Keeping our major roads running all year round

Annual report and accounts 2025

CP 1353

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Annual report and accounts 2025

(For the financial year ended 31 March 2025)

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

17 July 2025

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Who we are and what we do

We are a government owned, publicly funded company that plans, designs, builds, operates and maintains England's motorways and major A-roads. We provide information and assistance for the millions of people who use our roads. The Secretary of State for Transport is our sole Shareholder, and we operate under a **Licence** and **Framework** (further details can be found on page 124).

We connect the country, and we make a positive difference to people's lives by connecting people and communities, creating jobs and social opportunities to help businesses and the economy thrive. We keep people moving today and moving better tomorrow, and make sure everyone on our network can get home safe and well. We listen closely to our customers, communities and stakeholders who help shape our work. We work in partnership with our suppliers to develop and deliver with innovation and efficiency. We get the best value for public money as well as having a focus on the environmental sustainability of everything we do.

Our progress

Our progress is measured against 12 key performance indicators (KPIs) covering the topics:

- improving safety for all (pages 20 to 30)
- providing fast and reliable journeys (pages 41 to 46)
- a well maintained and resilient network (pages 41 to 46)
- delivering better environmental outcomes (pages 49 to 60)
- meeting the needs of all users (pages 67 to 78)
- achieving efficient delivery (pages 91 to 94)

The targets are reviewed every five years as part of our **Road investment strategy** and this reporting year is the final year of our second **Road investment strategy (2020 to 2025)**.

Report and publication titles are shown in **bold** throughout.

Non-financial information statement

Although we are not required to, we comply with the non-financial reporting requirements in Sections 414CA and 414CB of the Companies Act 2006. The table below is intended to guide readers to the relevant non-financial information in our strategic and governance reports.

Reporting requirement	Policies and standards	Outcomes and additional information	Page reference
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Strategic report

A message from our Chair

Gareth Rhys Williams
Chair

I have been consistently impressed during my first year as Chair of National Highways; the organisation's strong reputation is well-deserved and its commitment to the delivery of the government's missions unwavering and evident. I am fortunate to spend time with the colleagues who deliver our strategic road network on behalf of customers and communities, and I never fail to be struck by their passion for providing an ever improving customer service, and their performance record.

Our over-arching purpose of 'Connecting the Country' ever more safely and reliably is fully endorsed by the Department for Transport, who set the priorities and monitor what we work on and execute: keeping the country moving, and helping the nation's economy by connecting major towns and cities, supporting local and regional growth, and enabling businesses to deliver goods. It has been a pleasure for the company to welcome both the new Secretaries of State and the Minister for the Future of Roads, on the many site visits they have made, helping to raise awareness of how that is achieved, and of equal importance, how the Board supports the company to play its part to deliver government's mission areas, in particular, grow the country's economy.

More than three-quarters of the UK's imports and exports leave and arrive by road through the UK's network of international gateways.

In that context, we welcomed the government's decision in March this year to give planning permission for the Lower Thames Crossing. The project will drive growth by improving connectivity between the ports in the south-east and the rest of the country while tackling long standing congestion issues at Dartford.

Performance oversight is a key responsibility for the Board. Measures such as key performance indicators (KPIs) and performance indicators (PIs) give us great insight into the organisation's efficiency and effectiveness and over the year the Board has scrutinised and challenged the company on its performance. For the 2024-25 performance year, the company's performance has been solid. I am pleased that most of our targets were hit but the company isn't complacent; Nick Harris's foreword contains details of the company's performance and the vital area of safety, on what has been achieved, and where we have more to do.

The Board has also worked with the Executive to understand the factors which are outside of our control, such as where the cost of living affects people's ability to maintain vehicles and the impact that has on road safety. This understanding has helped strengthen the discussions and partnerships we build with other organisations with whom we work to drive system-wide improvements.

One example of such improvements is the '**Digital for customer**' initiative, which equips partner organisations with better data solutions so their in-car wayfinding products (such as map-related apps and sat navs) are enhanced to make customer journeys more predictable.

We all now expect live data to help us plan our journeys accurately and avoid delays at the touch of a button, and there are significant economic considerations as hauliers and other professional road users rely on this information to make the difference between them delivering their goods on time or not.

The final year of a road period is the perfect time to assess the overall effectiveness of the company. As a Board, we hold Chief Executive Officer, Nick Harris, and Chief Financial Officer, Scott Dale, to account for budget allocations, cost efficiency and completing schemes on time and on cost, delivering value for money for taxpayers year in year out. National Highways' budgetary performance in 2024-25 landed exactly where it needed to, underlining National Highways' solid financial management. It is an indicator of the success of the 2015 Roads Reform and the introduction of the **Road investment strategy** approach and its supporting processes. This important mechanism brings stable long-term funding: predictability which in turn enables sustainable investment in the network and in capacity building and continuous improvement by our supply base.

Our financial record is one we are proud of. It has been achieved at a time when decisions and issues outside of our control – the recent significant cost inflation, severe weather events and the cancellation of several large infrastructure projects such as Stonehenge A303 – could have destabilised our cost forecasting. To deliver budgets on time, to cost and to quality against this backdrop is testament to the expertise, skill and commitment of the National Highways teams and they should be commended for this.

To oversee National Highways' strategic direction, governance and performance, and to do it well, needs a capable team of Executive and Non-Executive Directors. In 2024-25, I had the opportunity to thank Kathryn Cearns for her excellent service as she finished her second term with the Board, and the pleasure of welcoming four new Non-Executive Directors to the Board: Kim Shillinglaw, Simon Wills, Manny Lewis and Rob Whiteman. They join me and existing Non-Executive Directors Janette Beinart, Sukhi Johal and Simon Blanchflower in providing independent oversight and challenge to National Highways' decision-making. Crucially, they provide a wealth of experience to help our strong Executive team perform even better.

Our full complement of Non-Executive Directors met as a Board for the first time as we closed out 2024-25, the final year in our **second road period**. I would like to thank all Board members for their enthusiasm, commitment and contribution. We have much to look forward to, and some of the enhancements we have made to our ways of working, such as refreshed standards for reports, along with the recommendations of our annual Board effectiveness review, are ensuring we also continue to improve.

As a Board we will support the company to continue to play its part in delivering the government's missions, particularly to grow the country's economy. This will include working with government to finalise a deliverable package of commitments in the third road investment period, incorporating the initial phases of the Lower Thames Crossing project. It will also include continuing to improve company performance. This will all be alongside continuing to work with our partners to effect change within the system across wider government and beyond.

As a company, while we value our position as a trusted delivery partner who provides excellent customer service, safely and reliably, we are also capable of contributing so much more. I look forward to continuing working with the Board, the Executive team and important partners such as the Office of Rail and Road, Transport Focus and many other partners as we approach the **third road investment period**.

Gareth Rhys Williams, Chair

A message from our Chief Executive

Nick Harris
Chief Executive

We have a strong purpose: connect the country ever more safety and reliably. In 2024-25, the final year of our second road period, we have much to be proud of and I feel privileged to lead the teams responsible for providing, maintaining and operating some of the safest roads in the world.

Everything we do is underpinned by our imperatives: safety, customer and delivery. They have provided a strong anchor in a road period which has had no shortage of testing times from COVID-19 and inflation to planning challenges and new threats in the cyber world.

By staying true to our purpose and committed to our imperatives, in 2024-25, we have:

- invested in 160 safety schemes during 2024-25, focussing on areas that have the greatest possible impact for our road users that will help reduce the number of people killed and seriously injured on our roads
- achieved our lowest ever rates for work-related incidents which cause harm to our people (lost time incidents)
- performed strongly on our delivery of renewal and maintenance programmes and on maintaining our road surface condition
- outperformed targets for clearing incidents on motorways that impact traffic flow in less than an hour
- outperformed targets for response times to customers who correspond with us
- increased the number of households where noise has been reduced
- achieved no net loss of biodiversity across the National Highways estate
- invested £3.7 billion of capital and opened 7 major schemes for traffic
- achieved £853 million in financial benefits or efficiencies
- introduced a new Executive Diversity and Inclusion sub-committee to strengthen our focus on creating a more inclusive and diverse place to work

Despite hitting most of our KPIs and making substantial progress and doing everything we reasonably can, there are some targets we didn't meet: corporate carbon reduction, average delay, customer satisfaction and overnight road closure information accuracy and we saw an increase in lost time incidents affecting our supply chain colleagues. We have focussed hard on the factors in our control and implemented targeted action plans to help make a difference.

We are also unlikely to achieve our key target linked to the number of people killed and seriously injured on the strategic road network. While we recognise the factors outside our control which impact improvements in this area, such as the cost of living affecting people's ability to maintain vehicles, legislation and enforcement, and the development of vehicle design, it remains our utmost priority to further reduce the number of people killed and seriously injured. We have dedicated projects in place, safety campaigns and a cross-sector Road Safety Panel to support us in reducing this number.

As this year's **Annual report and accounts** will show, these achievements are a snapshot of a catalogue of evidence which demonstrates our excellent delivery record and our commitment to becoming a world-class customer service provider.

We are a trusted and credible government partner playing a critical role in the transport system for the greater good. For example, 25% of the economy falls within strategic road network-reliant sectors: freight and logistics, primary materials, manufacturing and construction. More than three-quarters of imports and exports leave and arrive by road through the UK's network of international gateways. And our network can influence the ability of places to accommodate future housing and business needs.

What we do matters. Not just for our customers who use the strategic road network but also for:

- the communities who live on or near our roads, in which we have invested £281,500 through our award-winning social value fund
- the supply chain, where we support over 60,000 jobs
- partners in the transport sector, who we are collaborating with to provide integrated connectivity
- the environment, through ambitious net zero targets
- the wider UK economy, by enabling progress with important agendas such as growth and housing

We make a difference 365 days a year and it's thanks to our people. In 2024-25 we worked hard to continue to make our organisation a great place to work. The scores of our annual all-colleague **Engagement survey** continued their year-on-year upward trend, and with almost nine out of ten colleagues participating, we have confidence we are doing the right things.

The safety of our colleagues is a priority and 2024-25 was the year we rolled out 'Be the Change' to the full organisation. This is a programme aimed at encouraging health, safety and wellbeing behaviours and achieving even better outcomes.

I am pleased that in 2024-25 we closed off all of the smart motorway stocktake actions set by government. Overall (based on the latest data between 2018 and 2022) in terms of deaths and serious injuries, smart motorways remain our safest roads. Over the last year traffic officers have consistently responded to incidents on all lane running motorways in less than 10 minutes. There is work still to do as some drivers continue to feel less safe on smart motorways. The completion of our National Emergency Area Retrofit programme will provide additional reassurance.

We invest a lot of time in understanding the views of all our customers. We have several established surveys and numerous partnerships which help us connect with important groups, including disabled customers, local councils, the emergency services and the freight sector. This helps us understand how our work is being received and how we can improve.

For example, is our new electronic signage proving effective? Are our information campaigns about planned works helping increase satisfaction? Are lorry park improvements making it better for hauliers? Do drivers want to be informed of our less visible work such as late-night litter removal and drain clearance? Do our new tools such as chatbots make us more accessible for customers with specific needs?

We're looking after the environment too and have ambitious targets. Through our **Carbon reduction plan** we're aiming for net zero emissions for our operations by 2030, for road maintenance and construction by 2040, and for road user emissions by 2050. Our plans include decarbonising the road network, setting up electric vehicle charging stations, cutting emissions, and using sustainable materials. We made great strides in many of these areas in 2024-25.

This included an industry first with a groundbreaking trial on the A64 which has delivered the UK's lowest carbon road resurfacing work without using carbon offsetting.

We care about the impact we have on customers and communities around our network. Our commitment to making a positive difference is stronger than ever.

Our funding comes from the public purse. We take seriously our duty to deliver value for money and customer service excellence in everything we do. I'm proud to say we have performed above target for efficiencies, and the £853 million in efficiencies we have achieved this year has taken us to a total of £2,185 million for the second road period against a target of £1,990 million.

All of this reinforces our reputation as a responsive, trusted and capable delivery partner. This was further confirmed in March 2025, when the government granted planning permission for the Lower Thames Crossing, one of the UK's most important and vital growth projects.

We work hard to enhance the road network beyond regular maintenance and operations and we do this by using designated funds: discretionary budgets available for projects which provide long-term benefits for users such as improved safety and reduced congestion. In 2024-25 we invested £227 million from our Designated Funds programme.

National Highways was created as part of the **Infrastructure Act 2015**. This brought significant changes to the governance and funding of England's strategic road network.

Since then, we have gone from strength-to-strength. The long-term funding approach introduced by the Act has helped us plan road projects more effectively and efficiently to meet demand and we've improved safety measures such as signage, road markings and cameras through better planning, maintenance and investment in new technologies. The structured funding has helped us reduce delays and enhance network resilience too.

The Act assigned monitoring responsibility to the Office of Rail and Road, ensuring we meet our performance targets and deliver improvements effectively. This remit includes acting when opportunity for improvement is identified and in 2024-25, we welcomed the Office of Rail and Road's guidance on ways to enhance our information exchange with them, making efficiencies for both organisations.

In closing this welcome note, I would like to thank the Office of Rail and Road, the Department for Transport, Transport Focus and our wider partners for their great support, guidance, check and challenge.

The year 2025-26 will see us continue working together as we prepare for the third road period, which starts in April 2026. I know we will all continue to deliver for our customers, colleagues and communities.

Nick Harris, Chief Executive

Financial review

Scott Dale
Chief Financial Officer

The financial year 2024-25 marked the final year of our 5-year funding settlement for the second Road investment strategy (RIS2). Throughout the period we have operated consistently within the budgets set for us by government and this financial year was no different. We successfully closed the year within 0.1% of our £5.1 billion annual funding.

We spent £1.46 billion maintaining and operating our network (operational expenditure) and invested £3.67 billion on renewals and enhancements (capital expenditure) to improve safety and customer experience.

Our funding enabled us to deliver all key milestones on our enhancements programme, including installing the National Emergency Area Retrofit (NEAR) schemes which have added over 150 emergency areas to the strategic road network.

In addition, we renewed more than 1,085 lane miles of asphalt and concrete road surface, 208 lane miles of steel and concrete safety barriers and 29 significant structures, ensuring we manage our assets from creation through to operation, maintenance and renewal which prioritises safety, efficiency and customer satisfaction.

We have invested in the recruitment and development of our front-line team, maintaining a strong focus on rapid incident clearance, consistently resolving the majority of motorway incidents within one hour. This performance is a testament to the dedication and responsiveness of our operations teams.

Our delivery doesn't just include roads – this year we exceeded our biodiversity targets achieving a net gain across our soft estate; greenhouse gas emissions were significantly reduced, reflecting our commitment to sustainability; and all noise mitigation targets were met, reducing the impact on local communities.

This year also saw the new government address a shortfall in public finances and part of this meant the cancellation of some of our major enhancements, including the A303 Stonehenge Tunnel. This impacted both our capital and operational plans, but working together with the Department for Transport, we were able to adjust our funding and continued to deliver the ambitious portfolio within the financial envelope agreed as part of the first phase of the **Spending review 2025 (SR25)**.

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 RIS2 we successfully delivered £2.18 billion of efficiencies, exceeding our £1.99 billion target for the funding period. This has been achieved through insourcing delivery of our maintenance programme and a more streamlined approach to delivering our capital programme.

Beyond this we have continued a company-wide focus on efficiency. We have managed to absorb the impact of inflation on both our capital and operational programmes through rigorous business planning and prioritisation.

The tight financial constraints across government are expected to continue into the next spending review period, so we continue to drive for even greater efficiencies as we plan for **Road investment strategy three (RIS3)**. For more on efficiencies, see page 91.

Where our funding comes from

Our funding comes directly from government in five-year investment agreements (with the exception of our interim settlement year, see page 19 for more), divided between capital investment and operational expenditure. 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. In doing so, we also demonstrate how we can achieve our overall efficiency target.

How we manage our money

Delivering our commitments within our funding requires careful financial management. We plan and manage our cashflow to remain within government's 5% forecast accuracy target. This helps HM Treasury manage wider public sector finances. We support government's fair payment charter and pay our suppliers on time, with 98% 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).

Our financial performance

Financial highlights

In 2024-25:

Our total expenditure was
£5.13 billion.

We invested in our network
£3.67 billion.

This included on enhancement schemes
£1.76 billion.

Projects through our designated funds, we invested a further
£227 million.

On maintaining and operating our network we spent
£1.46 billion.

This means per day we spent
£14 million.

98.6%
of our suppliers we paid within five days.

Our cashflow accuracy was within
5%.

For the second road period:

£23.2 billion
investment.

£8.9 billion
for enhancement schemes.

£11.9 billion
for operations, maintenance and renewals.

£868 million
for designated funds.

Capital investment in 2024-25

	Funding[1] £m	Outturn £m	Variance £m
Total capital investment			
Capital departmental expenditure limit	3,670	3,666	4

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

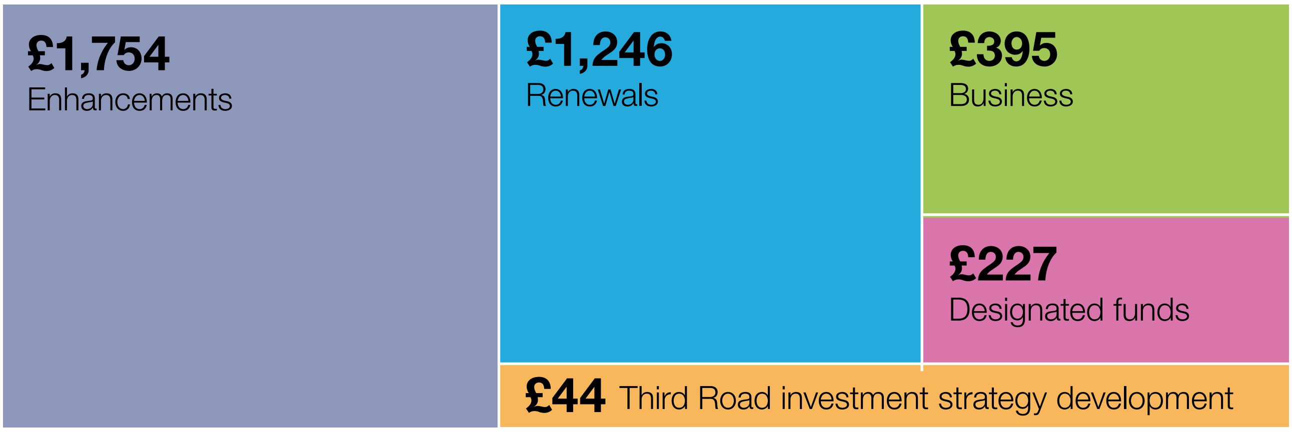
Over this financial year, we invested £1.8 billion into our enhancement schemes, supporting economic growth, reducing congestion and improving safety on our network. At £1.2 billion, we delivered our biggest renewals programme to date, keeping our structures and road surfaces safe and well maintained. We invested £395 million on business capital, which includes keeping our on-road technology functioning, our operational buildings running and our people's wages paid.

