling, telephones and signal power supplies, unit costs are developed by the company's commercial team. Rates are used from technology frameworks currently in place between the company and its contractors and bulk purchase prices for materials procured directly by the company. The unit costs for technology equipment include the cost of individual components, installation costs, commissioning costs, preparation and supervision costs, and traffic management costs, where applicable.

iii) Applying the valuation principles:

At a high level, the process for valuing the SRN is as follows:

A Capitalise asset at cost

↓

B Adjust gross replacement cost

↓

C Apply depreciation

↓

D Derecognition, impairment and detrunking

Quinquennial review

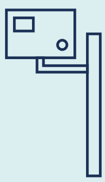
A

Capitalisation policy (capitalise asset at cost)

Capital expenditure is the money that we spend on purchasing, renewing or improving our assets. There is no minimal value threshold for capitalisation of SRN expenditure. Costs are capitalised in accordance with the following policies:

Internal staff costs:
Costs that can be directly attributed to the construction of an asset, including capital renewal schemes, are capitalised. Staff costs are capitalised by taking the ratio of capital spend to total programme spend for each directorate supporting the delivery of the capital works. This ratio is then applied to the total pay costs for each directorate.

Technology equipment:
Expenditure on technology equipment is capitalised when the equipment is installed and commissioned on the SRN for the first time. This principally comprises variable message signs, CCTV and automatic number plate recognition cameras.

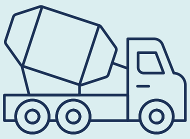


Construction:

All construction expenditure on schemes is capitalised.

Design costs are capitalised when the related scheme is included within a Road Investment Strategy and where there is reasonable certainty the scheme will go ahead. This will include any relevant costs in relation to pipeline projects included in the RIS.

Where a scheme is later withdrawn from the capital programme, total design expenditure already incurred is written off and recognised in the Statement of Comprehensive Net Expenditure. Any remaining land and property is transferred to surplus land and buildings or dwellings. Other costs which are not scheme specific may also be capitalised when they are required to support the delivery of current and future road enhancements.

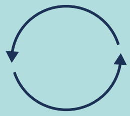


Renewals and enhancements:

The SRN is intended to be maintained at a specific level of service potential by continual replacement and refurbishment.

The SRN is inspected regularly to enable maintenance to be planned on a priority basis. Expenditure on the SRN is capitalised only for projects which extend the network's service potential. This can either be done through enhancement, such as road widening schemes, smart motorway upgrades, new roads or structures, or renewal of the network including surface replacement works and major bridge refurbishments which extend the life of the network.

Maintenance expenditure, which represents day-to-day servicing such as pothole repairs or drainage clearance, is charged to the Statement of Comprehensive Net Expenditure as incurred.



Capital additions

£2,257 million has been invested in capital enhancements during the period (2024-25: £2,491 million). This includes Major projects, delivery of the Designated funds programme, and the implementation of safety and congestion relief schemes.

In addition, £927 million was invested in capital renewal schemes (2024-25: £1,094 million) These schemes restore the service potential of the SRN, and the associated expenditure is therefore classified as capital.

Renewal schemes are typically smaller in scale (under £10 million) and are usually completed within 6 to 18 months. Notable expenditure incurred during the period include the M27 Junctions 5-7 concrete overlay (£41.1 million) and the M6 Lune Gorge structures scheme (£19.8 million).

B

Adjustments (adjust gross replacement cost)

Each sub-category of the SRN is valued using the standard costing rates identified by the QQR and then adjusted on an annual basis to reflect changes in underlying market conditions. The following adjustments are made to the revaluation reserve and are reflected in other comprehensive expenditure, to the extent that a revaluation surplus is available:

Adjustments to assets under construction (AUC) – The company considers the SRN to be one asset. AUC are an integral part of the SRN and due to the physical and functional interdependence of the various elements of the network there is no distinction made between an asset constructed and an asset under construction. AUC are therefore accounted for on the same basis as any other asset subcategory.

AUC are capitalised at cost during construction. In line with RICS principles, the SRN is valued on the basis that the replacement would be on a greenfield site. Road schemes are mostly built on an existing road rather than greenfield, and this is more expensive because of the additional cost of traffic management, demolition and other site-specific costs. To provide a consistent valuation of the whole network, a annual greenfield revaluation adjustment is applied to AUC to bring it back to its depreciated replacement cost.

Revaluation percentages are applied, based on project type. The percentages derived are based upon the percentage of value transferred to the SRN valuation against total scheme costs for recent projects. This ensures that the valuation of the network is adjusted on an ongoing basis rather than only upon project completion.

The 2025-26 adjustment to AUC includes a reduction of the Lower Thames Crossing scheme costs to date. Due to the complexity around the project an estimate had not previously be made but as spend to date has grown above material levels we have now looked to allocate appropriate revaluation percentages to the different elements of the scheme.

When AUC expenditure occurs in accordance with our capitalisation policy but does not immediately result in an asset that enhances capacity or routing on the SRN, such costs are fully written down. Examples include the cost of environmental work or certain safety or road layout improvements.

Renewals-based adjustments – The valuation of the network is calculated based upon condition surveys (see 'condition depreciation' below). Renewals are performed to ensure that the condition of the network is maintained at a steady state. Renewals are not treated for accounting purposes as having an impact upon the valuation of the network because any related improvement in road condition will be reflected within the surveys. On this basis, for both the road and structures asset categories, where there are in-year renewals, the value of the replaced asset elements is adjusted to have nil net book value.

Following the implementation of enhanced granularity in renewal spend coding, we have reviewed our methodology to ensure that only activity contributing to measurable improvements in asset condition is captured. Specifically, this focuses on expenditure that impacts condition surveys and the associated scores for pavement and structures assets. This refinement has led to a reduction in cost.

Dimensional variance adjustments – Data quantifying the extent of the SRN is held on a number of internal operational asset management systems which are used to inform the valuation of individual roads and structures. With the use of increasingly accurate measuring technology there can be changes to the measured length, width, and height of the road and structures when they are remeasured. When this happens, it impacts on the valuation of the SRN.

Technical valuation adjustment – Modern design standards mean that concrete barriers are required on all 'new' roads. The gross valuation of the network is calculated on modern-equivalent basis, meaning that concrete reservations are included as standard within the road rates. To reflect the fact that the network is composed of around 85% non concrete reservations, and not the higher-costing concrete equivalent, an adjustment has been made to the gross cost for the cost differential between the two barrier types. The value of this adjustment is reviewed as part of each pavements quinquennial valuation

Indexation – Indices are applied in the years between QQRs to ensure the final valuation is at depreciated replacement cost. Indexation of the SRN valuation is applied as follows:

Unit cost	Indexation determination
Roads and structures	The Implied Output Price Index for New Infrastructure Construction (IOPI) is applied to roads and structures for the purposes of yearly revaluation. IOPI is updated monthly as part of the output in the construction industry datasets released by the Office for National Statistics, although a quarterly average is used for indexation purposes.
Land	Land indexation is determined in consultation with external consultants and the following sources: ▪ urban land indices from the Land Registry House price index ▪ rural land indices from Savills Farmland Market Survey
Technology	IOPI is applied to most technology assets, except for cables and transmission stations which are indexed using the Consumer Price Index.

Revaluation

The SRN was revalued upwards by £11.9 billion (2024-25 £10 billion downwards):

- The IOPI for the year has moved upwards from 103.5 to 104.8, an increase of 1.26% resulting in an revaluation upwards of around £2.9 billion. Other indices used for land have generally remained static in year.
- The network valuation is adjusted for location factors (except for non-structure technology assets and land), which are applied to costs to reflect the regional variations in construction prices. The regional Building Cost Information Service (BCIS) Tender Price Location Study Indices are used as location factors for the valuation. Construction costs vary across the country, with higher costs seen where there is a geographical concentration in the SRN in the South East and other metropolitan areas. Movement in the location factors in period has decreased the valuation of the network by £0.4 billion.
- During the year to 31 March 2026, the valuation of the asset increased £0.7 billion through dimensional variance. Data quantifying the extent and volume of the SRN is held on a number of internal operational asset management systems which are used to inform the valuation of individual roads and structures.

- SRN AUC capital additions are recognised at actual cost, but the value of projects is revised annually with the aim of approximating a depreciated replacement cost. The company uses a standard revaluation percentages for construction projects lasting more than one year, based upon previously completed projects. For the year to 31 March 2026, there was £2.7 billion of downwards valuation adjustments (2024-25 £1.7 billion).
- During the 2025-26 financial year, a full revaluation of special structures was undertaken, resulting in an overall upward revaluation of £15.1 billion. As part of this exercise, errors in judgements carried forward from the previous valuation were identified. These have been assessed as prior period errors in accordance with IAS 8. The impact of these corrections, (£3.7 billion), has been recognised through retrospective restatement of opening balances which reduced the in-year QQR revaluation movement to £11.4 billion. Further details on the restatement can be found in note 22.