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

We invested a further £227 million through our Designated Funds programme, supporting projects that delivered a range of benefits for our customers, neighbouring communities, the environment and the economy.

At the start of the financial year, our capital funding envelope was £3,720 million. Following changes to delivery profiles of our enhancement programme and the Chancellor's announcement cancelling several projects, including the A303 Stonehenge Tunnel in July 2024, we were able to agree to a further £50 million reduction to our capital funding as part of phase 1 of the government's **Spending review 2025 (SR25)**.

We have ended the financial year successfully, landing within 0.1% of our revised funding for the year of £3,666 million.



£3,666 Total

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 2024-25

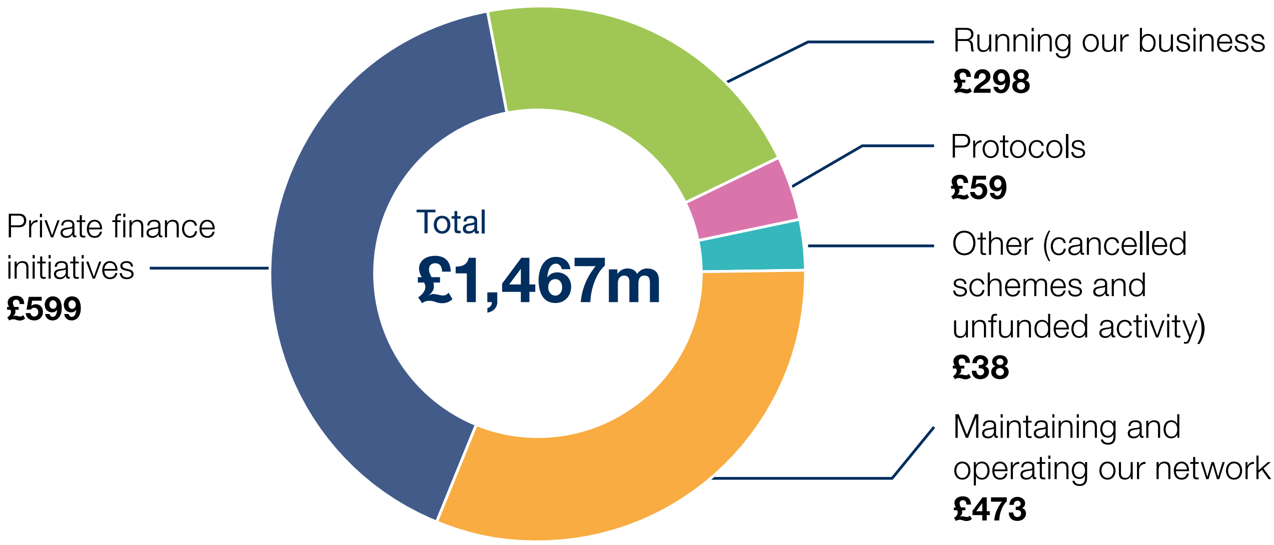
	Funding £m	Outturn £m	Variance £m
Operational expenditure			
Resource departmental expenditure limit, excluding depreciation	1,467	1,467	0

In a year when we have experienced inflationary pressures across our maintenance and digital programmes, our overall operational costs were precisely in line with our revised funding envelope that we agreed as part of HM Treasury's supplementary estimate process.

Our operational expenditure funding for the year was £1,467 million. This was £50 million more than the initial budget to cover the close-out costs associated with the cancelled capital enhancement schemes, including the A303 Stonehenge Tunnel and previously unfunded activity including the deployment of Operation Brock.

Our total spend of £1,467 million means we have landed precisely in line with our revised funding envelope. We are in an improved place compared to last year.

Operational expenditure



Where we have invested

Our maintenance and renewals programmes deliver benefits throughout the country. Our work is targeted where asset condition data tells us the need is greatest. While spending on larger enhancement schemes brings direct benefit to the local community, these benefits are also felt over a much wider area and across regional boundaries.

The south east's roads are the most heavily used in the country and our work on the M4, the M3, the M23 and the M25 has improved traffic flow as well as maintained these vital routes. But it's not just all about cars and drivers: we also improved conditions for pedestrians, horse riders and cyclists too, and we strike a fine balance between increasing capacity and safety as well as protecting history, landscape and the environment.

We invested just over £801 million and of this, £356 million was allocated to maintenance and renewals activities and £346 million to enhancement schemes, including £186 million on our Lower Thames Crossing project and £122 million on M25 junction 10 to upgrade the junction with A3 Wisley interchange.

We focused our investment in the midlands on making safety and capacity improvements to strategic routes across the region. Connecting the country from the Welsh border in the west to Lincolnshire in the east, Derbyshire in the north and Herefordshire and Northamptonshire in the south plays a key role in supporting regional economic growth. We invested £170 million on enhancement schemes, including £70 million on junction 6 of the M42 to tackle safety and capacity issues.

We also invested £273 million into maintenance and renewals activities, helping maintain key links across the region.

Yorkshire and the north east is our largest region, spanning 670 miles of motorways and A-roads from north Derbyshire to the Scottish border. This network connects key international gateways, including the ports of Grimsby, Immingham, Tees, and Hartlepool, as well as Teesside and Leeds Bradford airports—supporting both business growth and tourism to the region's natural, cultural, and historic attractions.

This year, we invested £237 million in maintenance and renewals, and £200 million in enhancement projects. This includes £59 million for the A1 Birtley to Coal House widening to support housing and employment growth, and £86 million for the A66 Northern Trans-Pennine upgrade, improving single carriageways and junctions. These investments enhance connectivity, boost the economy, and promote tourism to landmarks like Hadrian's Wall.

The north west network is made up of 530 miles and stretches from the city of Carlisle to the edges of the Peak District. It's one of the most diverse areas of motorways and major A-roads in the country to maintain and keep moving. The region is home to economic powerhouses such as Manchester and Liverpool, major international airports and big shopping centres like the Trafford Centre and Cheshire Oaks. We provide links to some of the world's most successful sports teams and help fans get safely to and from matches every week.

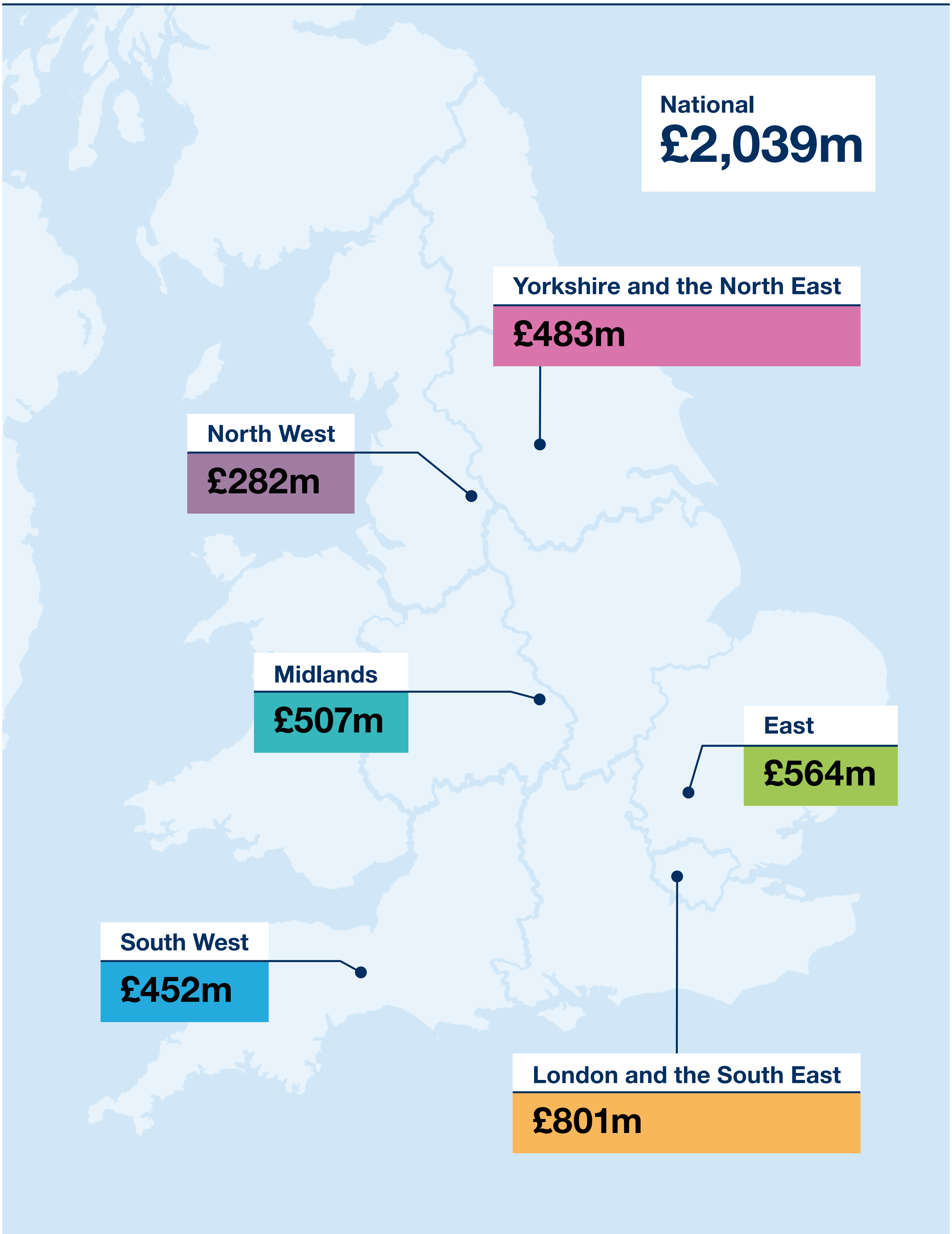
We also support local tourism, connecting the millions of holiday makers who travel across the country to visit hotspots like the Lake District and Blackpool.

In-year, we invested £145 million into maintenance and renewals activities, and £61 million into major enhancement schemes.

In the east, we manage over 600 miles of motorways and A-roads, including the main routes taking customers and freight from the ports on the east coast to the M25, M1 and A1. The strategic road network keeps the region connected to the rest of the country.

This year we have invested £564 million in the east including £177 million on maintaining and renewing the network and £309 million on enhancements. Key projects include £101 million for a series of dualling and junction improvements along the A47 and £237 million on the major junction improvement and new road layout between the A428 Black Cat roundabout and Caxton Gibbet, enhancing travel between Milton Keynes and Cambridge, supporting communities and long-term growth.

National spend



More on regional updates can be found on page 34.

Our financial statements

There are some technical differences between how our expenditure appears in the financial statements and how it appears in relation to our funding and the wider government accounts. To make this difference easier to understand, we have included a reconciliation on page 257.

For our full financial statements, including notes to the accounts, please refer to page 197.

Value of our network

Our assets

As of 31 March 2025, the assets we hold were valued at £150.1 billion. This comprises £148.2 billion of network-related assets and £1.4 billion of non-network assets, including land, dwellings, lease commitments and plant and machinery. At year-end, we held a further £510.6 million of current assets, most of which are trade and other receivables.

Liabilities

On 31 March 2025, 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 £0.9 billion relates to the capital element of future private finance initiative payments over the life of the contracts. The remaining £0.4 billion relates to provisions, mostly for land. 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

Interim year

The start of the third road period (RP3) has been rescheduled from April 2025 to April 2026. This adjustment provides an opportunity for the government's **Spending review 2025 (SR25)** to incorporate RP3 within the broader multi-year planning framework.

As such, the Chancellor announced in the Autumn budget 2024 that we would be funded in 2025-26 through an **Interim settlement**.

The £4.9 billion funding we've agreed for 2025-26 will see continued investment in our strategic road network and help to prepare the way for a new long-term plan that will support the government's 10-year infrastructure strategy.

During 2025-26 we will translate our final RP3 settlement into detailed annual investment plans for the five years starting April 2026. We will also update our financial reporting processes to allow for greater transparency and granularity on our renewals programme as it becomes the most significant delivery activity over RP3.

We will also drive further efficiencies via a companywide business improvement programme, harnessing new technologies to streamline processes, enhance data accuracy, reduce operational costs, and improve decision-making capabilities. This will ultimately future proof and enhance our delivery, ensuring we continue to be a trusted partner to the government, providing value for money and better services to our customers.

Scott Dale, Chief Financial Officer

Putting safety first

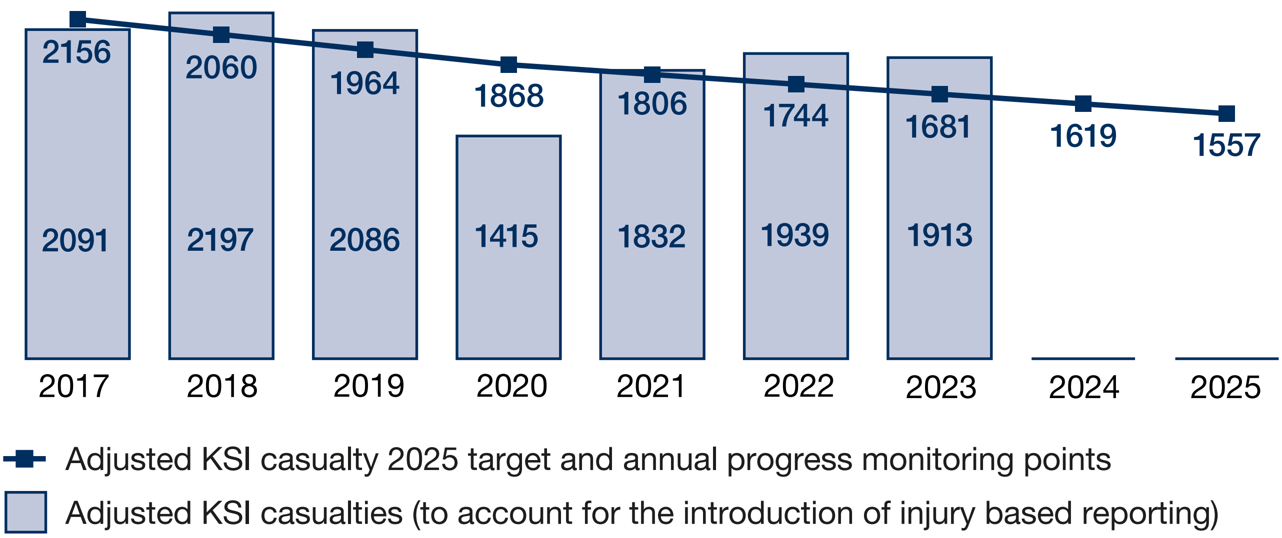
Our target - road safety

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, but 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



Injury based reporting is where police officers record a casualty's injuries from a defined list and the overall severity is determined from the most severe injury recorded.

Second road period key performance indicator

At the start of 2020, we adopted a safety target to halve the number of deaths and serious injuries on the strategic road network by the end of 2025, against a 2005 to 2009 average baseline.

We measure our performance using validated data of personal injury collisions reported to the police, known as STATS19. This data is provided to us by the Department for Transport and is summarised in their annual report **Reported road casualties, Great Britain**. The latest validated data, for 2023, was released by the Department for Transport in September 2024.

See the data in the Reported road casualties, Great Britain annual report.

Our performance

In 2023, 1,913 people were killed or seriously injured on the strategic road network. This is a reduction of 39% compared to the 2005 to 2009 average baseline. This means 1,201 fewer people were killed or seriously injured compared to the 2005 to 2009 average baseline of 3,114. However, this is 231 killed or seriously injured people over our 2023 monitoring point and 356 above the 2025 target.

While the figures are above the killed or seriously injured monitoring point for 2023, there has been substantial progress in some types of casualty. There were 198 deaths on the strategic road network in 2023, which was the lowest in any calendar year, except for 2020, when traffic was significantly reduced during the COVID-19 pandemic. The number of deaths on motorways has reduced by 52.5% and the total number of all casualties has more than halved (53.5%) since the baseline period.

In March 2025, the Office of Rail and Road reported that in the final year of the **second road period**, National Highways was doing everything it reasonably could to achieve the target. While the number of deaths and serious injuries has reduced, we are unlikely to achieve our target of a 50% reduction by the end of December 2025. Road safety is a shared responsibility and cannot be achieved in isolation. Reliance on factors outside our control is a contributory factor to us being off course to meet our 2025 target. These include safety improvements in vehicles and social and economic factors, such as an increase to the cost of living, reducing people's ability to maintain and upgrade their vehicles.

To understand the risk of a person being killed or seriously injured when using the strategic road network it is helpful to compare the number of killed or seriously injured people to the total miles travelled on a road section or type. The rate is presented as per hundred million vehicle miles, which is an established way of assessing rates across the road sector.

In 2023, there were 2.00 people killed or seriously injured per hundred million vehicle miles travelled on the network. This is the lowest killed or seriously injured rate on record, excluding 2020. In 2010 the killed or seriously injured rate was 3.04 per hundred million vehicle miles, which means that the risk of a person using our network being killed or seriously injured has dropped by a third since 2010 when factoring in the volume of traffic.

Any death or serious injury on our network is one too many, so we will continue to work hard to make our roads as safe as they can possibly be.