The key changes made during the QQR included:

- As noted above, we have revised our judgements regarding the treatment of preliminaries and preparation and supervision costs within the SPONS rates applied. These costs had been excluded from the 2020–21 Special Structures QQR. Correcting this treatment has resulted in a £3.7 billion increase in the network valuation, which has been recognised through a restatement of prior-year balances.
- In addition, rates have been updated in line with the latest SPONS price book. This indicated that prices have increased over the five-year period since the previous valuation to a greater extent than reflected by the indexation applied over that period. Our analysis shows that this difference is predominantly driven by increases in the cost of concrete, which disproportionately impacts structural assets compared to other SRN asset categories. These rate updates, together with minor modern equivalent asset (MEA) adjustments, have resulted in a further £4.2 billion increase in valuation.
- As a consequence of these findings, an additional adjustment has been applied to non-special structure assets to reflect the increase in material costs since these assets were last valued in 2022–23. This has increased the valuation of those assets by £7 billion. This adjustment highlights the sensitivity of valuations to changes in underlying cost assumptions, particularly where indexation may not fully capture asset-specific cost movements.
- The model that supports our tunnels valuation was also reviewed and updated for modern equivalent designs and costs. These changes increased the valuation by £0.2 billion.

Net gain /(loss) on remeasurement of property, plant and equipment recognised in other comprehensive expenditure

	SRN	SRN AUC	NNFA	Total
	£000	£000	£000	£000
Revaluation- QQR	11,364,247	-	-	11,364,247
Revaluation- indexation	2,502,292	-	5,993	2,508,285
Revaluation- value changes	-	(2,668,604)	15,741	(2,652,863)
Revaluation- dimensional variance	671,809	-	-	671,809
	14,538,348	**(2,668,604)**	**21,734**	**11,891,478**

C

Depreciation (apply depreciation)

Depreciation is a measure of the value of an asset that has been consumed during the accounting period. It represents a loss in value caused by the use of the asset over the year and is charged to the Statement of Comprehensive Net Expenditure.

All parts of the SRN are depreciated, apart from land and the substructure of the road which are deemed to have an unlimited useful life.

Road depreciation:

The renewable element of the road is subject to depreciation. This includes:

- surface layer
- drainage
- road marking and studs
- rigid concrete roads

It is estimated that these elements make up 21% of the gross replacement cost for the roads component of our network, the remainder being the cost of the land and substructure. For the purpose of depreciation, the road surface is recognised as a single asset and depreciation on these elements is calculated in two parts:

- **Renewals depreciation** – As described in 6.2.iii.B, the valuation of the SRN is calculated based on condition surveys and renewals do not impact on the valuation of the network. On this basis, we depreciate 100% of relevant renewals expenditure in the year that it is incurred, and this charge is accounted for in net expenditure.

- **Condition depreciation** – The value of the SRN is based on the road pavement's condition and is assessed using the Traffic speed road assessment condition surveys (TRACS) performed annually. These surveys measure a range of metrics that gauge road condition, and pavement depreciation is based on rutting, texture, fretting and longitudinal profile metrics. Analysis of the actual condition of the road is compared to the carrying value of the road (after having applied renewals depreciation) and any movement is taken to net expenditure as a charge or credit to depreciation depending on whether the condition has deteriorated or improved.

Structures depreciation

To calculate the depreciation charge for structures we consider the life of the asset together with cost factors and condition.

Depreciation for structures is determined in two parts as follows:

- **Renewals depreciation** – As with roads, structures are valued based upon condition surveys. As any improvement in condition driven by renewals will be reflected in the results of these surveys, we depreciate 100% of renewals expenditure in the year that it is incurred.
- **Condition depreciation** – Structures are complex assets whose service life can be extended by the renewal of individual elements (reflected in an improvement in condition), and the depreciation methodology we use considers service life changes.

Structures are depreciated by developing a depreciation factor based on the weighted average proportion of service life consumed for each structure. This is calculated based on the condition of each element of the structure using the Element Condition Score (ECS) from structure inspections. Where condition improves, the score increases and where the condition deteriorates, the score decreases. Full inspections take place every six years.

The ECS for each element is applied to a deterioration curve and averaged using a calculated replacement cost for each element. This results in a weighted average proportion of service life consumed, which is then applied as a depreciation factor to the depreciable part of an asset's gross replacement cost (GRC).

For structural assets managed under PFI contracts, information on the current condition of each asset is not always readily available within National Highways' asset management databases. Additionally, inspection information is not collected and applied in the same way for tunnels as it is for other structures. It is therefore not possible to calculate a depreciation factor for these assets. Where no depreciation factor is calculable, a weighted average condition score is applied.

Only the renewable elements of a structure are subject to depreciation, and these elements have been assessed to make up between 52.41% to 87.35% of a structure's GRC depending on the structure type. The renewable elements include the substructure and superstructures, rails, fences and surface preparation such as waterproofing. Non-depreciable elements are primarily related to ground and earthworks, and expenditure incurred on preliminary work and mobilisation.

Technology depreciation

The depreciation charge for technology assets is based on a 'straight line' depreciation methodology, with the value reduced over the asset's assigned life. The lifespan of technology varies between 15 and 50 years according to the type of equipment. The lifespan of the majority of equipment is 15 years. Technology assets with a lifespan of 50 years are typically structures to support the technology such as masts.

Depreciation charge

The depreciation charge over the period to 31 March 2026 was £1.4 billion (2024-25 £1.3 billion). This consists of:

i) **Pavement depreciation** – This relates to the decrease in the economic value of the road surface and is £600.1 million (2024-25: £883.9 million). It was made up of:

- renewals spend of £654.4 million (2024-25: £784.7 million), used as the basis of an initial depreciation charge, based on the assumption that the network is maintained in a roughly steady state.
- depreciation charge for the year is -£54.3 million (2024-25: charge of £99.2 million), based on analysis of road condition surveys which provide evidence on the actual condition of the network, allowing for more precise depreciation of the road surface.

ii) **Structures depreciation** – This was £601.4 million (2024-25: £246.9 million). It is made up of:

- renewals spend of £272.2 million (2024-25: £308.8 million), used as the basis of an initial depreciation charge, based on the assumption that the network is maintained in a roughly steady state.
- depreciation charge for the year is £329.2 million (2024-25: -£61.9 million), based on analysis of structural inspections which provide evidence on actual condition of the assets, allowing for more precise depreciation of our structures

iii) **Technology depreciation** – There was a £178.7 million (2024-25: £168.7 million) depreciation charge for the economic decrease in value of technology on the SRN.

D

Derecognition, impairment and detrunking (disposals)

Derecognition: Elements of the SRN removed from service during the year are derecognised (i.e. removed from the financial statements) in line with accounting standard IAS 16 (property, plant and equipment). The resulting loss on writing off the asset is charged to the Statement of Comprehensive Net Expenditure.

Impairment: This refers to the permanent reduction in value of a company's assets below its carrying value as shown in the financial statements. The road surface and other SRN components are subject to an annual impairment review. Where they occur, impairments are recognised in line with IAS 36 (impairment of assets), by reducing the carrying value of the asset in the Statement of Financial Position and recognising a charge on the Statement of Comprehensive Net Expenditure to the extent that the impairment loss exceeds the available revaluation reserve. Following the cancellation of two schemes in year, the impairment of the AUC balances has taken place for these schemes totalling £240.2 million.

Detrunking/trunking: During the accounting period the value of the SRN can be decreased by 'detrunking'. This is where a road/route is transferred from the company to a local authority. The value of the SRN can also be increased by 'trunking' when the company adopts a local authority road. Detrunking tends to occur when roads are superseded as part of the SRN following the construction of a new road. Such events are accounted for as a disposal for nil consideration. Trunking and detrunking are shown within the PPE notes as additions and disposals at the point that the asset is added or removed from the SRN. There was one significant detrunking this year relating to £29.2 million of assets linked to the A585 Windy Harbour to Skipool scheme.

Derecognition and disposals in the period

Derecognition for the period from the SRN asset was £44.9 million (2024-25: £23.3 million). This is largely made up of £15.7 million of demolished or removed structural assets and £29.2 million of detrunked assets refered to above. The Statement of comprehensive net expenditure presents the overall profit or loss from detrunkings, derecognition and disposals, which includes a profit of £49.0 million made on the derecognition and disposal of non-SRN assets (2024-25: £2.4 million profit). When netted off a profit of £4.1 million was made on disposals in period (2024-25: 20.8 million loss).

6.3. Non-network assets

All assets which do not form part of the SRN are categorised as non-network assets. This includes land and buildings, plant and machinery and IT equipment, which are accounted for as follows:

A Capitalise asset at cost

↓

B Perform annual revaluation

↓

C Apply depreciation

A

Capitalisation policy (capitalise asset at cost):

All non-network assets above the minimum thresholds listed below are capitalised at cost.

Threshold	Element
Plant and machinery	£2,000
IT equipment	£2,000
Land and buildings	No minimum

Expenditure below these thresholds is charged as an expense to the Statement of Comprehensive Net Expenditure.

B

Valuation (perform annual revaluation)

Land, buildings and dwellings: Freehold land, buildings and dwellings are valued on the basis of open market value for existing use. External professional surveyors, in accordance with the Red Book of RICS, undertake a full valuation of these assets at intervals not exceeding five years. Between valuations, values are adjusted with regional land and building indices, calculated using rural land indices from the Savills Farmland Market Survey and average house price data from the Land Registry.

A full revaluation of our motorway maintenance compounds, regional control centres and the National traffic operations centre was done as at March 2026. Surplus properties including dwellings will next be revalued in March 2029 and any remaining motorway service areas will be revalued at March 2030.

Plant and machinery: Plant and machinery is stated at fair value using yearly plant and equipment indices supplied by the Office for National Statistics.

Information technology: Information Technology consists of IT hardware. Assets are stated at fair value using yearly plant and equipment indices supplied by the Office for National Statistics.

Assets under construction: Non-network assets which are under construction at the period end are held at historical cost. They are not subject to adjustment until after they have been completed and transferred to the appropriate asset category.

C

Depreciation (apply depreciation)

Freehold land is not depreciated. Other non-network assets are depreciated at rates calculated to reduce the assets' value over their expected useful lives on a straight-line basis as follows:

Asset category	Asset sub-category	Asset lifespan
Land and buildings	Freehold buildings	Up to 60 years
	Leasehold buildings	Length of lease
	Dwellings	Not depreciated
Plant and machinery	Maintenance and testing equipment	3-25 years
	Office equipment	3-10 years
	Vehicles	5-10 years
	Moveable barriers	30 years
Information technology	IT equipment	3-5 years

Non-network assets

Land: As at 31 March 2026, this includes motorway service areas land of £185.0 million (2024-25 £305.8 million), motorway maintenance compounds land of £40.4 million (2024-25 £46.2 million) and land held for future use of £29.2 million (2024-25 £34.0 million).

Following the agreement of long-term leases for a number of our motorway service areas, these have been derecognised from the position in line with IFRS 16 lessor accounting.

Buildings: As at 31 March 2026, the net value of buildings includes motorway maintenance compounds of £48.9 million (2024-25 £67 million), leasehold improvements works of £22.9 million (24-25 £5 million) and regional control centres of £7.9 million (2024-25 £11 million).

Dwellings: As at 31 March 2026, the value of dwellings is £181.6 million (2024-25 £198.2 million). These are dwellings acquired under compulsory purchase orders as part of a scheme to enable construction.

This includes dwellings relating to the following schemes:

	31 March 2026	31 March 2025
	£m	£m
Lower Thames Crossing	74.6	72.7
A12 Chelmsford - A120 widening	16.7	16.8
M42 J3A7 widening	14.9	15.6
A6M Stockport North/South bypass	12.4	12.5

Assets under construction

The AUC balance relates solely to non-network fixed assets. As the SRN is considered to be one asset, due to the physical and functional interdependence of its component parts, AUC is recorded within the SRN column in table 6.1.

i) AUC transfers

The company has transferred £90.8 million (2024-25 £24.3 million) of completed projects from non-network AUC to non-network assets. In addition, a further £6.9 million of land and dwellings acquired as part of SRN schemes has been transferred as it is either surplus or for future use.

Additionally a further £5.3 million has been reclassified to either SRN AUC or Intangible AUD following further review of the relevant projects

6.4. Intangible assets

Intangible assets are assets which are without physical substance, including computer software, databases and licenses. In line with IAS 38 (intangible assets), the company only recognises an intangible asset if it is probable that future economic benefits will be produced for the company and the costs can be measured reliably.

Intangible assets are measured initially at cost and are amortised on a straight-line basis over their useful lives which are reviewed at the end of each reporting period. A minimum threshold of £2,000 is applied to intangible assets. Costs below this are expensed as they are incurred.

			31 March 2026	31 March 2025
	Intangibles	AUD	Total	Total
	£000	£000	£000	£000
Cost or valuation				
Opening balance	**215,199**	**159,104**	**374,303**	**121,027**
Additions	-	46,895	46,895	81,287
Reclassifications	-	1,727	1,727	174,242
Disposals and derecognition	(4,374)	-	(4,374)	(769)
Transfer from AUC/AUD	138,385	(138,385)	-	-
Impairment	-	(1,116)	(1,116)	(1,484)
Closing balance	**349,210**	**68,225**	**417,435**	**374,303**
Amortisation	-	-	-	-
Opening balance	94,134	**-**	94,134	77,565
Charged in year	56,056	-	56,056	17,338
Disposals and derecognition	(4,374)	-	(4,374)	(769)
Reclassifications	-	-	-	-
Closing balance	**145,816**	**-**	**145,816**	**94,134**
Net book value	**203,394**	**68,225**	**271,619**	**280,169**

The company has a number of bespoke databases of which many are fully amortised but continue to provide economic benefits. These will be updated or replaced at a future date. The most significant in-house assets by cost value are: Common Highways Agency Rijkswaterstaat Model (CHARM), an advanced traffic management system valued at £86.2 million (2024-25 £71.9 million) and the National Roads Telecommunication Services (NRTS2) valued at £25.2 million (2024-25 £25.2 million).

i) AUC transfer

£138.4 million (2024-25 £94.9 million) of completed projects has been transferred from AUD to intangible assets. Additionally a further £1.7 million has been reclassified from AUC following further review of the relevant projects

6.5. Assets classified as held for sale

Non-current assets are classified as assets held for sale in accordance with IFRS 5 (non-current assets held for sale and discontinued operations), where they are available for sale in their present condition and are expected to be sold within one year. This comprises of surplus land, buildings and dwellings that are no longer in use. These assets are valued at the lower of their carrying amount and fair value (taken to be market value) less selling costs.

	Land and buildings	Dwellings	Total
	£000	£000	£000
At 1 April 2024	2,273	5,279	7,552
Disposals	(586)	(1,389)	(1,975)
Impairment - charged to SoCNE	(1,240)	(1,029)	(2,269)
Reclassifications	3,852	2,779	6,631
At 31 March 2025	**4,299**	**5,640**	**9,939**
At 1 April 2025	4,299	5,640	9,939
Disposals	(182)	(534)	(716)
Impairment - charged to SoCNE	(550)	(4,815)	(5,365)
Reclassifications from property, plant and equipment	4,182	16,232	20,414
At 31 March 2026	**7,749**	**16,523**	**24,272**

Disposals in the year ended 31 March 2026 included the following sales:

- Hindhead Hill Farm, Thursley, Surrey (£0.9 million)
- Windsor Road, Maidenhead, Berkshire (£0.5 million)
- Camel Hill, Yeovil, Somerset (£0.4 million
- Fortyacre Drive, Stockport, Greater Manchester (£0.2 million)

Reclassifications of land and dwellings relates to the movement of items from property, plant and equipment that are expected to sell within the next year.

6.6. Inventories

	31 March 2026	31 March 2025
	£000	£000
Communication/electrical equipment for the SRN	64,386	62,880
Salt	15,191	15,198
Other	5,912	192
	85,489	**78,270**

The inventory balance is composed of items such as technology, salt, and uniforms, this is valued at the lower of cost and the value that can be realised upon sale (net realisable value). The cost of inventories includes all costs incurred in bringing the items to their present location and the cost for valuation purposes is calculated on the basis of the weighted average cost of each category of inventory.

Salt stock includes reserves held for the English local highways authorities. This reserve is only for use as a last resort in the event of normal domestic salt supply channels being unable to meet the demand.

Salt is stored to protect it from leaching from rainfall. However, over time salt deteriorates and therefore the policy is to re-measure the holding each year, to reflect any loss from deterioration.

Other largely consits of uniforms and assets purchased in relation to cancelled schemes, which remain available for redeployment on future schemes.

7. Financial assets and liabilities

A financial instrument is a contract between parties that gives rise to a financial asset of one entity and a financial liability of another entity. This note provides information about the company's financial instruments, including:

- an overview of all financial instrument assets and liabilities.
- accounting policies.
- information about determining the fair value of instruments.

The Company's exposure to risks arising from financial instruments is discussed in Note 10. The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each class of financial assets set out below.

7.1. Cash

	Year to 31 March 2026	Year to 31 March 2025
	£000	£000
Balance as at start of the period	**79,627**	**1,700**
Net change in cash	60,932	77,927
Balance as at end of the year	**140,559**	**79,627**

The following balances were held at:		
Commercial Banks	765	1,265
Government Banking Service	139,794	78,362
	140,559	**79,627**

Cash comprises of bank balances held with the government banking service and commercial bank accounts.

The cash balance is subject to fluctuations due to the uncertainty surrounding the timing and volume of invoices received and payments made at any given time.

The company does not hold any cash equivalent balances.