Percentage changes in the number of killed and seriously injured in 2023, when compared with 2019[2]

	2019	2023	Difference
Strategic road network	2,086	1,913	-8.3%
Rest of England	24,241	24,335	+0.4%
Rest of Great Britain	28,376	27,798	-2.0%

2 The Office for National Statistics has developed a methodology to quantify the impact of the introduction of injury-based reporting systems (CRASH and COPA) on the number of slight and serious injuries reported by the police, and to estimate the level of slight and serious injuries as if all police forces were using injury-based reporting systems. Further details of the severity adjustments and when they are recommended can be found in the **Guide to severity adjustments**.

Percentage changes in the number of killed and seriously injured in 2023, when compared with 2022[3]

	2022	2023	Difference
Strategic road network	1,939	1,913	-1.4%
Rest of England	24,457	24,335	-0.5%
Rest of Great Britain	27,761	27,798	+0.1%

Processes and framework

Vehicle breakdowns

We continued to take steps to reduce the number of vehicle breakdowns on all road types. We worked collaboratively with the road safety community (including the recovery industry PROF and AVRO, the AA, RAC, DVLA, DSVA, and the police) to reduce the number of preventable breakdowns and to reduce their impact if they do occur.

Incident investigation

In 2024-25, we finalised a company-wide approach to incident investigation, which is being embedded into our safety management system. A central investigation team, with representatives from across National Highways, lead on the investigation of incidents where a death has occurred on our network.

In 2024-25, the team have investigated over 250 fatal incidents. This has provided us with detailed information into the primary causes of these incidents so that we can target better interventions. In addition, the process has identified that around 22% of fatal incidents on our network are suspected suicides and around 10% are a result of medical events, unconnected with collisions.

This information enables us to respond with confidence to collisions and to improve our safety performance by reducing the number of collisions, supporting our zero harm ambition.

Road to zero harm

Safe System is an approach to road safety which puts humans at its centre and holds the belief that every road death or serious injury is preventable. Acknowledging the Safe System principle of shared responsibility, we have taken the lead in facilitating additional road safety activities that are beyond our control. We have worked closely with road safety delivery partners to develop our **Road to zero harm road map** which sets out 16 areas of focus to achieve our ambition of zero harm. We have also set up a multi-agency response for road safety via our Road Panel (see page 26), chaired by a Chief Constable with further detail below.

3 The Office for National Statistics has developed a methodology to quantify the impact of the introduction of injury-based reporting systems (CRASH and COPA) on the number of slight and serious injuries reported by the police, and to estimate the level of slight and serious injuries as if all police forces were using injury-based reporting systems. Further details of the severity adjustments and when they are recommended can be found in the **Guide to severity adjustments**.

We have developed a short-term action plan of activities for 2025-26 to support delivery of key milestones within the road map. We have systematically researched motorcycle education and training interventions and older driver guidance for intervention.

We will be publishing these reports and will make them available to local highway authorities and partners to help inform their own vision zero activities. We have used the findings from this research to inform our 2025-26 action plan, to enable identification of effective interventions for different road users. We have scoped an approach to monitoring and evaluating activities which we will develop further as part of our 2025-26 action plan.

Engagement and awareness

Commercial vehicles: working with employers

Data shows that nearly one-third (29%) of road fatalities, and 21% of all casualties (killed, seriously injured and slightly injured), occur in driving-for-work collisions.

In 2024-25 we continued to deliver a targeted programme of activity to reduce the number of collisions involving commercial vehicles. This included the delivery of activities and resources, which were promoted via Driving for Better Business. These include:

- an enhanced **van driver toolkit** and resources representing over 3,000 organisations and 2 million drivers
- a **car driver toolkit** improving awareness of safety compliance and driving behaviours
- a **managing road risk conference** bringing together over 300 fleet safety professionals from a range of private and public sector companies
- 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 renewed **diesel spillages best practice guide** providing guidance for drivers and operators about what can be done to help prevent diesel spills and inform what actions should be taken in a diesel spillage incident
- joining the steering committee for the **Euro NCAP Safer Trucks programme** driving up standards in heavy goods vehicle (HGV) safety performance

Numbers and reach

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, the vehicles they use and other road users.

We influence the behaviour of drivers through the companies who are registered with the programme who currently manage:

Drivers/riders (motorcyclists and cyclists)	Cars	Vans	Trucks
5,744,572	1,656,947	2,650,512	925,674

Partners

Our 133 partners comprise national and local government, regulators, emergency services, and commercial organisations whose work contributes to the improvement of work-related road safety and risk management. Additionally, 26 trade associations share our resources and messaging within excess of 30,000 member businesses.

Trauma training modules

We continued to develop, consult and test the trauma response training modules for road users which focused on:

- making the perfect 999 call
- dealing with danger protecting the scene
- providing first aid

The training was launched at the Managing Road Risk conference in March 2025 by Professor Dr Tim Nutbeam, an eminent professor in the road safety field. Full delivery of the modules will be concluded and available to commercial vehicle fleet operators in spring 2025 and later released to the public.

Regional activities

Enforcement

National Highways is not a law enforcement agency. We supply speed detection equipment, and the police are responsible for enforcing speed limits and prosecuting any violations. Building on learning emerging from the **Roads policing review**, we have continued to support targeted and effective enforcement and compliance activities across the network including new technologies. We continue to build strong partnerships with enforcement agencies to ensure we are targeting unsafe driver behaviours and help further improve safety on the network.

We have continued Operation Tramline, a national project which aims to change driver behaviour and help improve safety on roads in England and Wales. We loaned three unmarked HGV cabs to police forces from across the country, with the elevated position of the cabs allowing police officers to drive alongside vehicles and film any unsafe driver behaviour. Since Operation Tramline began in 2015, the project has stopped 47,236 vehicles, identified 51,577 offences and resulted in 52,374 interventions. It continues to serve as a critical tool in reducing road risk, educating and applying enforcement where driver behaviours cause a safety issue on the network. Between March to December 2024, these cabs patrolled our roads for over 13,000 hours, equivalent to 552 days.

Delivering improvements on our network

Safety schemes

We have invested in more than 200 safety schemes throughout the five year road period, focusing on delivering a programme which has the greatest possible impact for road users. This included improving safety on targeted roads that need it most, such as A-roads with higher collision rates. These projects included changes to signage, road markings, pedestrian crossing improvements and speed management enhancements, which were subject to a formal statutory process.

In March we completed 15 safety schemes as part of our commitment to reduce the number of deaths and serious injuries on our network. In the midlands we completed improvements to signing and lining on the A46 in Warwickshire and A49 in Herefordshire. In the north-west we delivered a number of average speed camera schemes on the A585 in Lancashire and on the A66 in Cumbria. In the south-west a speed reduction scheme was completed on the A46 near Bath. In the east we completed a speed reduction and average speed camera scheme on the A5 near Milton Keynes.

International Road Assessment Programme

The International Road Assessment Programme star rating is an objective way to measure the level of safety that is 'built in' to a road, putting road safety first. As part of this, the International Road Assessment Programme route review tool and analysis methodology can be used to embed safety in the development of network and route-level strategies, and new route design and treatments. We have worked with the Road Safety Foundation to incorporate a new speed management and economic appraisal functionality into the route review tool. We have now embedded its use within our safety scheme development process. We have also updated our training and guidance on the use of International Road Assessment Programme tools and methods and our practitioner and assurer training was completed in January 2025. Our Guide to Road Safety Route Treatments is being updated to include references on how to use the route review tool to support improved road safety outcomes from route treatments.

In January 2025 we commenced the next five-yearly International Road Assessment Programme survey of our network. By capitalising on learnings from the previous survey, we will be able to produce results more efficiently and accurately. This will allow us to better understand how infrastructure changes influence survey outcomes and explore opportunities to improve the future surveys.

Suicide prevention

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

We have developed new guidance to support road infrastructure designers to factor in suicide risk during the design phase of new schemes and the renewal of existing infrastructure, such as bridges. This supports the government's national strategy for suicide prevention across England, to save lives and support those affected by suicide.

More on designated funds can be found on page 100.

Working together with our delivery partners to improve safety

We have launched our Road Safety Panel, chaired by Chief Constable Jo Shiner. The purpose of the panel is to increase accountability and monitoring for all actions beyond National Highways' control and to support our shared safety ambition. The group includes representatives from the Department for Transport (DfT), the police, the vehicle recovery industry, Driver and Vehicle Licensing Agency (DVLA), and Driver and Vehicle Standards Agency (DVSA), among others.

Using mobile phones and seat belt detection enforcement

In 2024-25, we worked with 16 police forces across the country to explore the use of detection technology for mobile phone and seat belt misuse. Research shows that drivers are four times more likely to be in a crash if they use their phone while driving. Additionally, vehicle occupants are twice as likely to be killed in a collision if they don't wear a seatbelt. We continue to work with the police to understand how new technologies (such as advances in cameras) can help influence driving behaviours and educate drivers on our network.

Helping reduce the occurrence and impact of breakdowns

We continued to collect information from customers who broke down on the network. Supporting our customers to prevent vehicle breakdowns will always be our priority. Our T.R.I.P. campaign sought to encourage all drivers to plan their journeys and complete pre-journey vehicle checks. As well as our focus on prevention, we sought to ensure that road users are given consistent advice to safely respond to a vehicle breakdown. Our road users play an active role in safety through the way they drive on our network and are key to helping us achieve a safer network for everyone. Our road safety campaigns are part of our commitment to improving safety. They are designed to improve driver knowledge, better equipping them to travel safely on our network.

In partnership with our Road Safety Panel, we supported a review of the breakdown guidance that is communicated by stakeholders, such as vehicle recovery operators. In collaboration with this group, we continued to develop new breakdown guidance for road users. We also led on the development of new advice to encourage safe responses to vehicle dashboard warning lights when they occur on our network.

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.

During 2024-25, we've continued to make the right safety risk-based decisions to manage physical and mental health, and safety and wellbeing, providing assurance that we're meeting our health, safety and wellbeing obligations.

More on road safety performance and measures are detailed on page 20.

Home Safe and Well strategy

In 2019 we set out our five-year vision in our first strategic approach to safety. We wanted everyone who works with us and everyone who travels on our network to get home safe and well.

For the interim year and next road investment period, we'll have an overarching safety strategy, continuing to strive for zero harm, underpinned by two plans: **Road to zero harm** for our road users, and **Home Safe and Well** for our people.

Home Safe and Well differs from our previous action-based, prescriptive health and safety plans. It's a collaborative way of working, focused on our people rather than systems. It reinforces to all National Highways employees, and those working with and for us, the importance of getting themselves home safe and well, and how their actions contribute to getting colleagues home safe and well, especially those who work on-road.

Our aspirations remain the same and our approach has seen us:

- reduce killed or seriously injured road users since 2019 by 173 (read the Road to zero harm plan on page 22 and the suicide prevention plan on page 25)
- continue to reduce National Highways reported lost time injuries and reportable RIDDORs (Reporting of Injuries, Diseases and Dangerous Occurences Regulations)
- continue our efforts to focus our supply chain on their safety performance, working to reduce their reported lost time injuries and reportable RIDDORS (more on employee and supply chain performance can be found on page 30)
- progress our cultural maturity journey – moving from a reactive safety culture towards a more proactive safety culture
- increase our focus on health and wellbeing – achieving excellence in the **Workplace Wellbeing Charter** and developing our occupational health and wellbeing improvement plan for our next road investment period

Occupational health review

We know from our data and insight that knowledge, use and experience of our occupational health and wellbeing provision is inconsistent across the business. In June 2024, we launched a review of our occupational health and wellbeing approach, to ensure we meet the diverse needs of our people and deliver against four main improvement themes, which are:

- **managing our workplace health risks:** addressing specific hazards/risks identified as gaps or key areas of focus, including the physical environment
- **occupational health and wellbeing insights:** ensuring we are using the best data available to understand trends and working long term to improve data quality and availability
- **occupational health and wellbeing knowledge, understanding and access:** we have lots of great resources to support our people – ensuring that our resources are easy to find, clear and shared purposefully with colleagues in the ways that are most needed
- **fostering awareness and understanding of health and wellbeing:** ensuring our workplaces and people are supportive and conducive to good health and wellbeing

Using existing and historical information, together with undertaking a series of workshops with people and senior leaders across different demographics, we investigated knowledge, perceptions and challenges of our occupational health and wellbeing provision. Using this evidence-led approach, we've created a programme of activities and actions to deliver:

- a reduction in work-related sickness absences and lost time injuries
- an overall reduction in ill-health
- a more supported and healthier workforce, with increased engagement
- improved maturity in our perception around health safety and wellbeing
- better health and wellbeing leadership and people management

Improving our safety culture

Our 'Be the Change' safety culture change programme is now live across the whole of National Highways. It's a key commitment in our **Home Safe and Well** approach, with leadership commitment at every level.

Helping us move towards a fully proactive safety culture, over the past year, we've made significant progress to deliver this transformation, including:

- continuing to embed our three **Home Safe and Well** promise behaviours, which align with our corporate values
- ongoing delivery of people manager workshops and coaching sessions to enhance knowledge of psychological safety

- growing our ambassador community – we now have 111 people championing Be the Change and supporting our leaders to implement and embed the principles
- our people managers continuing to deliver behaviour-focused 'huddles,' encouraging open discussions about health, safety and wellbeing
- delivering over 3,000 huddles and training over 2,080 people managers and leaders

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

We continue to work with our suppliers, who help us deliver our work, to better understand the root causes of safety incidents. We know there are challenges around the way in which work is planned, how people are put to work, and the quality of supervision and first line management. Through the Supply Chain Safety Leadership Group (SCSLG), we've continued engagement with suppliers on how they profile and manage their significant risks to health and safety, supporting the work of the nine significant risk sub-groups.

Priority focus has been on the biggest significant risks faced by our supply chain. Examples of key achievements led by the SCSLG in 2024-25 are listed below:

- We launched the first Leading Indicator, focusing on the steps of significant risk thinking.
- As the country emerged from COVID-19, traffic volumes in 2023 began to rise gradually, although overall remained below pre-pandemic levels. We saw an increase in vehicle incursions from 2,149 in 2023, to 6,271 in 2024, which correlates to increased traffic volumes. The supply chain launched a social media campaign in November 2024, aimed at raising awareness and addressing the real threat posed by vehicle incursions – when a vehicle intentionally or unintentionally enters a work site, potentially causing serious harm to roadworkers. Commissioned by Breedon Group and specifically targeting young male drivers, this campaign features Will Lenney, a YouTuber whose demographic aligns with the target audience. Through humorous yet impactful video content, the campaign is helping to shift perceptions and foster respect for roadworkers.
- In conjunction with the Chartered Institute of Highways and Transportation, the supply chain has developed a supervisor's course, creating a Standard of Supervisor Training and Development, specifically for the highways sector. This supports the training needs of tier 1, 2 and 3 contractors. The course's aim is to develop our existing and next generation of supervisors, expanding the current level of knowledge and skills, especially around non-technical elements.

Employee and supply chain performance

Over the last year we've seen a decrease in reported lost time injuries for National Highways employees, with fewer lost days. We've seen a slight decrease in National Highways RIDDOR reportable incidents, all with absences from work of over seven days:

- our 12-month lost time injury rate of National Highways employees decreased from 0.15 to 0.11
- our 12-month accident frequency rate for National Highways employees decreased from 0.07 to 0.06

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

- reducing musculoskeletal injury risk by ensuring fitness to work for our people
- ensuring our own facilities are safe for the people working in them
- tackling the root cause of slip, trip or fall injury events to eliminate harm
- improving how we identify and record root causes of events to give us better insight
- driving down lost time injury and harm events through regional lost time injury reduction plans
- establishing the Operations Safety Committee, providing oversight for all health, safety and wellbeing in operations
- our Fatal Risk Control Group providing co-ordination, challenge and oversight of incidents, to drive continual improvement for our three fatal risks

The proportion of lost time events that were RIDDOR reportable for our supply chain has remained steady. We've seen an increase of reported lost time injuries in our supply chain:

- our 12-month lost time injury rate of our supply chain increased from 0.14 to 0.18
- our 12-month accident frequency rate of our supply chain increased from 0.07 to 0.09

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

- endorsing enhanced supply chain supervisor training
- hosting webinars with the supply chain on tackling their nine most significant risks
- holding health and safety reviews with senior leaders across our supply chain
- delivering engagement events with our supply chain – focusing on safety as our priority
- committing to supply chain significant incident reviews, undertaking root cause analysis to identify improvement actions
- supporting inspections, engagement and readiness reviews, to help improve how our suppliers plan and manage work

Enhancements

In 2024-25, we:

- started works on **3** schemes
- opened **7** schemes to traffic, adding **69** lane miles[4] of capacity to our network

Schemes opened for traffic

In 2024-25, we successfully opened seven enhancement schemes to traffic. We completed the A30 Chiverton Cross to Carland Cross upgrade in Cornwall during June. The transformation of 8.7 miles of single carriageway into a high-quality dual carriageway (70mph), incorporating 10 new underpasses/underbridges and three new bridges alongside the refurbishment of existing structures, has significantly enhanced connectivity and reduced journey times for road users.

In September, the M621 Leeds junctions 1 to 7 scheme opened, delivering crucial improvements to a key urban corridor. By implementing a new merge layout at junction 3 westbound, converting the hard shoulder to a running lane between junctions 2 and 1 westbound, and deploying advanced motorway technology, including additional lanes and new gantries with electronic signage, we have enhanced traffic flow, improved safety, and provided more reliable journeys for road users.

The A303 Sparkford to Ilchester scheme in Somerset, completed in November, addressed a long-standing bottleneck in the south-west. The upgrade of a three-mile stretch of single carriageway to a dual carriageway has improved traffic and safety on this vital route.

December saw the opening of three significant schemes. The M2 junction 5 in Kent upgrade replaced a heavily congested roundabout with the Stockbury Flyover, a near one-mile-long structure facilitating free flowing movement on the A429. The introduction of dedicated slip roads directly connecting the A429 and M2 has entirely bypassed the former roundabout, dramatically reducing congestion and improving journey reliability.

On the M6 between junctions 21a to 26 (between Warrington and Wigan), the completion of the all lane running upgrade added 17.9 lane miles to this crucial artery. This, coupled with the installation of a rigid concrete central barrier, stopped vehicle detection technology, and 12 additional emergency areas, will enhance safety, improve traffic flow, and support economic activity across the region.

The third scheme that opened for traffic in December was the A1 Birtley to Coal House in the north-east, which saw an extra running lane added in each direction along the approximate 2.7-mile-long route. A new 800-metre-long offline section has been constructed 20 metres south of the existing A1, diverting it over a new three span viaduct to bypass the former Allerdene bridge above the East Coast Main Line railway.

4 The additional running capacity added to the strategic road network following works projects or programmes.

Our commitment to safety was further demonstrated with the completion of the A21 Safety Package in the south-east in March. This comprehensive package of interventions delivered tangible improvements through enhanced road visibility, upgraded signage, marking and road studs, alongside carefully considered speed limit adjustments.

National map

Opened for traffic

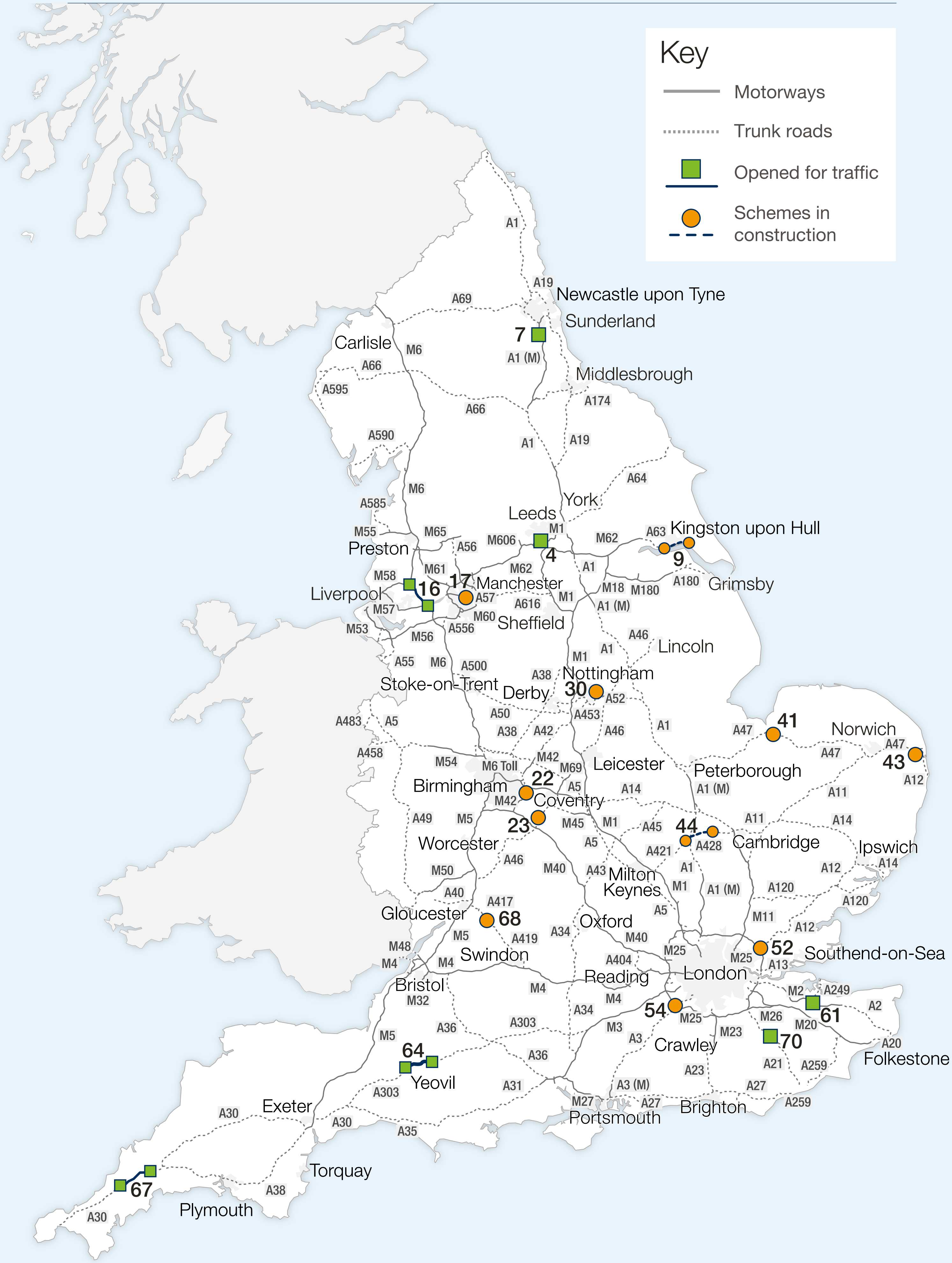
4 M621 junctions 1 to 7
7 A1 Birtley to Coal House
16 M6 junctions 21a to 26
61 M2 junction 5
64 A303 Sparkford to Ilchester
67 A30 Chiverton to Carland Cross
70 A21 Safety Package

Schemes in construction

9 A63 Castle Street
17 Mottram Moor Link Road and A57 Link Road[5]
22 M42 junction 6
23 A46 Coventry junctions
30 A52 Nottingham junctions
41 A47 North Tuddenham to Easton[5]
43 A47 Blofield to North Burlingham[5]
44 A428 Black Cat to Caxton Gibbet
52 M25 junction 28
54 M25 junction 10
68 A417 Air Balloon

View the national map on the next page.

5 Scheme started construction during 2024-25.


Key
Motorways
Trunk roads
Opened for traffic
Schemes in construction
Newcastle upon Tyne
Sunderland
7
Carlisle
Middlesbrough
York
Leeds
4
Kingston upon Hull
9
Preston
Liverpool
16
17
Manchester
Grimsby
Sheffield
Lincoln
Nottingham
Stoke-on-Trent
Derby
30
41
Norwich
43
Leicester
Peterborough
Birmingham
22
Coventry
23
44
Cambridge
Worcester
Ipswich
Milton Keynes
Gloucester
68
Oxford
52
Southend-on-Sea
Swindon
London
Reading
Bristol
54
61
70
Crawley
Folkestone
64
Yeovil
Brighton
Portsmouth
Exeter
Torquay
67
Plymouth
M6
M62
M1
M5
M4
M25
M20
M40
M42
M11
A1
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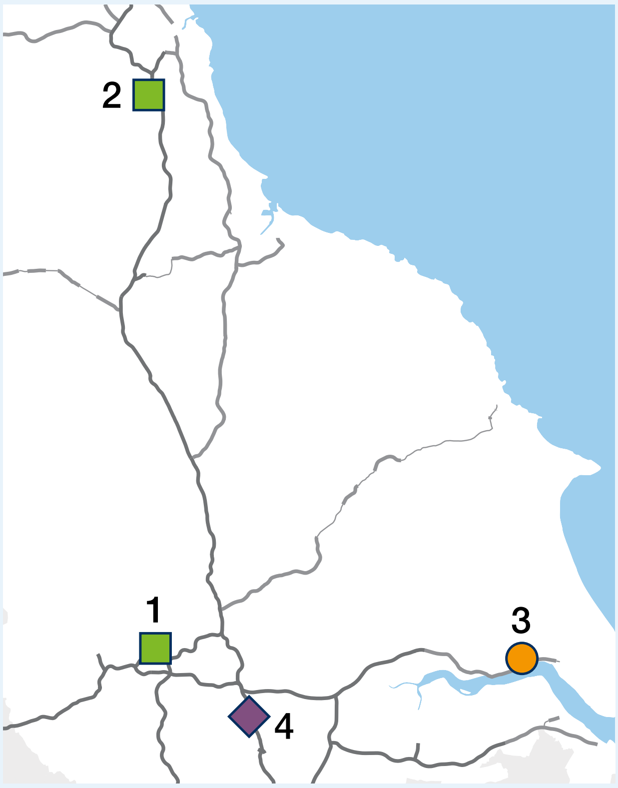
A47
A12
A30
A38
A303

Regional updates

Yorkshire and North East



Opened for traffic

1 M621 junctions 1 to 7

2 A1 Birtley to Coal House

Both schemes have progressed upwards to a higher delivery stage in-year.

Schemes in construction

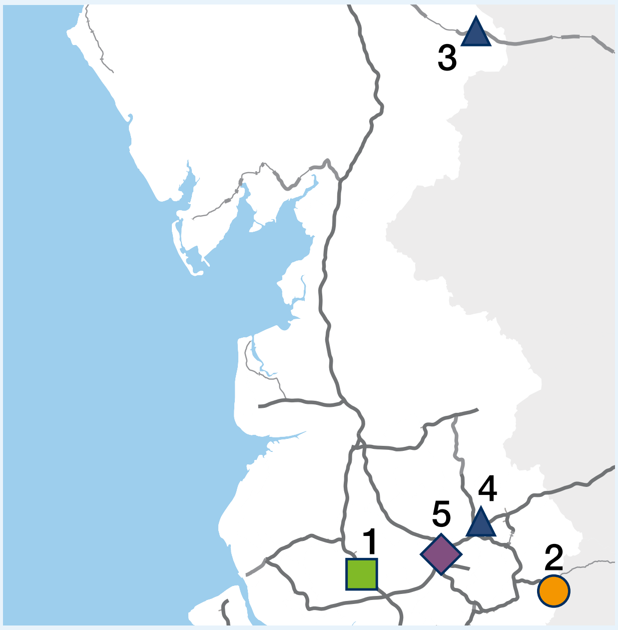
3 A63 Castle Street

Schemes at options stage

4 A1 Doncaster to Darrington[6]

Scheme cancelled following government's October 2024 Autumn budget announcement:
A1 Morpeth to Ellingham

North West



Opened for traffic

1 M6 junctions 21a to 26

Scheme has progressed upwards to a higher delivery stage in-year.

Schemes in construction

2 Mottram Moor Link Road and A57 Link Road

Scheme has progressed upwards to a higher delivery stage in-year.

Schemes in development

3 A66 Northern Trans-Pennine

4 M60/M62/M66 Simister Island Interchange

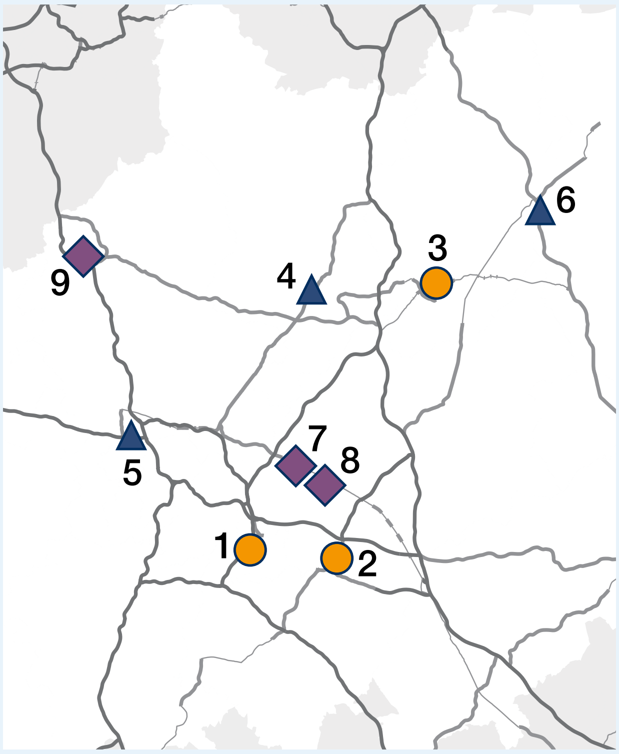
Schemes at options stage

5 Manchester North West Quadrant

Scheme cancelled following government's October 2024 Autumn budget announcement:
A5036 Princess Way

6 We have undertaken options/developments work consistent with our **Delivery plan** obligations.

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

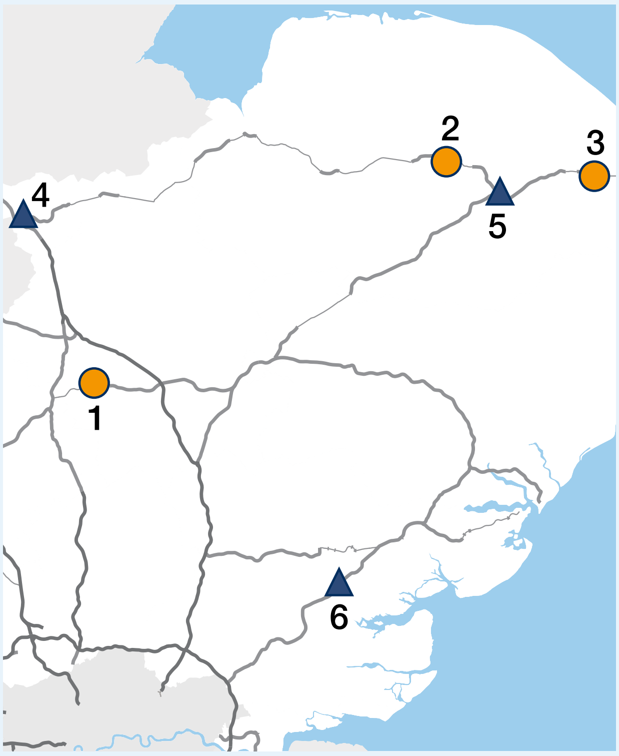
Schemes at options stage

7 A5 Dordon to Atherstone[7]

8 A5 Hinckley to Tamworth[7]

9 M6 junction 15 Potteries Southern Access[7]

East



Schemes in construction

1 A428 Black Cat to Caxton Gibbet

2 A47 North Tuddenham to Easton

Scheme has progressed upwards to a higher delivery stage in-year.

3 A47 Blofield to North Burlingham

Scheme has progressed upwards to a higher delivery stage in-year.

Schemes in development

4 A47 Wansford to Sutton

5 A47 Thickthorn junction

6 A12 Chelmsford to A120

Scheme cancelled following government's October 2024 Autumn budget announcement:
A47 Great Yarmouth Vauxhall junction

7 We have undertaken options/developments work consistent with our **Delivery plan** obligations.

South West

Opened for traffic

1 A303 Sparkford to Ilchester

2 A30 Chiverton to Carland Cross

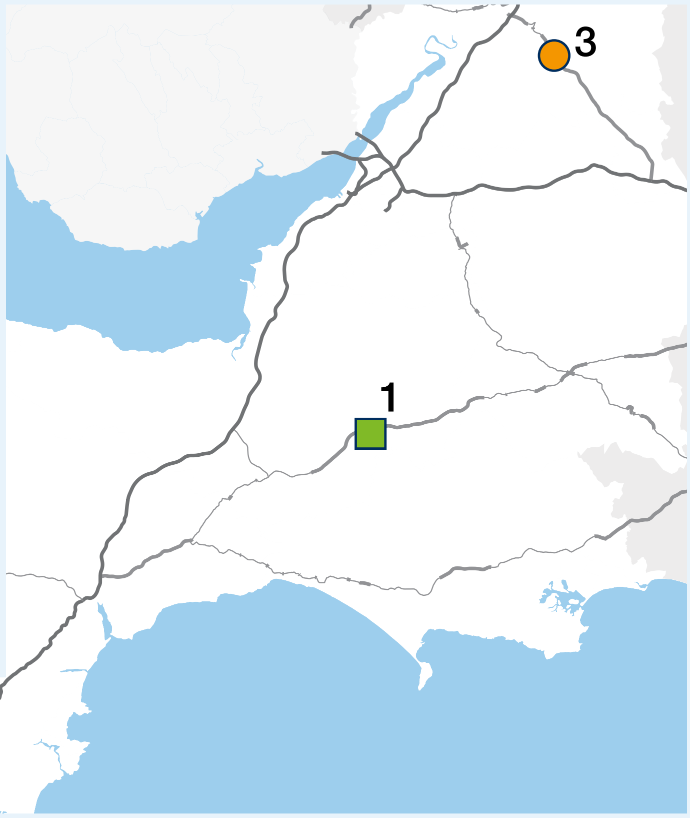
Both schemes have progressed upwards to a higher delivery stage in-year.

Schemes in construction

3 A417 Air Balloon

Scheme cancelled following government's July 2024 announcement: A303 Amesbury to Berwick Down

Schemes cancelled following government's October 2024 budget announcement: A358 Taunton to Southfields



London and the South East

Opened for traffic

1 M2 junction 5

2 A21 Safety Package

Both schemes have progressed upwards to a higher delivery stage in-year.

Schemes in construction

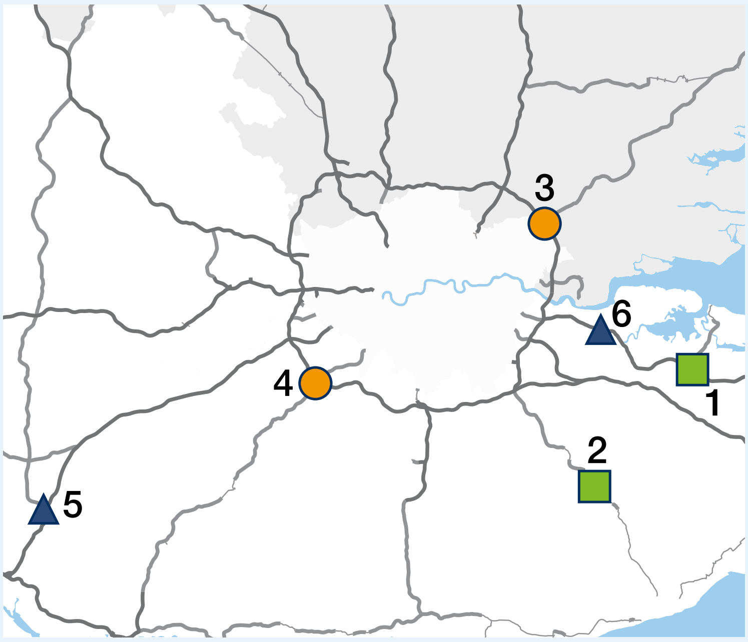
3 M25 junction 28

4 M25 junction 10

Schemes in development

5 M3 junction 9

6 Lower Thames Crossing



Schemes cancelled following government's July announcement: A27 Arundel bypass; A27 Worthing and Lancing improvements

Schemes cancelled following government's October 2024 Autumn budget announcement: M27 Southampton junction 8

Case study: The National Emergency Area Retrofit

Context

In taking forward the 2021 Transport Select Committee (TSC) recommendations, the previous government announced in January 2022 it was committing £390 million to install over 150 additional emergency areas during the second road investment period on all lane running motorways in operation and construction. Emergency areas are orange, set back from the live lanes, and have emergency phones which connect directly to our control rooms to arrange help. On motorways without a permanent hard shoulder, emergency areas provide a place to stop in an emergency if you cannot exit the motorway or reach a motorway service area. They are marked by blue signs featuring an orange SOS telephone symbol.