7.2. Trade and other receivables

	31 March 2026	31 March 2025
	£000	£000
Amounts falling due within one year		
Trade receivables		
Receivable from contracts with other customers	17,373	6,724
Receivable from contracts with local authorities	225	474
Receivable from agreements with government	83	568
Deposits and advances	115,677	126,966
VAT	138,419	146,767
Prepayments and accrued income		
Receivable from contracts with other customers	4,130	2,857
Receivable from contracts with local authorities	1,716	2,756
Receivable from agreements with government	1,093	2,827
Other receivables	35,703	44,724
	314,419	**334,663**
Amounts falling due after more than one year		
Prepayments and accrued income	44,834	3,747
	44,834	**3,747**
Total receivables	**359,253**	**338,410**

i) **Trade receivables** represent amounts due from customers for goods supplied or services performed in the ordinary course of business. These include third-party claims, third-party project income (S278 and S6), former tenant balances, and employee overpayments

ii) Deposits and advances primarily comprise payments made to third parties in respect of project-related prepayments, including amounts paid to statutory undertakers. The most significant balances relate to the Lower Thames Crossing (£44.4 million with one supplier and £20 million with another), the A57 Link Road (£7.9 million), and the A38 Derby Junctions (£10.3 million).

iii) **VAT** represents amounts recoverable from HM Revenue and Customs (HMRC) in accordance with applicable legislation.

iv) **Prepayments and accrued income** include third-party contributions to schemes, minor occupier income, and property-related prepayments for offices, depots, and buildings used by the company.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The policy surrounding the impairment of financial assets is covered in note 19.9 impairment on page 216.

7.3. Trade and other payables

	Note	31 March 2026 £000	31 March 2025 £000
Amounts falling due within one year			
Taxation and social security		50,853	13,453
Trade payables		165,500	54,464
Accruals		753,039	770,786
Deferred income			
Receivable from contracts with other customers		26,326	20,425
Receivable from contracts with local authorities		11,845	18,870
Receivable from agreements with government		5,937	5,105
Capital element under on balance sheet PFI contracts	7.5.2	55,346	110,977
Future lease commitments	7.5.1	15,273	9,931
Other payables		49,492	65,225
		1,133,611	**1,069,236**
Amounts falling after more than one year			
Capital element under on balance sheet PFI contracts	7.5.2	805,117	860,463
Future lease commitments	7.5.1	63,717	43,470
Deferred income		40,245	37,192
Retentions		75	202
		909,154	**941,327**
Total payables		**2,042,765**	**2,010,563**

i) **Taxation and social security** covers employer liabilities such as income tax and national insurance and corporation tax commitments.

ii) **Trade payables** represent amounts owed to suppliers for goods or services provided to the company. These liabilities are recognised once an invoice has been registered by Financial Control, with all the necessary details to enable payment processing.

iii) **Accruals** recognise expenses that have been consumed that have not been paid for. Accruals are needed to ensure that all expenses (and revenues) are recognised within the correct reporting period so that the amount of revenue, expense, and profit or loss in a period reflects the actual level of economic activity within of the company.

iv) **Deferred income** arises when an entity receives cash or other consideration before the related goods or services have been provided. As a result, the income is not yet earned at the reporting date and is therefore recognised as a liability until the performance obligation is satisfied.

v) **Capital element under on balance sheet PFI contracts** reflects the outstanding capital liabilities in relation to long-term service concession arrangements with private sector entities.

vi) **Future lease commitments** relates predominantly to buildings utilised by the company.

7.4. Provisions

In line with accounting standard IAS 37 (provisions, contingent liabilities and contingent assets), the company provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of financial position date, but where it is more likely than not that a liability exists. The measurement of the provision is based upon the best estimate of the expenditure required to settle the obligation.

	Land and property acquisition	Engineering and construction	Leased assets	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2024	539,477	-	1,812	39,339	580,628
Provided in the year	258,674	5,621	860	6,827	271,982
Provisions not required written back	(123,184)	-	-	(3,445)	(126,629)
Provisions utilised in the year	(58,009)	-	-	(2,786)	(60,795)
At 31 March 2025	**616,958**	**5,621**	**2,672**	**39,935**	**665,186**
At 1 April 2025	616,958	5,621	2,672	39,935	665,186
Provided in the year	247,131	-	-	11,183	258,314
Provisions not required written back	(179,487)	(5,621)	(222)	(4,345)	(189,675)
Provisions utilised in the year	(112,178)	-	-	(2,882)	(115,060)
At 31 March 2026	**572,424**	-	**2,450**	**43,891**	**618,765**

Analysis of expected timing of discounted flows:

	Land and property acquisition	Engineering and construction	Leased assets	Other	Total
	£000	£000	£000	£000	£000
Not later than one year	91,589	-	243	43,575	135,407
Later than one year and not later than five years	480,835	-	1,097	150	482,082
Later than five years	-	-	1,110	166	1,276
	572,424	-	**2,450**	**43,891**	**618,765**

Land and property acquisition: These provisions relate primarily to the estimated costs of planning blight, discretionary and compulsory acquisition of property, and compensation payable to property owners arising from the physical construction of road schemes. Planning blight arises where the value of a property is significantly reduced as a result of proposed works. The company is liable for, and has the ability to, purchase affected properties, and recognises a provision at the point of the Preferred route announcement (PRA).

The company has statutory powers to acquire land for infrastructure developments in the public interest. A provision for compulsory purchases is recognised when a Development consent order (DCO) or Compulsory purchase order (CPO) is made. Compensation may be claimed by individuals who both own and occupy property that has reduced in value due to physical factors arising from the use of a new or altered road (for example, noise, vibration, smell or lighting). These obligations, known as Part 1 claims, are provided for from the commencement of construction.

During the year, a significant write-back of provisions was recognised. The majority of this write-back relates to provisions previously recognised for anticipated land and property liabilities in relation to schemes cancelled in July 2025 (A12 Chelmsford to A120 Improvement Scheme and A47 Wansford to Sutton Dualling

As at 31 March 2026, the company has recognised provisions of £63.7 million in respect of planning blight, £483.9 million for land and property acquisition, and £24.8 million relating to Part 1 claims.

There can be a significant period between the announcement of a scheme and the completion of works, including the final settlement of all associated liabilities. As such, these provisions are subject to estimation uncertainty, including changes in scheme scope and macroeconomic factors such as inflation and the availability of funding.

Other provisions: include amounts payable to third parties who have suffered damage or injury as a result of incidents affecting the road network and are entitled to submit claims for compensation to the company. A provision is recognised based on an estimate of the value of claims received as at 31 March 2026 that are expected to require settlement by the company.

Provisions provided in-year and not written back reconciles as follows:

	Year to 31 March 2026	Year to 31 March 2025
	£000	£000
Provisions provided in-year	252,470	271,982
Less provisions written back	(183,832)	(126,629)
Net provisions expenditure	**68,638**	**145,353**
Split as follows:		
Resource expenditure	6,225	3,165
Capital expenditure	62,413	141,328
Leased asset expenditure	-	860
	68,638	**145,353**
Provision for doubtful debt movement	1001	519
Other provisions provided for in year	6,225	3,165
Total provision charge to the SoCNE	**7,226**	**3,684**

7.5. Financial instruments

7.5.1. Commitments under leases

	31 March 2026	31 March 2025
	£000	£000
Lease liabilities		
Recognised under new standard	**-**	**-**
Additions in year	39,955	20,250
Liability (deletions)	(1,359)	(28)
Repayment of lease liability	(14,447)	(16,147)
Interest on leases	1,440	1,007
Balance as at end of year	**78,990**	**53,401**

Amounts falling due		
No later than one year	15,273	9,931
Later than one year and not later than five years	41,145	27,150
Later than five years	22,572	16,320
	78,990	**53,401**

The company leases many assets including buildings.

At the start of a lease, the company recognises a right-of-use asset and a lease liability.

The lease liability is measured as the payments, net of value added tax, for the remaining lease term, discounted either by the rate implied in the lease, or, where this cannot be determined, the incremental cost of borrowing, the rate advised by HM Treasury. The company does not typically undertake external borrowing and is instead funded annually by the DfT which draws down its funding from the Exchequer. The company's incremental borrowing rate is aligned to the HM Treasury rate.

The right-of-use asset is measured at the value of the liability, adjusted for: any payments made before the start date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, where the lease requires nominal consideration (a type of arrangement often described as a 'peppercorn' lease), the asset is measured at its existing use value.

The asset is subsequently measured using the fair value model. The company considers that the cost model is a reasonable proxy for the fair value model for leases of items other than land and property, and for leases of land and property with regular rent reviews. For other leases, the asset is carried at a revalued amount.

The liability is adjusted for the accrual of interest, repayments, reassessments and modifications.

Leases which are considered to be low value, or have an expected length of less than a year, are not recognised under IFRS 16 and the related costs are shown in the Statement of Comprehensive Net Expenditure.

7.5.2. Commitments under private finance initiatives (PFIs)

The company has long-standing service concession arrangements with private sector entities for the development, construction, financing, operation and maintenance of infrastructure, as well as the provision of related services either directly or indirectly to the public.

Under these arrangements, the company controls or regulates the services that the operators must provide. The company also controls any significant residual interest in the infrastructure at the end of the arrangement

The company recognises the infrastructure associated with service concessions as an asset and recognises the related liability. The asset is accounted for in the same way as other assets of that type. Interest on the liability and expenditure on services provided under the service concession are recognised in the net operating expenditure as they accrue under the contract. The annual payments are apportioned between three elements: an element to pay for services; an element to pay interest on the liability; and an element to repay the initial liability.

The asset and liability are both initially recorded at the fair value of the property, and the asset is subsequently revalued and depreciated in accordance with accounting policies for property, plant and equipment (see note 6.1).

The substance of the PFI contract under IFRIC 12 (Service Concession Arrangements) is that the company has a finance lease, with the asset being recognised as a non-current asset of the company.

The total payments on balance sheet PFI contracts for which the company is committed are given in the tables below, analysed according to the year in which the commitment expires.

In 2025-26, four of the company's PFI contracts ended. No liabilities remain for these contracts and the assets have returned to the company to manage.

PFI	Contract start date	Duration	Initial capital value	Closing balance obligation	Service charge commitment
				£m	£m
M40 Denham to Warwick	01/01/1999	29	71.2	4.9	46.5
A19 Dishforth to Tyne Tunnel DBFO	31/03/1999	28	47.8	3.3	31.6
A30/A35 Exeter to Bere Regis	31/03/2000	26	135.1	-	6.5
A50/A564 Stoke to Derby Link	31/03/1998	29	37.3	2.6	1.4
M1-A1 Yorkshire link	31/03/1998	28	395.4	-	0.9
A1(M) Darrington to Dishforth	01/03/2006	31	236.4	125.9	390.2
A249 Iwade to Queenborough	01/03/2007	28	92.8	44.8	77.8
M25 London Orbital Motorway contract	01/04/2010	30	931.4	679.0	5,772.3
Total			**1,947.4**	**860.5**	**6,327.2**

Recognised fair value measurements

For PFI obligations that are not measured at fair value, there is no active market and it is not practicable to reliably estimate their fair value. In addition, the company has no intention of transferring or settling these obligations prior to maturity. Accordingly, no fair value disclosure has been provided for these instruments.

For all other financial assets and liabilities, the carrying amounts are considered to be a reasonable approximation of their fair values, due to their short-term nature or because they are subject to variable interest rates that reflect current market condition.

Imputed finance lease charges under on balance sheet PFI contracts comprise:

	31 March 2026	31 March 2025
	£000	£000
Not later than one year	119,179	181,982
Later than one year and not later than five years	430,853	442,319
Later than five years	807,361	915,074
	1,357,393	**1,539,375**
Less interest element	(496,930)	(567,935)
	860,463	**971,440**

Capital element under on balance sheet PFI contracts comprise:

	31 March 2026	31 March 2025
	£000	£000
Not later than one year	55,346	110,977
Later than one year and not later than five years	212,824	209,248
Later than five years	592,293	651,215
	860,463	**971,440**

The total amount charged in respect of the repayment of the capital element of the PFI transactions for the period to 31 March 2026 was £111 million (2024-25 £104.2 million).

Interest element under on balance sheet PFI contracts comprise:

	31 March 2026	31 March 2025
	£000	£000
Not later than one year	63,833	71,005
Later than one year and not later than five years	218,029	233,071
Later than five years	215,068	263,859
	496,930	**567,935**

The total amount charged in the Statement of comprehensive net expenditure in respect of interest on balance sheet PFI transactions for the period to 31 March 2026 was £71 million (2024-25 £77.7 million).

7.5.3. Details of the minimum PFI service charge to Statement of Comprehensive Net Expenditure:

	31 March 2026	31 March 2025
	£000	£000
Not later than one year	467,371	538,098
Later than one year and not later than five years	1,706,667	1,672,789
Later than five years	4,153,188	4,466,920
	6,327,226	**6,677,807**

PFI service charges are based on multiple contractual elements. These include, but are not limited to: traffic numbers; inflation; and lane availability. Assumptions are made on how the current position of these contractual elements will affect the minimum service charge.

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element for the period to 31 March 2026 was £537 million (2024-25 £501.4 million).

8. Equity and reserves

	31 March 2026	31 March 2025
	£0	£0
Authorised		
10 Ordinary shares at £1 each	10	10
Allotted, called up and fully paid		
10 Ordinary shares at £1 each	10	10

Reserves

As the company generates minimal income, the DfT provides funding annually in the form of a cash contribution on behalf of the Secretary of State for Transport, as the sole shareholder. These funds are used to finance expenditure that supports the company's objectives in accordance with its licence, and are recognised directly in reserves alongside the company's net expenditure. On commencement of operations on 1 April 2015, the company received a transfer from the Secretary of State for Transport comprising the assets of the Highways Agency, including the SRN (with the exception of the Severn Bridge and M6 Toll).

In accordance with generally accepted practice for common control transactions, the net assets transferred were recognised at book value, with amounts credited to the revaluation reserve to the extent of any revaluation surplus recognised by the Highways Agency at the transfer date, and the remainder credited to a capital contributions reserve. Intra-reserve transfers relating to revaluation are made through retained earnings in accordance with IAS 16.

All reserves are non-distributable other than to the Secretary of State for Transport within the relevant legislative framework and as defined by the Companies Act 2006.

9. Critical accounting judgements and key sources of estimation uncertainty

A series of estimates and judgements are used to produce these financial statements. These estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

9.1. Property, plant and equipment

The SRN is valued using an approach to determine depreciated replacement cost, as described in note 6.2.i. The valuation is built up using an understanding of the extent of the network and its component parts on a modern-equivalent basis; the application of a number of costing rates for those component parts, by type; and the condition of the network. In this context, it is sensitive to a number of significant areas of estimation, including the following:

Costing rates

Costing rates used to inform the valuation of roads and structures are based upon schemes constructed by the company in recent years. At each full revaluation (QQR) costing rates are derived for specific asset types for example, bridges are classified by their length and width. For some specific asset types there may be a limited number of schemes which provide a direct comparator. In these cases the company derives a costing rate through a line of best fit approach applied to a broader asset type (e.g. bridges) using available scheme data and known costing relationships between asset types. This provides a complete set of data points based upon the best available information.

This approach requires estimation but the company is satisfied that uncertainty is minimised by making use of the full available information. The impact of this approach is minimised as direct comparators are easily obtainable for common network features.

Changes to costing rates do have an impact on the final valuation within the accounts. A 10% movement on costing rates would impact the valuation by £16.3 billion net.

Useful economic life

The company makes assumptions regarding both the duration over which various elements of the SRN will deliver service potential and the extent to which those asset components are renewable. These estimates are derived from historical trends and informed expert judgement.

Indices

The company applies a number of construction related indices to the costing rates for various elements of the SRN, both as part of the full revaluation exercises (QQRs) and to revalue the overall SRN components in interim valuation years. The company chooses indices which it judges most relevant to the replacement costs of the SRNs component parts. Information on specific indices is found in note 6.2.ii.b.

The Implied Output Price Index - for New Infrastructure Construction (IOPI) produced by the ONS has been adopted for roads, structures and most technology assets. Land is indexed in alignment with urban and rural land indices, in conjunction with rural land indices from the Savills Farmland Market Survey.

The valuation is sensitive to changes in underlying cost assumptions, particularly where indexation does not fully capture asset-specific cost movements. As a result, there is potential for divergence between general SRN construction indices such as IOPI and the actual cost trends relevant to the asset base. This introduces ongoing estimation uncertainty in the valuation of the network, especially in an unstable economic climate. If cost trends continue to diverge, future valuations could be materially affected, and management may need to undertake out-of-cycle revaluations where appropriate evidence indicates that the carrying amount may no longer be supportable.

The network valuation is sensitive to index movements. An 10% movement in IOPI would impact the valuation of the network by £14.3 billion net.

Condition factors

Road surface condition determines the in year depreciation charge for the roads component of the SRN. It is analysed using surveys carried out on all lanes of the SRN that measure, at 10 metre intervals, the level of rutting, texture, fretting and longitudinal profile metrics.

Structures condition is reflected in the carrying value of the SRN structures element, which is in turn influenced by a depreciation charge based on an asset valuation model. This builds in both the impact of deterioration over time and periodic renewal as set out in note 6.2.iii.c. The company keeps information on the condition of it's structures under regular review to assess whether an adjustment is required for depreciation to reflect an engineering assessment of the current condition point.