Our programme

The retrofit was an ambitious programme in terms of time and cost. Typically, a programme of this scale takes one to two years to develop and two to three years to construct. This programme needed to be completed in two years following design work, and the commitment was met in spring 2025. Costs and complexity for each emergency area varied depending on what suitable land was available and what other assets were impacted, with many requiring considerable groundworks.

To address this, we found ways to build efficiencies into the programme. The most effective saving resulted from standardisation. We developed the best way to build an emergency area quickly and cost effectively, with the least impact on customers, and then applied this method to locations with similar characteristics, delivering £25 million in efficiencies.

A newly installed emergency area.

A newly finished emergency area on the M3 junctions 2 to 4a.

Customer impact

The construction of the National Emergency Area Retrofit was widespread across multiple locations across England. Minimising disruption was a key consideration.

To keep traffic flowing, we closed the nearside lane for construction, leaving the remaining three full-width lanes open to traffic. Existing emergency areas were kept open for use wherever possible. The coned-off areas between work sites were designed in a way to enable drivers to pull into them if they needed to in an emergency.

These measures were supplemented by a maximum speed of 50mph, temporary CCTV and free recovery services, meaning that overall, each individual scheme typically added less than 10 minutes to journey times. We communicated all works clearly through a co-ordinated communications programme to enable customers to plan their journeys and understand the reasons for the roadworks.

A successful completion

Our completion of over 150 emergency areas by 31 March 2025 included the removal of all cones and the installation of associated technology so that our network was back to full capacity.

The programme included a total of 15 schemes. The first two of these opened in 2022, with additional emergency areas added to the scope of schemes in construction. The M6 junction 21a to 26 major upgrade fully opened in late 2024 with an extra 12 emergency areas in addition to the originally designed 10. The remaining 12 schemes, where emergency areas were added to existing all lane running motorways, opened in sequence between autumn 2024 and spring 2025. The latest safety data continues to show that overall all three types of smart motorway are safer than conventional motorways in terms of deaths or serious injuries.

Lower Thames Crossing

The A122 Lower Thames Crossing is a proposed new road that will connect Kent and Essex through a tunnel beneath the River Thames. It will, more specifically, connect the A2 and M2 in Kent to the A13 in Thurrock and to junction 29 of the M25 in the London Borough of Havering. It is the largest road investment since the M25 with 22km of road, three lanes in each direction and two tunnels. The project has actively sought the views of local communities and road users with over 90,000 people feeding back. There is a huge focus on reducing carbon, with the aim to reduce emissions by 70% compared to the 2020 baseline, which includes eradicating all on-site construction diesel by 2027 and only running on electricity, biofuel and green hydrogen.

More about the Lower Thames Crossing project and process.

How we've performed this year

Key achievements for 2024-25

- On 25 March 2025, the Secretary of State for Transport granted the Lower Thames Crossing development consent, ahead of the 23 May deadline.
- Following the Chancellor's commitment to the Lower Thames Crossing and indication that government is exploring privately financing it, the project has written to the Planning Inspectorate, explaining private finance options.
- The project's three delivery partners – Balfour Beatty, Bouygues-Murphy Joint Venture and Skanska – held their first multi-stakeholder design workshops and continue to explore ways of reducing carbon, limiting construction impacts and improving skills within the local community.
- The project launched a new skills hub. The hub focuses on work-based training courses that prioritise in-demand skills needed to deliver next generation, low carbon and modern construction projects.
- The project became the first major UK infrastructure project to be awarded Gold by the Carbon Literacy Project.
- Work continues on the delivery of Hole Farm Community Woodland – a new 100 hectare public woodland – including the planting of 80,000 trees and construction of the first paths and facilities. We aim to open the new community woodland later in 2025.

Asset management

We look after a complex and ageing network of assets, from pavements and lighting to tunnels and bridges – just to name a few. Good asset management is about working together to make the right interventions, at the right time and in the right place. It's about ensuring everything we do helps to achieve a better service for our customers. When we manage our assets effectively and consistently across the business, we are better placed to deliver on the promises we have made and achieve better value for money.

How we've performed this year

Key achievements for 2024-25

- Following a final certification external audit of our asset management system, we have now been certified against the ISO 55001 International Standard for Asset Management. We were commended for showing "exceptional good practice in the application and embedment of a fully integrated management system" which demonstrates our commitment to going above and beyond our Licence requirements for long-term asset management planning. We were formally presented with the certificate on 13 June 2024.
- We were a finalist at the Institute of Asset Management UK chapter awards under the category 'Corporate/Organisation Transformation'. The recognition was for our transition to being a good customer service provider, through the use of asset management principles.

More information on our asset management approach.

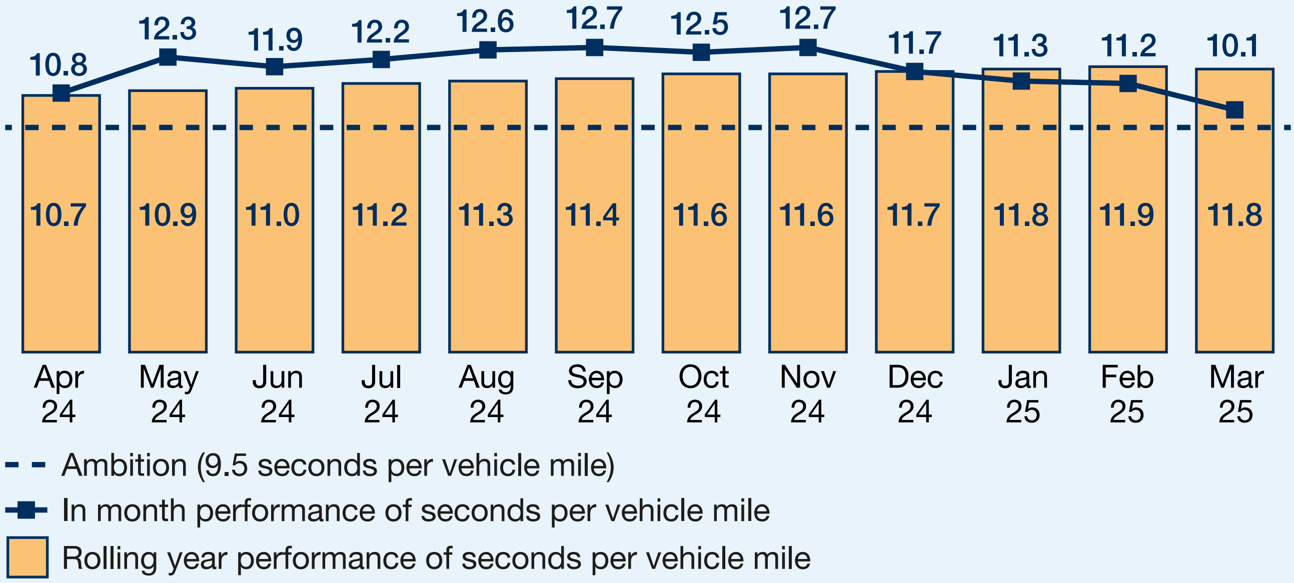
Day-to-day operational delivery

To keep the network moving, our operational services run 24 hours a day 365 days of the year. Our regional operations centres undertake real-time traffic management across the country and our traffic officers patrol our roads and manage any incidents. Maintenance is a continual process and our inspectors provide detailed information on the condition of our assets. We also provide a severe weather service, manage our soft estate (like our verges) along with many other maintenance activities. Renewing our assets is also a key activity. This includes replacing or refurbishing assets as they reach the end of their life or are no longer functioning as intended.

Our targets and ambitions

Average delay (seconds)

Our ambition – that average delay will be no worse by the end of the second road period compared to the first.

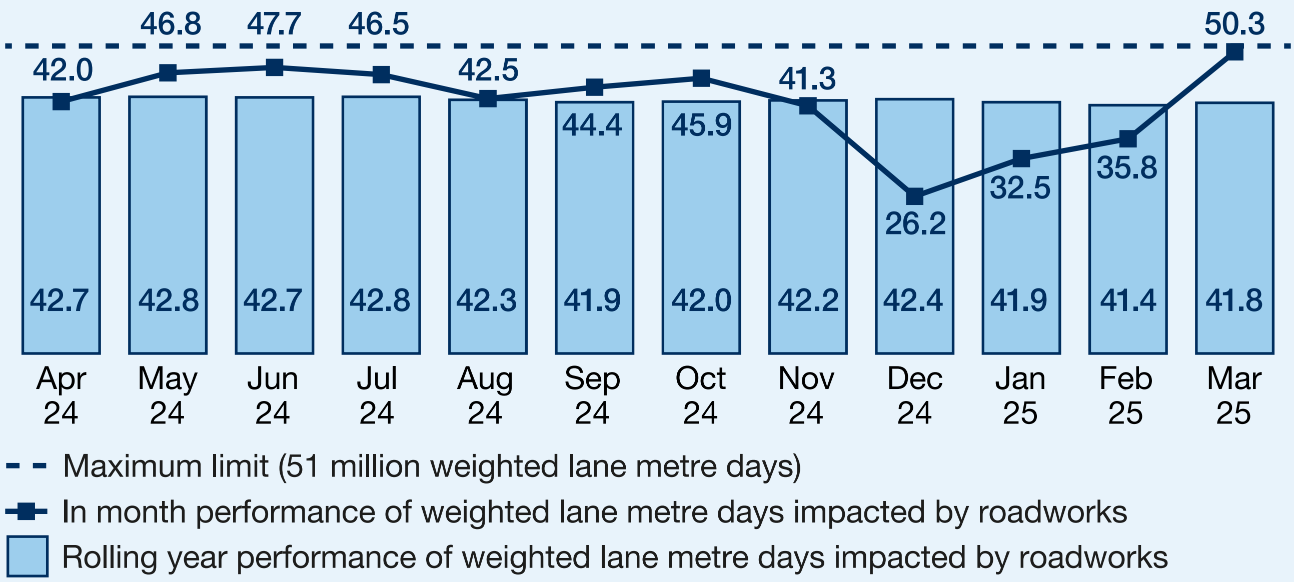


In 2024-25, average delay was 11.8 spvpm. This is 1.2 seconds above 2023-24 (10.6 spvpm), and 2.3 seconds above the 9.5 spvpm RP2 ambition.

The largest driver of delay is congestion. In 2024-25 the Nearside Emergency Area Retrofit (NEAR) also had a large impact on average delay. During this period, it is estimated that NEAR has contributed 0.6 spvpm to the national delay position, around half of the increase observed year-on-year. As average delay is a rolling metric, NEAR will continue to impact on the metric into the 2025-26 performance year. Activity relating to average delay and customer satisfaction has been brought together into a single consolidated action plan for 2025-26, providing clear commitments and deliverables against which our performance can be monitored.

Roadworks network impact (metres)

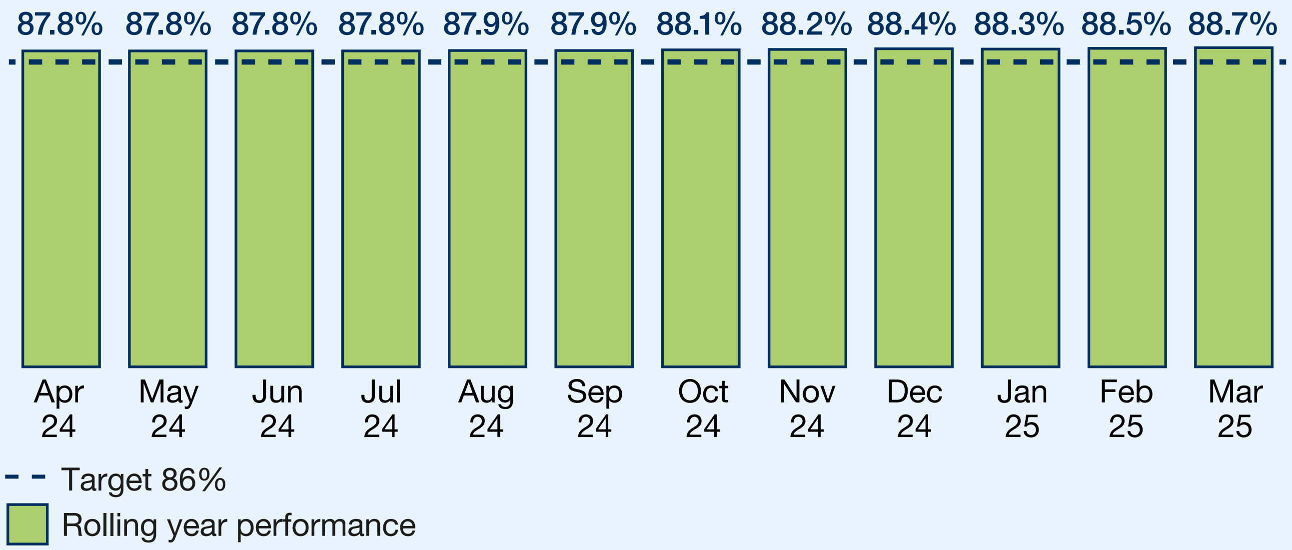
Our target is to have a maximum of 51 million weighted lane metre days.



We achieved a score of 41.8 million for 2024-25, achieving our target to remain under the minimum 51 million weighted lane metre days.

Incident clearance (%)

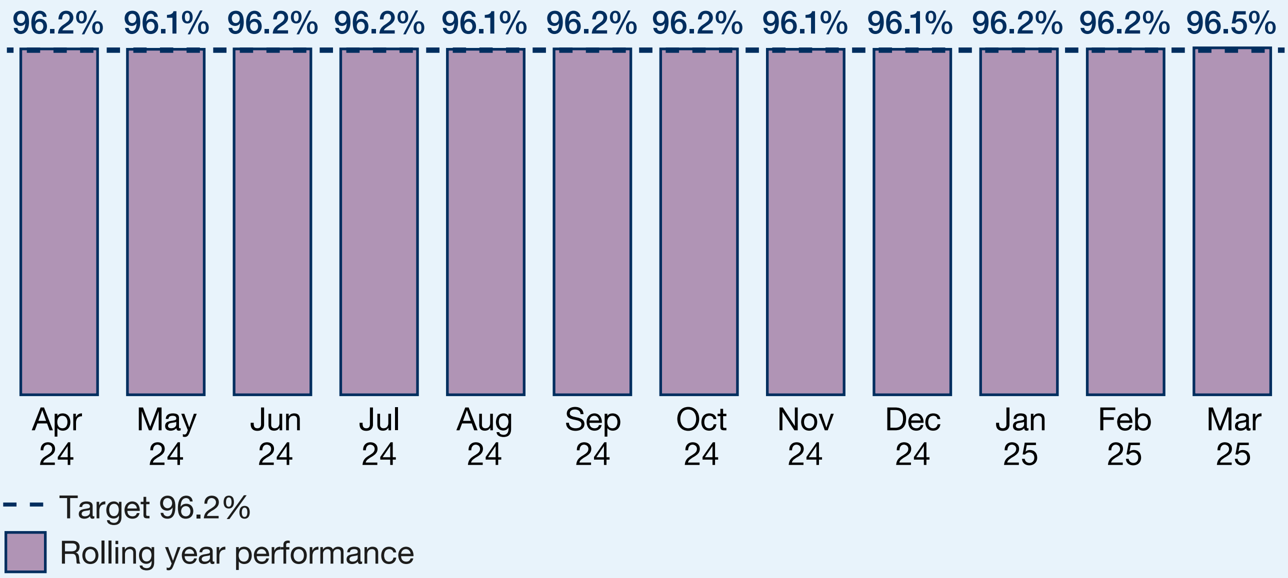
Our target – to have 86% of motorway incidents cleared within one hour, based on 24-hour coverage.



We achieved a year-to-date monthly average of 88.7%, exceeding our target by 2.7%.

Road surface condition

Our aim is to ensure 96.2% of road surface is in good condition.[8]



We ensured that 96.5% of our network was in good condition, meeting our target for the year.

Key actions and wider progress in 2024-25

Operations

- Against a target of 10 minutes we improved the average traffic officer attendance times on all lane running motorways where emergency areas are more than one mile apart. We reduced the time from 8 minutes and 55 seconds at the start of the year to 7 minutes and 57 seconds at the end of the financial year.
- During the year 2024-25, our traffic officers dealt with 74,734 incidents causing an obstruction, congestion or threatening safety on our network.
- We marked the 20th anniversary of the traffic officer frontline services on 26 April 2024.

Maintenance

- The timely and efficient repair of defects is an important part of keeping our customers safe using the network. We repaired a total of 22,989 defects within 24 hours of identification.
- Roadside technology was operational 90% of the time.

8 From 2022-23, we have been reporting against a new network condition metric, which aligns better with our asset management strategy, covering all lanes of the main carriageway.

Renewals

We have delivered our largest ever renewals programme, with £1,158.5 billion worth of investment. This includes achieving our output targets for the big five asset types on the network, as detailed below.

We met the needs of our customers and our assets by:

- delivering 914 lane miles of asphalt surfacing such as the Tuxford scheme, delivering 49.1 lane kilometres (30.5 lane miles) of asphalt surfacing on the A1
- renewing 192 miles of road safety barriers such as the M6 and M1 junction 19 to junction 2 Centre Reserve scheme, delivering 46.8 kilometres (29.1 miles) of safety barriers on the M6 and M1
- delivering 16 miles of new concrete safety barriers such as the M1 junctions 43 to 48 concrete safety barrier construction, delivering 15.9 kilometres (9.8 miles) of concrete safety barriers on the M1
- refurbishing or repairing 144 miles of concrete roads such as the M20 junctions 8 to 9 eastbound, delivering 61 kilometres (37.7 miles) of concrete roads on the M20
- completing construction on 29 significant structures schemes (24 so far, forecast up to 32 for the year) including completion of £13.8 million works on the M4 Welford Viaduct Deck Refurbishment scheme and £13.3 million works on the M5 Almondsbury Interchange

Case study: M5 junction 8 – geotechnical repair

Context

Junction 8 is a key junction, linking the M5 with the M50 which is a strategic corridor into Wales. Both roads act as important tourist routes. Observation of cracking in the verge, hard shoulder and lane one of the M5 southbound carriageway necessitated deployment of emergency traffic management which reduced the mainline down to two lanes. Accelerated design and remedial works were necessary to ensure the junction and mainline could be re-opened to full capacity as soon as possible.

Our scheme

The project team was tasked with accelerating the scheme, which started in January 2024, to enable full reopening of the southbound mainline and junction by July 2024. This extremely challenging target was achieved by running surveys, investigations, and design work concurrently, as well as extensive early contractor involvement to make sure the work could start as soon as possible.

The final design solution was a 362-metre-long steel retaining wall and full reconstruction of the embankment, consisting of 33,006m^3 of material excavated and replaced. Also required was installation of a new drainage system, safety barrier replacement, full depth reconstruction of the carriageway and relocation of a CCTV camera.

Customer impact

The key for the scheme was reopening the M5 southbound back to three lanes in time for the busy summer holiday season in 2024. This was successfully achieved thanks to the extensive collaboration from everyone involved with this accelerated delivery scheme, minimising disruption for our customers.

The robust design has also addressed legacy issues experienced by the junction and should ensure that it remains in good condition for many years to come.

M5, Worcester to Strensham repairs.

Case study: M4 Welford Viaduct – major bridge refurbishment


M4 Welford Viaduct refurbishment works.

Context

This significant structure, M4 Welford Viaduct, is a 110 metre, five-span structure between junction 13 to 14 which carries the M4 from London to south Wales over a local road and river within a Site of Special Scientific Interest. This is one of the heaviest trafficked routes in the south-east, making this motorway strategically, economically and reputationally important.

Routine inspections and testing revealed that the bridge deck was suffering from alkali-silica reaction (a swelling reaction that occurs over time in concrete) in the concrete throughout, which when exposed to moisture expands and cracks, losing durability and strength. The aim of the project was to remove the risk of further damage to the structure and retain its remaining residual life by carrying out extensive concrete repairs.

Our scheme

This £14.8 million project started in October 2023 and completed in August 2024. The works involved recasting areas of the concrete bridge deck to full depth, due to the alkali-silica reaction, as well as replacing the waterproofing, joints, surfacing and vehicle restraint systems.

The traffic management included narrow lanes and contraflow on the M4, with a complex temporary works scaffolding arrangement under the viaduct to form a crash deck during the repairs and a temporary bridge over the river to access both sides of the viaduct.

Customer impact

This project has been an excellent example of collaboration and communication between suppliers, stakeholders and our customers.
The project team proactively worked together to overcome a difficult situation during the works with minimal delay to the overall project, keeping the viaduct safe for our customers on this strategic route for many years to come.

Historical Railways Estate

Since 2013, on behalf of the Department for Transport, we have been responsible for the safekeeping of around 3,100 former railway structures throughout England, Wales and Scotland. Our priority is always to keep these structures, and the people who use them, safe, while also working with other organisations to support repurposing.

Our decision-making for work to structures considers safety, value for money, heritage and environmental concerns. Our Stakeholder Advisory Forum is key to this process of due diligence, and the views of our partners on the forum inform our decisions. These partners include experts in the fields of ecology, active travel and heritage rail, as well as representatives from statutory bodies across the rail, environmental and heritage sectors.

In 2024-25 we had a budget of £7.9 million to spend on the safekeeping of the Historical Railways Estate. We delivered 549 schemes, 381 of which were in England (69.4%), 78 in Scotland (14.2%) and 90 in Wales (16.4%). This includes several significant schemes, such as the restoration of Wheatley Viaduct near Halifax, and Millers Dale Viaduct in the Peak District.

Protecting nature in and around our historical railway structures is an important part of our work. During autumn 2024, as part of works to a tunnel in the Cotswold countryside, our ecological survey found a disused fogging hut beside the tunnel. This structure enabled the storage of equipment used in creating fog signals along the line to warn train drivers of speed restrictions or track works ahead. During the inspections, a whiskered bat was found hibernating inside. We decided that, with some enhancements, the fogging hut could be a perfect hibernaculum, providing a safe place for bats to hibernate and roost. Our works to improve the fogging hut should encourage more bats to hibernate and we'll be monitoring this to measure the impact of our work.

On a larger scale, our major works scheme at the Grade II listed Millers Dale Viaduct in the heart of the Peak District is refurbishing the structure to ensure its safety for years to come. Opened in 1905, the northern viaduct is 175 metres long with seven spans over the River Wye and the B6049. Our works have included waterproofing using a loose-laid membrane to ensure that rainwater does not pool on the structure's deck and cause corrosion. Water will instead flow into a drain that will be installed below the deck. We have also conducted localised repairs to areas of corrosion as well as grit blasting the structure and painting it. As part of the Great British Spring Clean in March 2025, we supported litter picks in the countryside close to our work at the viaduct.

Millers Dale is an example of a major works scheme; however, the majority of what we do involves delivering minor work schemes. These include completing general repairs and maintenance, clearing vegetation, repairing masonry and brickwork and improving drainage as well as running a programme of annual inspections that allows us to keep track of the condition of the structures.

Our Historical Railways Estate website helps keep our stakeholders and the public informed about our work, enabling everyone to engage with what we are doing now and, crucially, what we plan to do in the years ahead.

See our Historical Railways Estate website.

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 the surrounding environment – from wildlife to clean air. We believe you can have high-quality road infrastructure and good environmental outcomes. We want our roads to work more harmoniously with the communities and environment alongside them. We recognise that our economy, livelihoods and wellbeing are dependent on the natural world. We have a moral and economic duty to protect, restore and enhance the environment. Last year we published our **Environmental sustainability strategy**, with the vision 'A connected country: A thriving environment' to provide a road network that supports the country's transport needs but also protects and strengthens the natural environment and community wellbeing.

Read our 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.

Noise mitigation

Number of households mitigated for noise by the end of the second road period in noise important areas

Our target

We had a noise mitigation key performance indicator (KPI) for the second road period. This KPI was to reduce noise for 7,500 households in noise important areas, as defined by the Department for Environment, Food and Rural Affairs (Defra), during the second road period using funding from our environment and wellbeing fund.

The total number of households mitigated across the second road period was 7,776, of which 2,579 were completed in 2024-25.

This exceeded our five-year target of 7,500 households in noise important areas.

Outcomes include:

- installed acoustic glazing and ventilation in 432 properties affected by noise from our network
- installed noise barriers to reduce the noise on the A1 at Eaton Ford, benefitting 234 households and covering 1,065 metres of barrier across various sections
- delivered low-noise surfacing, including at M5 Catshill, M67 Denton and M57 Westvale, benefitting 1,913 households

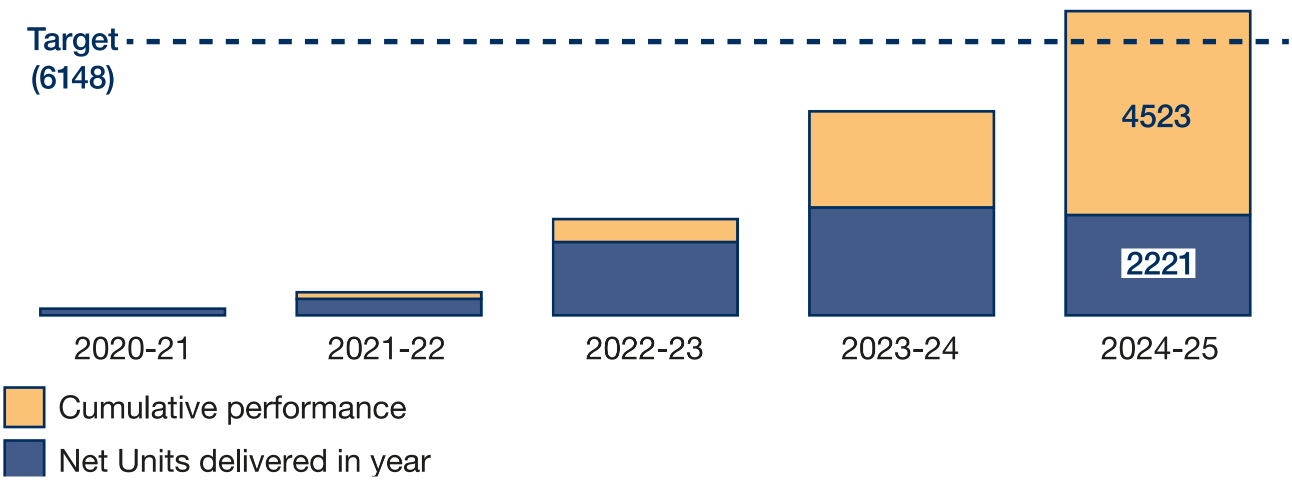
The final year of the second road period was our highest delivery year and helped us achieve the noise KPI. Mitigation included road resurfacing, a new noise barrier, and noise insulation across selected noise important areas – reducing noise exposure for those living within a close proximity of our network.

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**.

Biodiversity units

Net biodiversity units delivered in year against cumulative performance and target



Our target

We had a biodiversity KPI to achieve no net loss of biodiversity at an organisational level across the second road period. We measure performance in biodiversity units,[9] calculated using Defra's biodiversity metrics. Our key focus was on changing the way we design and construct our road projects to reduce biodiversity losses and maximise biodiversity enhancements. We worked in partnership with adjacent landowners, conservation charities and environmental organisations to better integrate our network into the wider natural environment.

Outcomes include:

- 2,221 biodiversity units delivered this year, which is a net positive of 596 units achieved for the second road period
- 67% of our new road building projects that started construction this year are forecast to achieve a net positive outcome for biodiversity
- 237 hectares of woodland delivered
- 528 hectares of wildflower grassland delivered
- 12 hectares of wetland habitat created

We started construction on three green bridges as part of the A30, A417 and M25 junction 10 major enhancement schemes. These structures will provide grass, heath or shrub connectivity across the road network and improve resilience for protected habitats and species.

We completed all four phases of our **Network for nature** partnership with The Wildlife Trusts which delivered 46 biodiversity projects to create and enhance habitats, improve waterways and increase the condition of 30 Sites of Special Scientific Interest. Maximising biodiversity through design, our enhancements schemes that started construction this year reported a positive outcome of 356.6 biodiversity units.

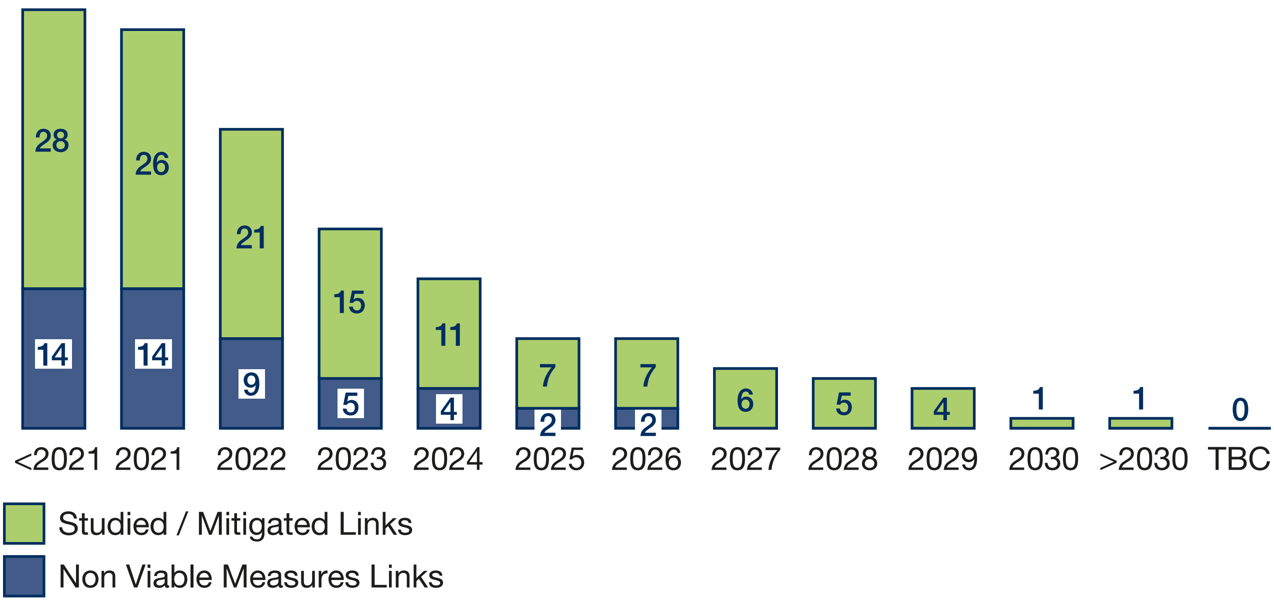
Air quality

We want to do all we can to promote a thriving environment alongside our roads by improving air quality. This includes making a difference for neighbouring communities who work and live near our roads and for ecological habitats. Emissions from vehicles using our roads, nitrogen dioxide (NO_2), and fine particulate matter ($PM_{2.5}$) can pose a risk to people's health and wellbeing. Adjoining ecological habitats are also impacted by ammonia emissions from vehicles in addition to nitrogen. We are committed to resolve areas of poor air quality, including by supporting the shift to zero tailpipe emission vehicles.

9 The number of units is based on the area of habitats, their distinctiveness and condition.

Links[10] in exceedance

Number of links assessed to be above limit value



Our targets

This air quality KPI reflects and monitors our commitment to bringing identified sections of the network into compliance with legal NO_2 limit values in the shortest time possible.

Over the last 12 months we have:

- completed our review of the performance of our air quality speed limit trials
- removed speed limit trials on the M602 junctions 1 to 3, Eccles after evidence showed that air quality at this location had improved
- built a new cycle collection point and closed the permissive path alongside the A282, Thurrock, bringing this section of our network into compliance in 2025
- continued with work to develop measures for the A3, Guildford to provide better health outcomes for pedestrians and cyclists in the area
- completed and published the findings for 15 new sections of the network identified as at potential risk of exceeding annual mean NO_2 limit values
- launched our air quality mapping presenting data from our **Annual evaluation reports**, National Air Quality Monitoring Network and diffusion tube monitoring
- held an air quality conference to help inform the future direction of air quality research at National Highways considering regulatory changes and new responsibilities

10 A section of road between major junctions with consistent traffic flow.

The latest air quality status for the strategic road network

Our latest monitoring for 2024 continues to show ongoing improvements in measured NO_2 concentrations, continuing the trend seen since the end of the pandemic.

The ongoing improvements in air quality mean that many of the sections of our network that we have been asked to assess over recent years are now well below the annual mean NO_2 limit value of 40μg/m³. To reflect this, during 2024 we developed and agreed with the Department for Transport and the Joint Air Quality Unit a formal process to confirm that the limit value has been met on 91 of the 143 sections previously commissioned (commissions 1 to 3) and no further work is required for these sections of the network. Over the last 12 months we have confirmed the limit value has been met on a further 27 links and they are being put forward to be exited from the commissioning process.

		Number of links
Limit value status	**Annual evaluation report 2023**	**Annual evaluation report 2024[11]**
Above	20	15
Within 10%	14	11
Total	**34**	**26**

Our **Annual evaluation report 2024** has identified 15 sections of our network are above the limit value, including three new links identified as part of the recent commissions (4 and 5). We are exploring the measures available to National Highways such as footpath closures, barriers or local traffic management measures to see if we can address these remaining areas of poor air quality

Looking to do more for the health of our habitats

To better protect the ecological habitats alongside our network, we have progressed a series of research projects investigating the impact of poor air quality on these ecosystems along with potential approaches to mitigate the impact. We will continue to work on integrating the outcome of this research into our published standards.

Flooding and water quality

We recognise that both flooding and water quality have an impact on road users, neighbouring communities and the wider environment. Parts of our network are vulnerable to flooding. Flooding on the A421 near Bedford in September 2024 after a month's worth of rain fell in under 48 hours demonstrated the impact that this type of incident can have. Emissions from vehicles can also contribute to water pollution through road runoff.

11 Includes consideration of new links assessed in 2024 as part of commissions 4 and 5.

How we've performed this year

Our targets

We have two performance indicators for the water environment:

- **Water quality:** We report the length of watercourses improved through the treatment of polluting discharges to surface and groundwater bodies and other interventions, for example river retraining, the removal of barriers or the provision of fish passes to aid migratory fish and eel populations.
- **Drainage resilience:** We report the percentage length of carriageway that does not have an observed significant risk to flooding and is supported through interventions across our network that address locations susceptible to repeated flooding.

Outcomes include:

- improved 16 kilometres of waterbody through 44 initiatives
- improved flood resilience at 16 locations on our network

To successfully deliver these schemes, we improved drainage capacity in high-risk areas through targeted repairs and upgrades to their surface water collection systems, enhancing flood resilience and ensuring the safety and reliability of these transportation routes.