9.2. Cost of work done

The additions to property, plant and equipment are valued using an estimate of the cost of work done in the year to 31 March. To the extent that the COWD is greater than the invoiced amount, a PPE addition and a corresponding accrual (note 7.3) are recognised on the basis of expected amounts required to settle contractual obligations. COWD assessments are based on information readily available to project managers on the status of works, but some estimation uncertainty is involved in the year-end measurement. This is in respect of the evaluation of how contractual dispute positions are likely to resolve, and in measuring the value of works performed at the year-end date.

9.3. Legal claims

Legal claims are recorded as contingent liabilities or provisions when the company faces legal claims and challenges, which may result in the possible outflow of economic benefits. The classification of these, as well as their valuation, and presentation as current or non-current, is based on legal advice.

9.4. Land and property

Land and property are acquired as necessary as part of the company's work to improve the network. During the early stages of a project, until the preferred route is announced, potential blight claims are treated as remote and are not disclosed. After the preferred route announcement is made until the point of purchase they are treated as provisions. Potential acquisitions relating to land and property are not disclosed (due to the level of uncertainty over whether the land will be acquired) until the issue of a CPO or a DCO, at which point a provision is recognised. The valuation of these provisions is provided by the Valuation Office Agency using their professional expertise to make the relevant estimation. As with all land valuation this estimation considers factors such as geographical location and land classification (urban/rural).

9.5. Irrecoverable VAT

VAT is only recoverable in relation to works on the existing SRN in accordance with Contracted out services heading 6 - alteration, repair and maintenance of road schemes. Assessments to determine the correct recovery rate for VAT on schemes are performed by the Commercial and Procurement team and are based upon the initial scheme estimations with greenfield sites and structures removed to assess recoverable VAT, as required by COS 6. As these calculations are internally generated, VAT rules are open to interpretation and HMRC can assess up to four years of historic VAT charges, VAT remains a significant area of judgement.

10. Financial risk management

IFRS 7 (Disclosure Requirements) requires minimum disclosures about the nature and extent of credit risk, liquidity risk and market risk that the company faces in undertaking its activities. Due to the largely non-trading nature of its activities and the way in which government entities are financed, the company is not exposed to the degree of financial risk faced by many business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. The company has no powers to borrow or invest surplus funds.

Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the company in undertaking its activities. Nevertheless, the company's Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The core operations of the company are resourced largely from funds voted by Parliament and so have limited dependency on revenues from customers. This substantially reduces many financial risks.

10.1. Credit Risk

Credit risk is the risk of suffering financial loss, should any of the company's customers or counter-parties fail to fulfil their contractual obligations to the company. Some of the company's customers and counter-parties are other public-sector organisations. No credit risk arises from these organisations since the receivables are backed by the government. For those customers and counter-parties that are not public sector organisations, the company has policies and procedures in place to ensure credit risk is kept to a minimum.

The carrying amount of financial assets represents the maximum credit risk exposure. Receivables are impaired on the basis of either ageing by receivable type or where a specific receivable is deemed to be recoverable or irrecoverable, based on the information available.

The following table provides an overview of the ageing profile of the financial assets comprising trade and other receivables.

	31 March 2026	31 March 2025
	£000	£000
Ageing of financial assets		
Neither past due nor impaired	352,750	335,381
Past due 1-30 days	4,729	551
Past due 31-60 days	568	1,209
Past due 61-90 days	179	54
Past due >90 days	1,027	1,215
	359,253	**338,410**

10.2. Liquidity risk

Liquidity risk is the risk that the company is unable to meet its obligations when they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed condition. The company's policy is to determine its liquidity requirements by the use of short-term cash flow forecasts. These forecasts are supplemented by the government's long-term funding commitment through the RIS.

The company believes that its contractual obligations, including those shown in commitments and contingencies in notes 15, 7.5.1, 7.5.2 and 12 can be met in the short term from existing cash and other current assets, and the funding it receives annually that is voted by Parliament. The longer-term needs are met from the funding commitment provided by the government through the RIS.

				31 March 2026	31 March 2025
	Not later than one year	Later than one year and not later than five years	Later than five years	Total	Total
Contractual cashflows	£000	£000	£000	£000	£000
Non-derivative financial liabilities					
Trade payables	969,392	-	-	969,392	838,702
Future lease commitments	15,273	41,145	22,572	78,990	53,401
PFI	586,550	2,137,520	4,960,549	7,684,619	8,217,182
Other non-interest bearing liabilities	93,600	40,320	-	133,920	147,020

				31 March 2026	31 March 2025
	Not later than one year	Later than one year and not later than five years	Later than five years	Total	Total
Contractual cashflows	£000	£000	£000	£000	£000
	1,664,815	2,218,985	4,983,121	8,866,921	9,256,305

10.3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures, where these are considered to materially impact the business and operations of the company. The company's maintenance and construction contracts include provision for inflation. In order to meet these commitments, the company includes an estimate for inflation as part of short and long-term financial forecasts and funding settlements.

10.4. Interest rate risk

This is the risk that the company will suffer financial loss due to interest rate fluctuations. The company's financial assets and its financial liabilities carry nil or fixed rates of interest, therefore the company is not exposed to significant interest rate risk.

10.5. Exchange rate risk

This is the risk that the company will suffer financial loss due to changes in exchange rates. The company undertakes a small number of foreign currency transactions primarily in Euro and is not exposed to significant exchange risk. Given the quantum of transactions in foreign currency, the company has assessed that a strengthening or weakening of Euro will not have any significant impact on the financial statements.

10.6. Fair Value Measurement

In accordance with IFRS 13, the company classifies its assets and liabilities measured at fair value into the following hierarchy:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices that can be used to measure the asset or liability.
- **Level 3:** Inputs based on internal assumptions and expert judgment.

Financial Instruments

Category	Instruments	Hierarchy Level	Valuation Approach
Financial Assets	Trade and other receivables	Level 2	Estimated contractual obligation using contracts and/or third party information
	Cash and cash equivalents	Level 1	Held in government banking facilities.
Financial Liabilities	Trade payables	Level 2	Agreed contractual obligation e.g. invoice
	Accruals	Level 2	Estimated contractual obligation using contracts and/or third party information
	PFI contracts	Level 2	Discounted cash flow using contract rate.
	Lease commitments	Level 2	Discounted using incremental borrowing rate.

All our financial instruments are measured at amortised cost in accordance with IFRS 9.

Other Key Fair Value Measurements

Item	Measurement Basis	Hierarchy Level	Valuation Approach
SRN (PPE)	Modern equivalent	Level 3	Uses DRC methodology in accordance with RICS Red Book standards, based on greenfield assumptions, and advice from engineering specialists.
Provisions (e.g. land compensation)	Specialist estimation	Level 3	Estimates provided by valuation specialists.

No transfers between levels of the fair value hierarchy occurred during the year

11. Going concern

The Statement of financial position as at 31 March 2026 shows net current liabilities of £842 million. The company's liabilities falling due after this date will be met through funding provided by our sponsoring department, the Department for Transport (DfT).

The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for a period of at least 12 months from the date on which the financial statements are authorised for issue. Accordingly, the financial statements have been prepared on a going concern basis.

In forming this view, the Directors/management have reviewed:

1. Future Government funding commitments — confirmed through the publication of RIS3, which sets out £27 billion of resource and capital funding for the period 2026-27 to 2031-32.
2. Internal business plans — demonstrating the company's ability to operate within approved funding envelopes.
3. DfT's Main Estimate — our 2026-27 funding has been included in HM Treasury's Main Estimate via DfT and has been approved by Parliament.

Unrecognised items

The following items are disclosed in the accounts but not recognised in the financial statements.

12. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that does not meet the recognition criteria for a provision.

Contingent liabilities are not recognised in the Statement of Financial Position. Instead, unless the possibility of an outflow of economic benefits is considered remote, they are disclosed in the notes to the financial statements in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

	31 March 2026	31 March 2025
	£000	£000
Contingent liabilities	8,300	21,514
	8,300	**21,514**

Contingent liabilities include claims from third parties in respect of damage or injury arising from incidents affecting the SRN. While estimates are based on historical experience and available information, the outcomes remain uncertain and are therefore disclosed as contingent liabilities rather than recognised as provisions.

12.1. Remote contingent liabilities

Under IFRS contingent liabilities that are considered to be remote are not disclosed; however, their narrative disclosure is required by the FReM.

A contingent liability is a potential liability that may occur depending on the outcome of an uncertain future event; they do not meet the criteria for a provision.

Remote contingent liabilities occur where the possibility of future settlement is very small. The company holds indemnities embedded within some procurement contracts. These indemnities are a promise by the company to compensate another for losses suffered as a consequence of works undertaken on the SRN. Indemnities provide security against or exemption from, legal liability where asset damage, contamination or loss of income may arise.

Our most significant indemnities relate to works which impact upon statutory undertakers, for example to negate risks created by the requirement to move, or when we are working close to, a gas main or electricity infrastructure when building a new stretch of road. The approximate value of these indemnities is dependent upon the outcome of uncertain events and, as such, they cannot be accurately estimated. The potential to incur significant losses as the result of work impacting on statutory undertakers is considered to be highly remote.

13. Contingent assets

A contingent asset arises where an event has taken place that gives the company a possible asset whose existence will only be confirmed by the occurrence of uncertain future events which are not wholly within the control of the company.

Contingent assets are disclosed under IAS 37 where it is probable that there will be an inflow of economic benefits.

The company seeks to dispose of property surplus to requirement promptly at the best price reasonably obtainable in the market. In these cases, the company may decide to sell the property at the underlying land value. In these circumstances, the company will incorporate a ‘claw back’ clause into the terms of the sale, under which it is able to reclaim a percentage of any increase in value arising from a grant of planning permission, for a given term after the sale has been agreed. As it is not known for some years after the initial disposal whether any further income will arise, the company has an unquantified contingent asset relating to future values.

The company seeks to recover costs associated with third party damage to our network, known as green claims. The value of each claim and the probability of recovery is difficult to quantify due to uncertainty; it is not always possible to identify the culprit, and the value of the claim is often subject to loss adjustment and/or litigation. Accordingly, the company has an unquantified contingent asset relating to future income from green claims that are awaiting settlement.

14. Third party assets

The company holds funds within designated joint accounts established with both National Highways and the respective counterparty named on the mandate.. These arrangements typically relate to retention balances and enable the company to draw down funds where the counterparty has been unable to meet its contractual obligations.

These funds are not recognised as assets of the company, as they are held on behalf of external parties and do not meet the criteria for recognition under IFRS.

As of 31st March 2026, the total balance in these joint accounts amounted to £46.7 million. The company acts as a custodian for these funds and has no discretionary control over their use.

In accordance with IAS 24, the company discloses these balances to provide transparency regarding its fiduciary responsibilities. The company ensures that appropriate controls and governance mechanisms are in place to safeguard these funds and comply with contractual obligations.

	31 March 2026	31 March 2025
	£000	£000
Bank accounts	46,714	47.370
	46,714	**47,370**

15. Capital commitments

	31 March 2026	31 March 2025
	£000	£000
Contracted capital commitments not otherwise included in these accounts:		
Property, plant and equipment	921,132	1,453,016

The company's capital commitments as at 31 March 2026 include the following significant project commitments:

£285 million relates to the A428 Black Cat to Caxton Gibbet scheme: This major infrastructure project will improve connectivity between Milton Keynes and Cambridge, supporting long-term regional growth. The scheme includes the construction of a new 10-mile dual carriageway and a number of junction improvements.

£216 million relates to the A57 Link Roads scheme: This project will address long-standing congestion in Mottram in Longdendale and improve journey times and reliability between Manchester and Sheffield.

£120 million relates to the A417 Missing Link scheme: This landscape-led highways project will deliver a safe, resilient, and free-flowing route while conserving and enhancing the special character of the Cotswold's Area of Outstanding Natural Beauty. It will improve connectivity between two existing dual carriageway sections of the A417 at Brockworth and Cowley.

£118 million relates to the A47 North Tuddenham to Easton improvement scheme: This project involves upgrading the A47 in Norfolk to a dual carriageway, completing the dual carriageway link between Norwich and Dereham, supporting economic growth, and reducing congestion in the area.

16. Events after the reporting period

In April 2026, the company agreed a number of 60-year lease extensions relating to motorway service areas, generating £262 million in revenue.

On 30th June 2026, the government announced the Defence Investment Plan, requiring some reprioritisation of spending across government. The Department agreed to launch a consultation on whether to discontinue further investment into the A46 Newark Bypass and A38 Derby Junctions road schemes. To date, £124 million of costs have been capitalised (excluding land assets and net of related provisions). If a decision is taken to discontinue the schemes, this balance, along with scheme costs capitalised in 2026-27, would be subject to impairment in the 2026-27 financial year.

International Accounting Standards require disclosure of the date on which the financial statements are authorised for issue. The Accounting officer has authorised these accounts to be issued on the date they were certified by the Comptroller and Auditor general.

Other information

17. Related party transactions

The Company is an arm's-length body of the DfT, which is regarded as a controlling related party. The Company's primary source of funding is provided by the DfT, based on approved expenditure authorised by Parliament.

Total funding received from the DfT for the year ended 31 March 2026 amounted to £4.8 billion (2024–25: £5.3 billion). During the year, the Company also undertook a number of other transactions with the DfT, amounting to £0.76 million (2024–25: £0.03 million). In addition, the Company had transactions with other government departments, agencies and local authorities.

Key personnel compensation is disclosed in the remuneration report.

18. Losses and special payments

Managing Public money requires a statement showing losses and special payments by value and by type to be shown where they exceed £300,000 in total and those that, individually, exceed £300,000. Losses may relate to cash and store losses, bookkeeping losses, losses arising from a failure to make adequate charge for the use of public property or services, fruitless payments and claims abandoned as well as frauds. Special payments may relate to extra-contractual, extra-statutory and ex-gratia payments and compensation.

(a) Losses statement

	31 March 2026	31 March 2025
Total number of losses		
Constructive losses	1	9
Bookkeeping/cash losses	-	1
Claims abandoned	4,270	3,063
Store losses	1,676	3,564
Total	**5,947**	**6,637**

	31 March 2026	31 March 2025
	£000	£000
Total value of losses		
Constructive losses	251,644	472,292
Bookkeeping/cash losses	-	5
Claims abandoned	9,951	5,990
Store losses	7,803	14,542
Total	**269,398**	**492,829**

Details of cases over £300,000

Constructive losses

A constructive loss refers to a situation where a payment is made, but it's not directly beneficial to the receiving organisation. There were two constructive losses greater than £300,000 in the period which relate to cancelled schemes.

On 8 July 2025, the government announced the cancellation of two schemes, the A12 Chelmsford to A120 improvements and the A47 Wansford to Sutton, as part of the 2025 Spending Review. As a result, the company recognised a loss of £251.6 million, comprising £39.1 million in respect of the A47 scheme and £212.5 million relating to the A12 scheme. Of the total loss, £7 million relates to close-out costs expected to be incurred in future years.

The majority of the expenditure on these schemes relates to development and pre-construction activities.

In 2024–25, future year losses of £10.5 million were reported in respect of closure costs for the eight schemes cancelled by the Chancellor. Revised closure costs are now expected to be £6 million, comprising £5.8 million incurred in 2025–26 and a further £0.2 million in future years. This represents a reduction of £4.5 million compared to the loss previously disclosed.

Bookkeeping/cash losses

These losses relate to accounting corrections and losses not considered viable or value for money to pursue. There were no book keeping or cash losses greater than £300,000 in the period.

Claims abandoned

These losses largely relate to damage to the road network and traffic management clean-up costs, where the culprit is unknown and it is not viable to pursue the claim. There was one abandoned claim greater than £300,000 during the period, relating to a green claim that was ultimately settled at £0.6 million below the estimated rectification cost.

Store losses

These losses largely relate to theft or vandalism to SRN equipment where the culprit is unknown. This includes cables, fencing, barriers, communication equipment, signs or lighting. There were no store losses greater than £300,000 in the period.

	31 March 2026	31 March 2025
Total number of special payments		
Ex-gratia payments/compensation	4	22

	31 March 2026 £000	31 March 2025 £000
Total value of special payments		
Ex-gratia payments/compensation	25	914

Details of cases over £300,000

There were no special payments with a value greater than £300,000 in the period

19. Summary of significant accounting policies

This section provides additional information about the overall basis of preparation that the Directors consider to be useful and relevant to understanding these financial statements.

19.1. Basis of preparation

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Where IFRS permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to give a true and fair view has been selected. The key accounting policies adopted are described below. They have been consistently applied in dealing with items considered material to the accounts.

19.2. Measurement convention

The financial statements have been prepared on an historical cost basis, except where specific departures, including fair value, are described. Historical cost is a measure in which the value of an asset on the balance sheet is recorded at its original cost when acquired by the company. In subsequent periods that recorded cost is not updated for any increase in prices, although it may be adjusted for falls in value (see note 10.1).

19.3. Revenue recognition

The accounting policies for the company's revenue streams are explained in note 2.

19.4. Grants

Grants are recognised in the accounts where there is reasonable assurance that they will be received. Grants that relate to specific capital expenditure with attached conditions are credited to deferred income in the Statement of Financial Position and are recognised in net expenditure over the asset's construction period. Grants for revenue expenditure are credited to net expenditure (see note 2)

The company makes a small number of grants to public sector, private sector and voluntary bodies. These grants are recognised at the point at which the grant agreement is authorised by all related parties.

19.5. Corporation tax

The company's corporation tax policy is outlined in note 5.

19.6. VAT

Many of the activities of the company are non-business in nature and for this reason, outside the scope of VAT. The company is eligible under section 41 (3) of the VAT Act 1992 to recover input VAT which is recovered under an annual Treasury Direction. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

19.7. Leases

The company's leases policy is outlined in note 7.5.1.