Key projects and progress

- As part of our **Water quality programme 2030**, 1,236 high priority drainage assets were validated and verified in year, and a programme of intervention commenced development. We are continuing to review the risk of pollution from all our other outfalls and soakaways.
- We delivered mitigations to outfalls posing a high risk of pollution on the M42 junction 6, M25 junction 26 to 27, M3 Thorpe Park and A47 North Tuddenham. A further three high priority soakaways were also mitigated in a drinking water protection zone on the A27, using a series of sustainable drainage systems and creating some rainscape gardens for the benefit of the local community.
- Our **Microplastics phase 3 research programme** is ongoing and continues to give us a better understanding of the burden of microplastic pollution on the strategic road network and whether there are any other emerging pollutants in road runoff of concern to the water environment.
- In October 2024, we completed a £1.5 million flood alleviation scheme on the A47 at Honingham in Norfolk. The area had previously experienced several incidents of flooding which resulted in emergency closures, affecting homes and road users.

Carbon

In 2021, we published our ambitious **Net zero plan** 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.

Following on from this, we established a carbon management system certified against PAS 2080:2023, a global industry recognised specification for carbon management. National Highways was the first roads organisation to achieve this and in 2024, following independent audit, we successfully retained our certification.

In July 2024, our corporate and construction and maintenance targets were verified by the Science Based Targets initiative (SBTi) and are in line with the latest climate science to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

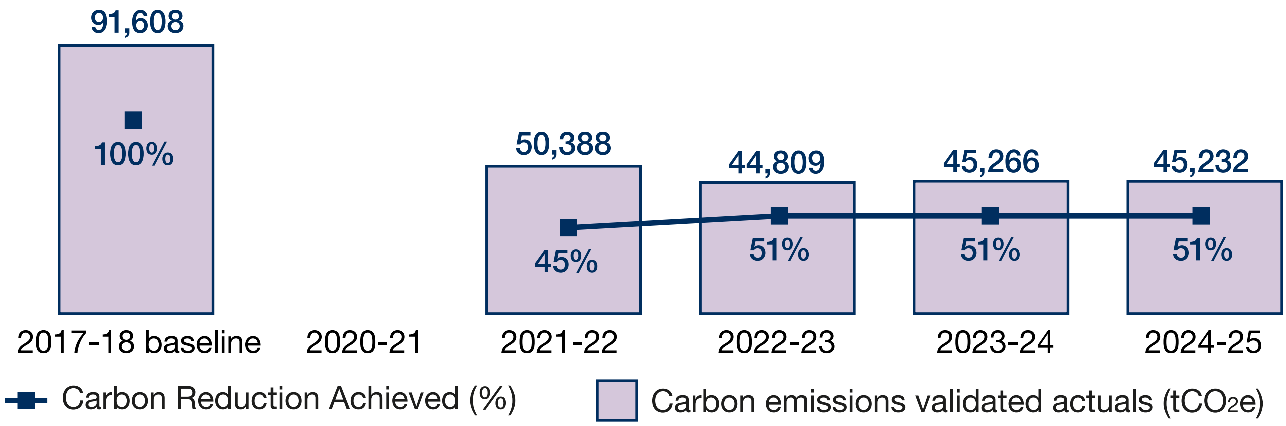
Learn more at the Science Based Targets.

KPI for our corporate carbon emissions 2024-25

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 Scope 3 from transmission and distribution losses from electricity and our business travel. We also have a commitment to be net zero for our own operations by 2030 which includes Scope 3 activities and follows the SBTi which provides a clearly defined pathway to reduce greenhouse gas emissions. Further details about net zero can be found on page 59.

Our KPI for corporate carbon emissions



Notes: Our updated KPI target based on latest grid decarbonisation factors is a 56% reduction of emissions from an updated 2017-18 baseline. 2021-22 was our first year of performance reporting against this KPI, which is why we have no recorded data for 2020-21.

$MtCO_2e$ – Megatonnes of carbon dioxide equivalent, which is the amount of greenhouse gasses emitted during a given period.

tCO_2e – Tonnes of carbon dioxide equivalent, which is the amount of greenhouse gases emitted during the given period.

Our KPI is to reduce carbon emissions by 56% by the end of 2025. This means reducing emissions from 91,608 tCO_2 (2017-18) to 40,337 tCO_2 by the end of 2025.

To note the target for corporate emissions was recently updated from 67% in line with the reporting methodology change agreed in 2023, primarily due to grid decarbonisation which is beyond National Highways' direct control. The revised target accounts for the latest carbon factors for electricity and hybrid vehicles. Continuous improvements in data accuracy have led to a baseline update, increasing it by 1,322 tCO2. The underlying activities required by National Highways to deliver the original target remain unchanged.

We are committed to achieving net zero for our own operations by 2030.

We have maintained a 51% reduction in carbon emissions from 2017-18, based on KPI calculations.

Over 99% of our electricity we buy is from zero carbon sources.

Our 2024-25 performance

- 51% of the lit strategic road network (including sections managed as Design, Build, Finance and Operate contracts) is now illuminated by LEDs.
- We also conducted a national asset inventory survey to improve our lighting asset data to confirm the location and presence of LED and non-LED lights on the strategic road network.
- We transitioned a further 10% of our fleet to electric and plug-in hybrid vehicles, meaning that 98% of our fleet has moved away from pure petrol or diesel engines at the end of 2024-25, with 28% of our fleet now electric vehicles.
- We have continued to increase the efficiency across our estate, including the improvement of lighting and heating systems at 5 depots, the installation of solar PV at 9 depots and the continuation of installing electric vehicle charge points, bringing the total to 413 chargers across our estate. Alongside this, we are planning for future years through the development of an Estates Decarbonisation Action Plan, including being on track for a one-third reduction across our office estate by 2027, and the completion of a further 40 energy audits.
- Our travel and expenses policy and travel hierarchy encourage staff to prioritise sustainable travel choices. There was an 83% reduction in domestic flights seen in 2024-25 compared to 2023-24.
- Our new hire car contract includes a measure that vehicles delivered are no worse carbon emitting than requested.
- In 2024-25, over 177,000 trees were planted across 27 National Highways and community projects in addition to tree planting in the design and mitigation of road projects.
- Delivery has been strong across 2024-25, exceeding delivery plan commitments relating to the LED programme, decarbonising our estate and electrifying our fleet, amongst other deliverables. Completing a national streetlighting survey has also been a success, and indicates our actual carbon emissions are around 2,500 tCO_2e less than reported, however it has taken longer than anticipated for the results to flow through complex data sets and realise this saving for 2024-25 accounts.

Maintenance and construction emissions

We have a performance indicator 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. We also made a commitment in **Net zero highways** to achieve net zero for maintenance and construction emissions by 2040. This covers emissions from making and transporting the materials used to maintain our network. More on our net zero commitments can be found on page 59.

Our 2024-25 performance

- Following an annual audit, we retained our PAS 2080:2023 certification.
- Our low carbon opportunities register continues to be updated with new opportunities and we launched our '10 asks', which outlines actions that can be taken now by project teams and our supply chain to reduce carbon in our road projects during detailed design.
- We continue to communicate, updating our carbon hub to provide tools and learning resources, including 'how to' guide videos to assist our supply chain with carbon reporting.
- We continued to explore low carbon road surfacing opportunities to decide if this and similar products are suitable for wider use on our network. We trialled a new low carbon asphalt on the M11, resulting in around 60% carbon savings compared to traditional methods. We also installed a 12-month trial of graphene-based asphalt on the A12.
- We delivered the UK's lowest carbon resurfacing scheme on the A64 near Bramham in North Yorkshire, achieving a 75% reduction in carbon emissions compared to traditional resurfacing, saving over 260 tonnes of carbon.
- We added maximum carbon intensity levels to our **Legacy concrete roads reconstruction framework** to prevent the use of higher carbon forms of key construction materials.
- Following a successful trial for low carbon asphalt on the A30 near Exeter in 2023, biogenic asphalt was laid on the A2 in June 2024 and the A34 in July 2024. These trials achieved ICE carbon champion recognition in September 2024.
- We are collaborating with Nottingham University to accelerate this testing. If it is successful, the results will be used to update our specification to allow for use across the network.
- We developed a low carbon demonstrator fund to run in 2025-26, to identify schemes where we can demonstrate low carbon asphalt materials and techniques.

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. This is a rapid transition with up to a 55% reduction in emissions by 2030 and up to a 90% reduction in emissions by 2040. More about our commitments on road user emissions can be found on page 59.

Learn more about this transition on the Transport decarbonisation plan.

Our 2024-25 performance

- We continued our delivery of energy storage systems at motorway service areas (MSAs) to supplement the grid supply, enabling ultra-rapid electric vehicle charging. One site is live and a further seven are being commissioned. A further site is in the design and planning stage.
- We undertook research to produce a roadmap for heavy goods vehicle (HGV) decarbonisation to improve our understanding of how the sector will evolve and likely investment needs to support decarbonisation initiatives. The roadmap is closely aligned to the Climate Change Committee's seventh carbon budget.
- We produced a regional mapping tool to map current and planned HGV decarbonisation initiatives (e.g. charging hubs, trials) across England, focusing on those near the strategic road network. Engagement was carried out with sub-national transport bodies (STBs), National Bodies, industry and across National Highways departments to understand current and planned interventions. This work has helped us consider National Highways' potential role in HGV decarbonisation and identify intervention opportunities.
- We progressed the **Solent travel choice** project in collaboration with large employers to shape travel choice policy, promoting lift sharing, the love to ride cycling app and workplace grants for sustainable transport facilities.
- We continue to support the **Zero emission heavy goods vehicles programme** (ZEHID), which aims to deploy over 350 zero-emission HGVs and build over 70 infrastructure installations by 2030. In 2024, four projects were launched, investigating the transition to electric HGVs, UK charging technology, open-access depots, and hydrogen fuel cell vehicles and refuelling stations.

Our net zero plan

Our net zero plan is an ambitious programme putting roads at the heart of Britain's net zero future. Our commitments are to reach net zero emissions on corporate carbon by 2030, on maintenance and construction by 2040 and for road users by 2050.

The Climate Change Committee forecasts that traffic levels in 2050 will be higher than today. By demonstrating leadership, championing innovation and supporting the wider industry we will help avoid climate change and support Britain's growth, meeting the expectations of our customers. For us, net zero means cutting greenhouse gas emissions to zero, or near zero, rather than taking steps to offset emissions.

Further information on our full plan and a roadmap of our 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.

Corporate emissions	Maintenance and construction emissions	Road user emissions
Target: We are committed to achieving net zero for our operations by 2030.	**Target:** 0-10% reduction by 2025 compared to 2020.	**Target:** 31-26 $MtC0_2e$ carbon emissions from vehicles using the network by 2025.
This covers energy used to light and power our network, travel by our traffic officers, our corporate purchases and the energy used in our offices and other travel. We also include the carbon locked up in trees and plans on our motorway verges.	This covers the greenhouse gasses emitted in making the materials we use to keep our network in good condition, such as cement, steel and asphalt. Our target also includes the transportation of materials and emissions from construction on our sites.	This is in line with the government's trajectory for net zero road transport. It is a rapid transition, with up to a 55% reduction in emissions by 2030 and up to 90% by 2040. Our plan will enable this transition by providing the infrastructure needed for zero carbon motoring on the network.

Corporate emissions	Maintenance and construction emissions	Road user emissions
45,241 tCO_2e Emissions in 2024-25 (**Net zero plan**)	438,961 tCO_2e Emissions in 2024-25 (**Net zero plan**)	28,359,000 $MtCO_2e$ Emissions in 2024-25 (**Net zero plan**)
Since 2019-20, we have reduced carbon emissions by 70%. However, reported emissions for 2024-25 increased by 18% from last year (38,388 tCO2e). This rise is largely due to a motorway service operator no longer claiming renewable energy certificates, leading to higher emissions from their electricity use. Additionally, improvements in emissions reporting for salt purchases, specifically updates to transportation distance calculations, have resulted in a more accurate but higher recorded figure.	This represents a 23% decrease from 2023-24 due to changes in our construction programme. This includes the types of activities undertaken and the cancellation of some major projects. Further variations are expected in future years as the portfolio continues to change.	This shows an approximate 1.3% reduction since last year, driven mainly by continuing improvements in vehicle efficiency and electric vehicle uptake. There has been an overall 5% reduction in emissions since 2019-20. We have played a key role supporting charging infrastructure rollout along the strategic road network. This has involved delivering and driving forward broader strategic, engagement and acceleration activities.

M62, junction 26 at night.

Task Force on Climate-related Financial Disclosures

In 2023, we published our full **Task Force on Climate-related Financial Disclosures (TCFD) report** in advance of central government's directive for central government and arm's length bodies. That report presents a baseline for alignment against the four pillars of the TCFD framework: governance, strategy, risk management, and metrics and targets.

This reporting period, we continued to update on our climate-related financial disclosures, consistent with HM Treasury's TCFD-aligned disclosure guidance, which interprets and adapts the framework for the UK public sector. We have complied with the TCFD recommendations and recommended disclosures around:

- Governance (a) and (b)
- Risk management (a) to (c)
- Metrics and targets (a) to (c)

This is in line with the central government's implementation timetable for phase two. In addition, we have provided an update to our previous disclosures for strategy. We plan to provide all recommended disclosures in future reporting periods in line with the central government implementation timetable.

Read the full Task Force on Climate-related Financial Disclosures report.

Governance

Climate governance at National Highways

Board oversight of climate-related risks and opportunities is described on page 44 of our **Annual report and accounts 2024**. For the role and accountabilities of the Board, see page 125.

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 provide feedback to management when it is important to communicate climate-related information throughout the business.

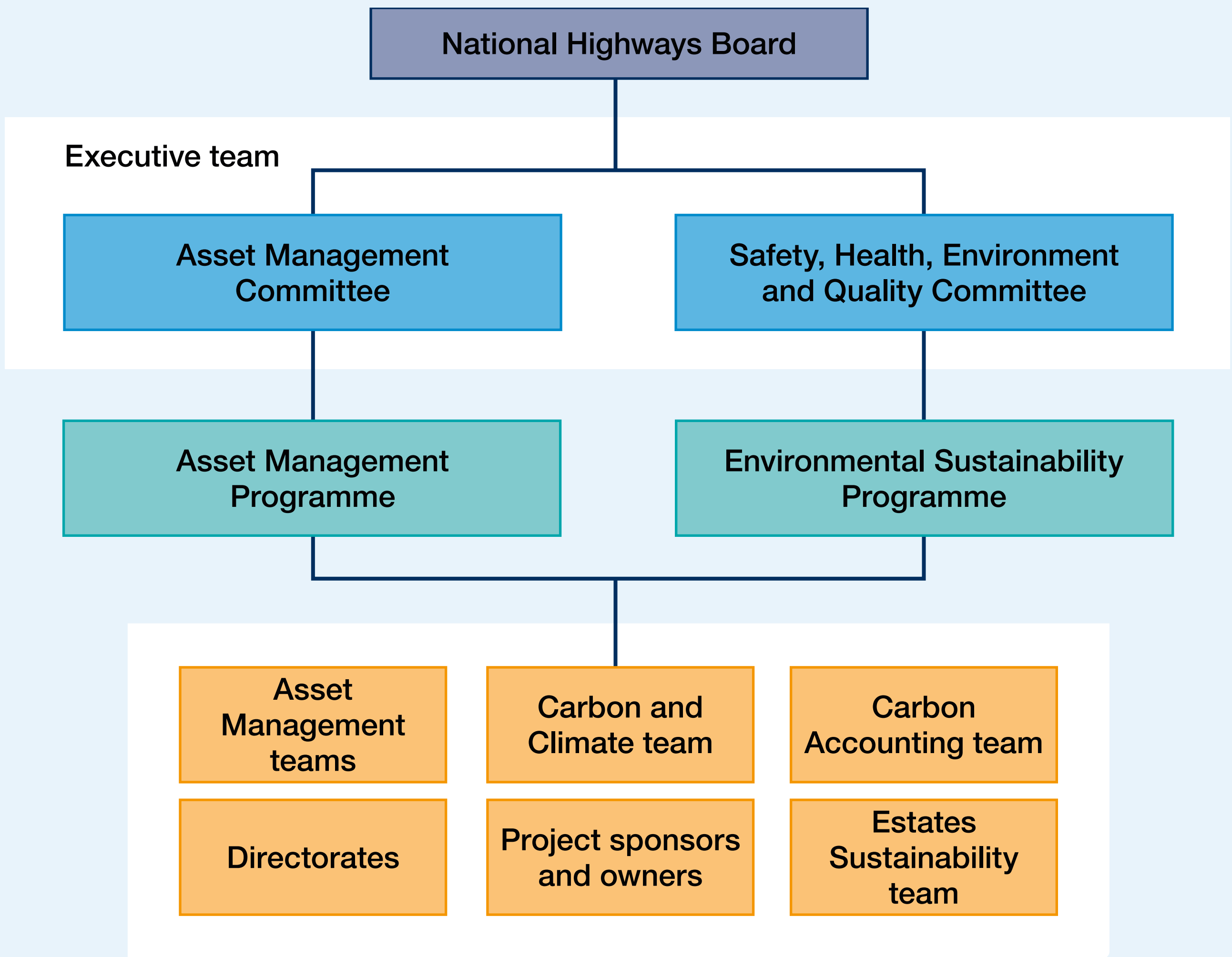
Read our Annual report and accounts 2024.

Management's role

In 2024, we appointed the Chief Highways Engineer as the Executive team member responsible for climate-related risks and issues. As chair of both the Asset Management and Safety, Health, Environment and Quality Executive sub-committees, their role is to ensure strategic alignment of planned climate activities, provide oversight of progress against plans, and an escalation route for emerging issues. The Carbon and Climate team presents papers to the Executive team, via the Safety, Health, Environment and Quality Committee, on a range of climate matters, including climate risk and resilience to climate impacts and net zero decarbonisation. The Asset Management Programme presented papers to the Asset Management Committee on asset-specific policy and strategies that informed and guided our response to climate-related risks and issues.

Environmental sustainability is part of our business improvement programme and is being delivered through the environmental sustainability division. The Environmental Sustainability Programme Board oversees how our defined climate-related risks are delivered. Annual progress of the delivery of our net zero plan is presented to the Programme Board, prior to discussion at Executive level.

As many of the climate risks and actions from our adaptation planning are related to our assets, we have updated our governance arrangements to centralise adaptation planning under the remit of our Asset Management Programme. This has further supported our integration of climate risks into our asset management approach.