19.8. Research and development

Expenditure on research is not capitalised. Development expenditure that does not meet the criteria for capitalisation is also treated as an expense and shown in net expenditure in the year in which it is incurred.

19.9. Impairment of financial assets

The company assesses at each balance sheet date whether there is objective evidence that financial assets are impaired.

Under IFRS 9 we employ a forward-looking expected loss model. This means that we consider current and forward-looking information to assess whether a historic event or the potential for a future event has an impact on estimated future cash flows.

Financial assets are grouped based on similar risk characteristics, considering asset type, industry, geographical location, collateral type, overdue status and other relevant factors. These characteristics are relevant to the estimation of future cash flows as they are indicative of the counter party's ability to pay all amounts due according to the terms of the contract.

The future cash flows relating to loans and receivables are used to evaluate any impairment of the assets, the amount of impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to minimise differences arising between loss estimates and actual losses incurred.

19.10. Cash

Cash comprises bank balances held with the Government Banking Service and commercial bank accounts.

19.11. Receivables

Trade receivables and accrued income are classified as financial assets held at amortised cost in accordance with IFRS 9.

Receivables are recognised initially at fair value, plus transactional costs. Fair value is usually the contractual value of the transaction. Thereafter, receivables are held at amortised cost. See note 7.2 for further information about the accounting for trade receivables and note 19.9 for a description of the company's impairment policies.

19.12. Current and non-current assets

For full details of the accounting policies governing current and non-current assets, being property, plant and equipment, intangible assets, assets held for sale and inventory, together with full details of their application, see note 6.

19.13. Financial liabilities

Financial liabilities are any contractual obligations to deliver cash or other financial assets to a third party including trade and other payables (current and non-current).

The company values liabilities initially at fair value. The transaction value is considered to be the fair value at the date of recognition. Thereafter, where the time value of money is considered to be material, they are held at amortised cost using the effective interest rate to discount cash flows.

Derecognition (i.e. removal from the financial statements) occurs when the liability has been settled. For more information on trade and other payables, see note 7.3.

19.14. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The measurement of the provision is based on the best estimate of the expenditure required to settle the obligation.

Provisions are charged to the Statement of Comprehensive Net Expenditure unless they relate to capital projects, in which case the provision is added to the assets carrying amount. Provisions are discounted where the effect is material. For more information about the provisions that we hold, see note 7.4.

19.15. Contingent liabilities

Contingent liabilities are disclosed under IAS 37 in note 12.

The company discloses as contingent liabilities:

- potential future obligations arising as a result of past obligating events, where the existence of such an obligation remains uncertain pending the outcome of future events outside of the company's control
- present obligations arising from past events that are not recognised because it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability

19.16. Contingent assets

A contingent asset arises where an event has taken place that gives the company a possible asset, whose existence will only be confirmed by the occurrence of uncertain future events which are not wholly within the control of the company.

Contingent assets are not recognised in the Statement of Financial Position but are disclosed under IAS 37, in note 13, where there will be a probable inflow of economic benefits.

19.17. Service concessions – PFI contracts

Service concession contracts, otherwise known as PFI contracts, are accounted for in accordance with IFRIC 12. The related policies are disclosed in note 7.5.

19.18. Employee benefits

Policies surrounding staff costs, including performance-related bonuses, holiday pay termination costs and pensions, are disclosed in note 3.1.

19.19. Reserves

For full details of equity and reserves, see note 8.

20. New and amended standards

The company has reviewed all new accounting standards, amendments and interpretations of standards that are effective during the period ending 31 March 2026. No new standards have been applied for the year ended 31 March 2026.

New standard issued but not yet effective – IFRS 18

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1. The standard introduces new requirements for the presentation of the statement of profit or loss, including defined subtotals (such as operating profit), new categories of income and expenses, and enhanced disclosures, particularly for management-defined performance measures.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted, and is not expected to have an impact on the Company's financial statements.

21. Changes in accounting policy

No changes have been made to our accounting policies during the 2025-26 financial year.

22. Restatement Note- correct of prior period error

22.1. Nature and reason for restatement

During the year ended 31 March 2026, the company undertook a full revaluation of its special structures. These assets are specialist in nature and are measured using a depreciated replacement cost methodology, supported by cost data derived from SPONS price books, consistent with the valuation approach adopted in 2020-21.

As part of the current year valuation process, the methodology applied in the 2020-21 valuation was subject to detailed review. This review identified errors in the application of certain assumptions relating to the treatment of preparation and supervision costs and preliminaries.

In the 2020-21 valuation, SPONS rates were reduced on the basis that they included preparation and supervision costs, in order to avoid perceived double counting. However, subsequent review confirmed that SPONS rates exclude such costs. In addition, no allowance was made for preliminaries, which represent costs necessary to deliver construction projects but do not form part of the permanent asset.

These errors in judgement resulted in an understatement of the carrying value of special structures since the 2020–21 valuation. Both categories of costs represent a significant proportion of overall scheme expenditure and, upon assessment, the cumulative impact of these misstatements amounted to £3.7 billion. This value is material to the financial statements.

22.2. Assessment under IAS 8

In accordance with IAS 8 Accounting Policies, the company are required to evaluate whether material errors in judgement represent changes in accounting estimates or prior period errors, based on the nature of the underlying assumptions and the information available at the time.

We concluded that reliable information was available at the time of the 2020-21 valuation regarding the appropriate treatment of preparation and supervision costs and preliminaries, but was not appropriately applied. Accordingly, these adjustments constitute prior period errors as defined by IAS 8.5, rather than changes in accounting estimates.

The error has been corrected through retrospective restatement of prior period comparatives in accordance with the standard. The comparative information has been restated as if the error had not occurred, with the cumulative impact recognised in opening balances.

22.3. Quantitative impact

The effect of the error on prior year balances is as follows:

- the value of property, plant and equipment (SRN) had been understated by £3.7 billion
- the value of the revaluation reserve had been understated by £3.7 billion

- total comprehensive expenditure had been understated by £3.7 billion

The adjustments have been reflected in the Statement of financial position, Statement of comprehensive net expenditure and Statement of changes in taxpayers' equity, together with the related property, plant and equipment disclosures, for all periods presented in accordance with IAS 1.

The in-year impact of retrospectively restating prior period balances is a £3.7 billion reduction in the revaluation gain recognised in 2025–26, resulting in a reported net revaluation movement of £11.4 billion.

22.4. Corrective actions

The valuation of special structures and the wider network continues to involve significant judgement, particularly in relation to cost assumptions, modern equivalent asset design, and the application of appropriate uplift factors.

Following the prior year audit process, the Company, together with its valuation partners, enhanced governance, review and assurance procedures over SRN asset valuations. These strengthened processes contributed to the identification and correction of the errors described above.

The company is satisfied that the valuation methodology and underlying assumptions for special structures are appropriate, robust and adequately documented, providing a reliable basis for future valuations.

22.5. Statement of financial position

	Year to 31 March 2025 restated	Year to 31 March 2025 published	Prior period adjustment
	£000	£000	£000
Non-current assets:			
Property, plant & equipment	152,985,332	149,279,847	3,705,485
Intangible assets	280169	280,169	-
Trade and other receivables	3,747	3,747	-
Total non-current assets	**153,269,248**	**149,563,763**	**3,705,485**
Non-current assets:			
Assets classified as held for sale	9,939	9,939	-
Inventories	78,270	78,270	-
Trade and other receivables	334663	334,663	-
Cash & cash equiavlents	79,627	79,627	-
Total non-current assets	**502,499**	**502,499**	**-**
Total assets	**153,771,747**	**150,066,262**	**3,705,485**
Current liabilities			
Trade and other payables	1,069,236	1,069,236	-
Intangible assets	290,051	290,051	-
Total current liabilities	**1,359,287**	**1,359,287**	**-**

	Year to 31 March 2025 restated	Year to 31 March 2025 published	Prior period adjustment
Non-current assets less net current liabilities	**152,412,460**	**148,706,975**	**3,705,485**
Non-current liabilities			
Provisions	375,137	375,137	-
Other payables	941,328	941,328	-
Total non-current liabilities	**1,316,465**	**1,316,465**	**-**
Assets less liabilities	**151,095,995**	**147,390,510**	**3,705,485**
Taxpayers' equity:			
Share capital	-	-	-
Capital contributions	49,084,434	49,084,434	-
Retained earnings	17,654,966	17,654,966	-
Revaluation reserve	84,356,595	80,651,110	3,705,485
Total taxpayers' equity	**151,095,995**	**147,390,510**	**3,705,485**

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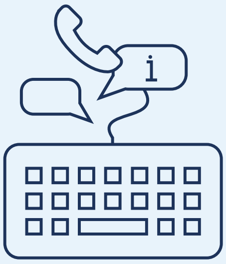

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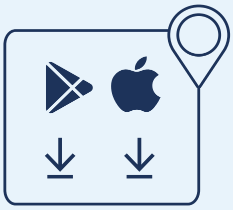

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