Risk management

Key achievements for 2024-25

- We collaborated with Transport for London, and other national infrastructure operators, to explore interdependent climate risks.
- Our fourth round adaptation reporting power (ARP4) included an updated climate change risk assessment. There were 65 risks identified in ARP3 and 124 risks identified in ARP4.

Climate risk management process

Risk management is embedded as a key component in our decision making. This enables individuals and groups to take the right risks in an informed manner. Our approach to risk management is presented in managing our risks. For our principal risks, see from page 110. Secondary risks, including climate-related risks, sit within, and are managed through, directorate, programme and project risk registers.

Consideration of the environment is a core element of our risk assessment process, and all risks are evaluated against a set of environmental impact and likelihood statements. Our approach to addressing and managing climate-related risk is presented on pages 21 to 24 of our **2023 TCFD report**. This approach is still current.

More on our Task Force on Climate-related Financial Disclosures report.

Climate change is identified as one of the chronic risks that can make acute risks in the National Risk Register (NRR) more likely and more serious. This includes severe weather events such as named storms or extreme heat alerts. We have a dedicated National Resilience team who coordinate National Highways preparedness for major emergency risks, using the NRR to inform our own risk assessments and planning. We undertake horizon-scanning to identify emerging risks and coordinate contingency planning across the business to improve our resilience and preparedness.

We are actively engaging with key external stakeholders through groups such as the Infrastructure Operators Adaptation Forum to identify and manage interdependent climate risk. We were involved in Transport for London's collaborative interdependences mapping study. This project combined system mapping with an upstream climate interdependency risk assessment for Greater London. Using a systems-based approach to co-develop an understanding of interdependencies with stakeholders from across multiple sectors helps to highlight opportunities to co-fund investments in climate adaptation.

We regularly monitor the environmental regulatory landscape and undertake horizon-scanning activities to identify emerging changes, communicating through Board papers submitted to our Executive sub-committees. We also take an active role in policy discussions and consultation with the Department for Transport on net zero and climate adaptation, including the recent consultation for their draft transport adaptation strategy, **Fit for a changing climate? Adapting the UK's transport system**.

Strategy

Key achievements for 2024-25

- We have achieved re-verification to the PAS 2080:2023 standard for our carbon management system, as outlined on page 57.
- We have published our ARP4 report and updated climate change risk assessment as part of the fourth round of reporting to the government. The report presents our latest climate change risk assessment, progress on adaptation actions, and areas for improvement.
- We have implemented internal climate adaptation roadmaps. They outline our approach to enhancing the climate resilience of network assets to climate change now, and our ability to make effective and timely decisions for adaptation in the future. An overview of these actions can be found in our ARP4 report.

Read our Fourth round adaptation reporting power publication.

Transition risks and opportunities

Our 2023 TCFD report provides an overview of our key transition risks and opportunities. We continuously monitor and manage these, identifying emerging risks and opportunities through Board papers submitted to our Executive sub-committees. These papers ensure our Board maintains oversight of emerging policy or technology changes, along with any related financial, reputational, regulatory, and legal implications.

Scenario analysis

By testing our physical climate risks against plausible climate 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 part of our climate change risk assessment, we conducted a scenario analysis covering physical climate risk over a multi-stage time horizon: short-term (2030s), medium-term (2050s), and long-term (2080s). The analysis used the **UK Climate Projections 2018**. It applies potential future greenhouse gas scenarios called representative concentration pathways to assess how the UK climate may change:

- representative concentration pathways 4.5 – moderate emissions reduction takes place, resulting in a global average temperature rise of 2.4°C by 2100
- representative concentration pathways 8.5 – greenhouse gas emissions continue to grow unmitigated, resulting in a global average temperature rise of 4.3°C by 2100

We held workshops with key asset teams to explore the physical impacts of climate change on our assets and operations and the severity of any financial, legal, service continuity, and health and safety implications. An overview of these findings can be found in our ARP4 report.

Metrics and targets

Key achievements for 2024-25

- Our net zero targets have now been validated by the SBTi. The SBTi sets and promotes best practice in emission reductions and net zero targets in line with climate science.

More on our validated carbon targets.

Key climate-related targets and metrics

In 2021, we set a series of 2030, 2040, and 2050 commitments for our corporate, maintenance and construction, and road user emissions. Our net zero plan and progress reports outline the key targets, baseline, metrics, and industry-specific efficiency ratios associated with these commitments. Our plan is aligned to the UK's decarbonisation pathway and the Paris Agreement's 1.5°C target. Following the Greenhouse Gas Protocol, our SBTi-validated targets cover emissions from our own operations, maintenance and construction activities. We also set a net zero carbon travel target beyond the Greenhouse Gas Protocol methodology, not included within the formal scope of our SBTi-validated targets. Any risks associated with each commitment are owned at management level and sponsored by an Executive team member.

National Highways follow the Department for Transport's transport appraisal guidance, which uses the UK Treasury Green Book carbon price, regulated by the UK government. This is used when we make decisions on new investment.

Our performance framework for the second road period includes seven principal outcomes, each monitored by the Department for Transport and the Office of Rail and Road through performance metrics. Notably, two of these outcomes specifically address climate change: delivering better environmental outcomes and ensuring a well-maintained and resilient network.

Read our net zero highways plan.

Target	Metric	Progress	Methodology and baseline (where publicly available)
Under KPI 3 – A well-maintained and resilient network – we have a target for 96.2% of our road surface to require no further investigation for maintenance until the end of the second road period (2025).	Percentage of road surface that requires no further investigation for maintenance.	▪ 2024-25 can be found on page 43 of this report.	
In **Net zero highways**, we set out a series of 2030, 2040 and 2050 commitments for Scope 1, 2 and 3 emissions across corporate, maintenance and construction and road user emissions.	Scope 1, 2, and 3 greenhouse gas emissions.	▪ 2024-25 can be found on page 59 of this report. ▪ 2023-24 can be found in our **progress report 2023-2024**.	**Net zero plan baseline and method statement.** **Net zero data improvement plan** (updated December 2024).
Under KPI 4 – Delivering better environmental outcomes – we have a corporate carbon KPI to reduce carbon emissions resulting from our electricity consumption, fuel use and other day-to-day operational activities.	Scope 1 (direct) and Scope 2 (indirect) emissions generated from our business activities and Scope 3 from business travel.	▪ 2024-25 can be found on page 55 of this report.	
Under KPI 4 – Delivering better environmental outcomes – we report the percentage length of carriageway that does not have an observed significant risk to flooding and is supported through interventions across our network that address locations susceptible to repeated flooding.	Percentage length of carriageway that does not have an observed significant risk to flooding.	▪ 2024-25 can be found on page 53 of this report.	

Our customers

Delivering our Customer service strategy and annual plan

Our **Customer service strategy**, published in May 2021, sets out our vision for delivering great customer experiences and outlines how we will do this, based on the needs and wants of our customers. We are building capability to help us improve how we deliver the basics, operate a well-maintained and safe network and provide better information to our customers. Ultimately, we want to enable stress-free journeys that meet, and exceed, our customers' expectations. Our approach is based on customer insight and our performance goals for the second road period. We work across six customer themes in parallel. For more detail about our vision and aspirations for each of these themes, please read our **Customer service strategy: Making a difference for our customers**. We also published an annual **Customer service plan for 2024-25** which can be found on our website.

Read our Customer service strategy.

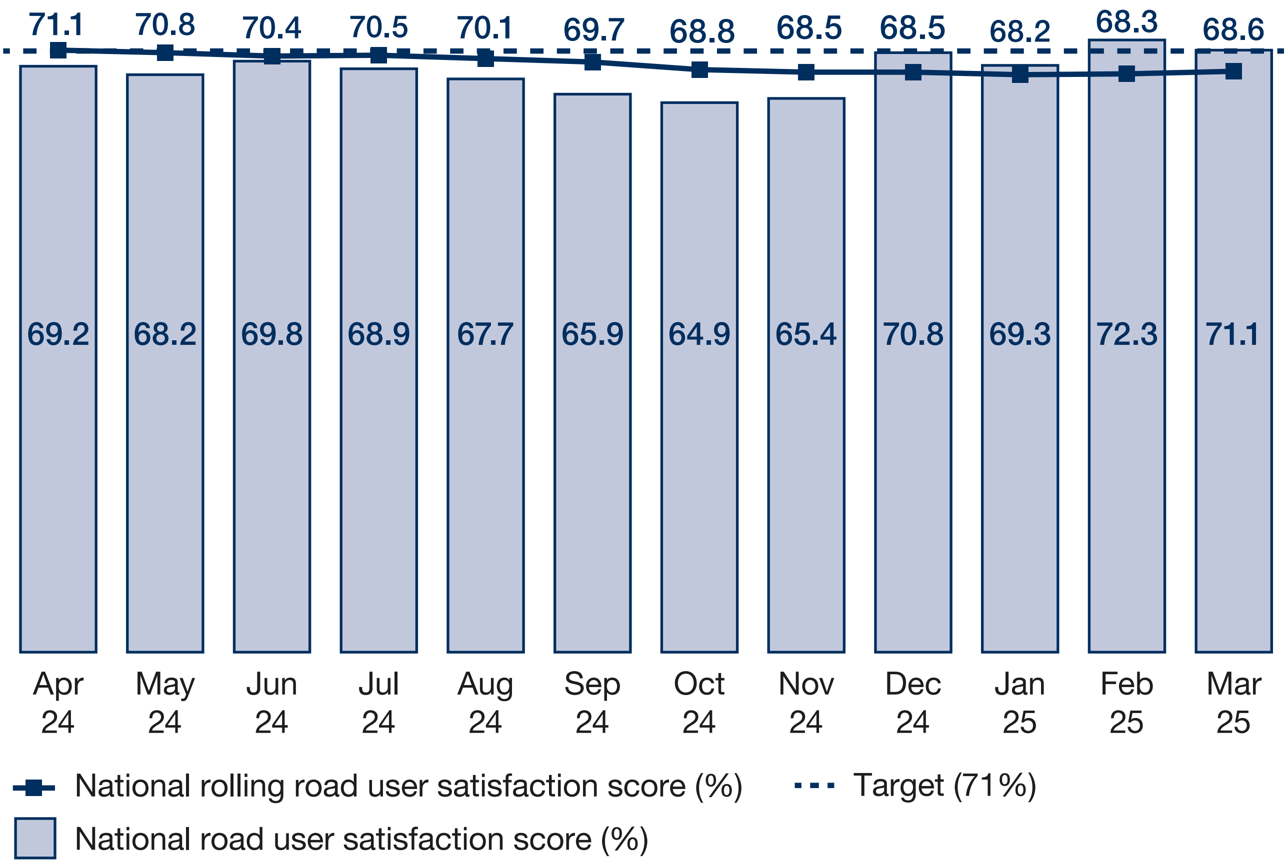
Read our Customer service plan (2025-2026).

Our target – road user satisfaction

Our formal way of measuring road users' satisfaction on our network is through the Strategic Road User Survey. This is led by Britain's independent watchdog for transport users, Transport Focus.

Our target	Our outcomes
Target for 2024-25 **71.0%**	Rolling average satisfaction score for the year 2024-25. **68.6%**
Our score was based on 9,380 responses.	In 2023-24, the 12-month rolling overall satisfaction score was 71.0% based on 9,118 responses.

Strategic Road User Survey scores, measuring road users' satisfaction on our network (%)



Our overall satisfaction score for the year-to-date rolling average was 2.4% lower than last year. We have seen average delay, traffic growth and incident numbers continue to increase. We have also seen disruption and impact on customers' journey experience due to the level of enhancement activity on the network, including the National Emergency Area Retrofit programme. Despite this, we remain committed to making a difference for our customers and have delivered on our annual customer service plan.

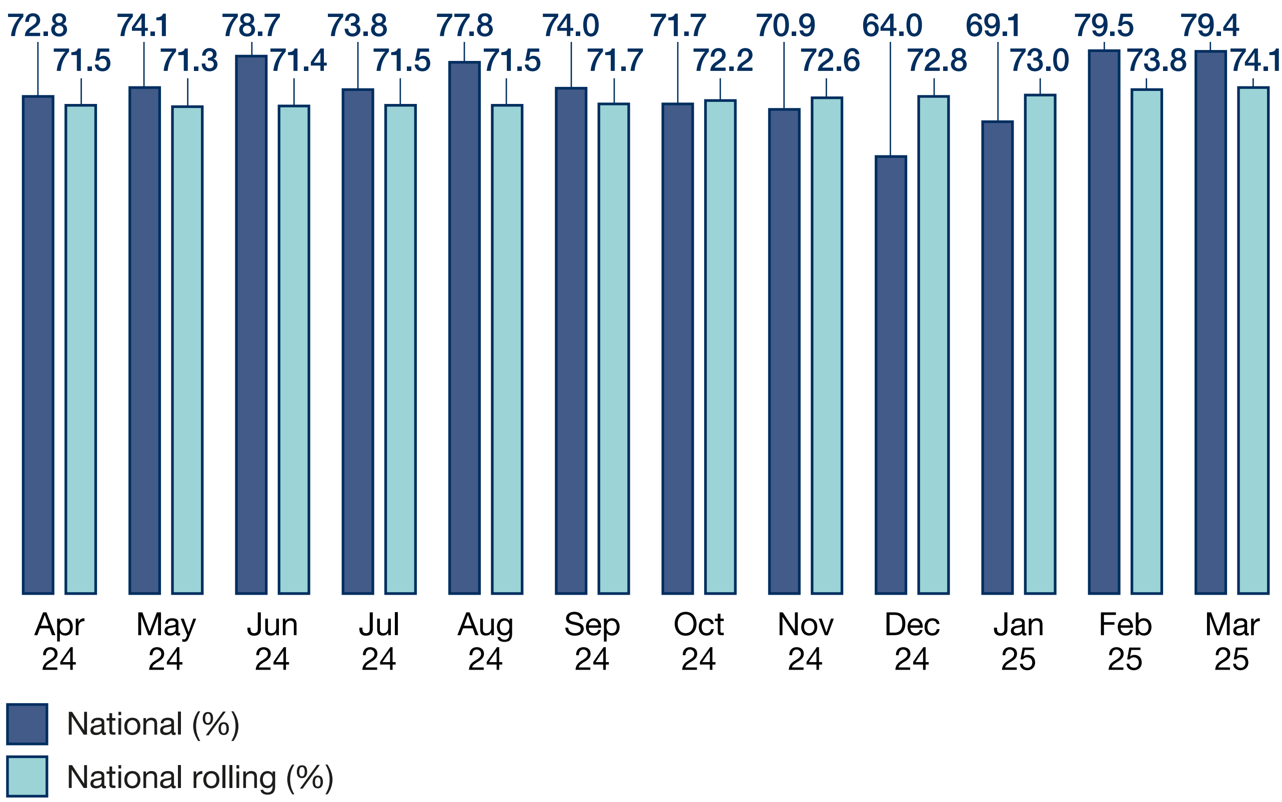
Our target – seven-day advance road closure

The accuracy of our road closure information will enable road users and stakeholders to better plan their journeys and reduce the impact of our works. With a target that information about full closures would be 75% accurate seven days in advance by 31 March 2025, we developed an improvement plan to close the gap from 70% (which was our accuracy as of 1 April 2024) towards this target.

This plan required all those involved in the booking of road space, to ensure that the information was kept as up to date as possible. As an example, a keen eye was kept on the forecasted weather seven days in advance to understand if forecasted conditions would impact our ability to do our planned works. Every day we sought nominated individuals to review what work had taken place the night before to ensure that our systems had been correctly updated.

We recorded a rolling 12-month accuracy figure of 74.1%. While this was slightly shy of the 75% target, it was a significant improvement from the start of the Road investment strategy period in April 2020 when our accuracy was in the region of 40%.

Seven-day overnight advance road closure information accuracy as at 31 March (%)



Listening to our customers

Using customer insight

To prioritise our customers' needs, we use insight tools and extensive research, including quantitative surveys that complement the Strategic Road User Survey. These surveys provide detailed information on journey experiences and customer satisfaction. We care about every journey, which is why building trust is central to our strategy. We use surveys to evaluate and take actions that enhance our customers' overall experience and strengthen their trust in us. In 2024 we asked 12,000 stakeholders for their opinion on how we engage with them about our road improvement projects. Two-thirds said they thought we were good, very good or excellent at working with them or keeping them informed. We're using what we learnt to improve our relationships and the information we provide. This year we have also undertaken a small-scale trial aimed at getting feedback from our traffic officers on their experience driving through our schemes. The aim is to identify where we can improve the traffic management of those schemes from a customer perspective. This initial trial has proved successful, and we are considering whether they can be expanded further.

Our online surveys and programmes of customer research give us a much clearer understanding of road users' journey experiences, needs and behaviours. To help us develop an even clearer understanding of what it's like to be a customer of National Highways and identify opportunities to improve, we have developed a suite of customer journey maps. These maps focus on individual customer groups and their experiences. We have used them for our freight and electric vehicle customers, for customers who have travelled through an incident, customers who have used a diversion route, and customers we have engaged with as part of a major scheme. Customer journey maps provide us with a visually engaging way of depicting the customer experience as they interact with us and our network. They highlight key pain and gain points and associated improvement opportunities, bringing the customer further into our decision-making process.

Improving customers' experiences of roadworks

One of the ways we look to improve user experience of roadworks is to work closely with stakeholders and partners, often involving visits to our sites. We invited East West Rail and the Department for Transport to our A428 Black Cat scheme and had collaborative discussions on the impacts of works to both rail and road users and how they can be minimised. We have also been doing lots more, from innovative technologies to developing capability.

Continuing our in-journey customer audit programme

In 2024-25 our customer audit programme for ongoing enhancement roadworks performed consistently well. Customer audits are where we invite customers to drive through our roadworks schemes and provide feedback. We achieved in-month programme highs of 94% and an average score of 92% across all schemes throughout the year. Any score of 90% or above is an indication that our schemes are getting the basics right based on what our customers need and expect.

Roadworks Innovation Accelerator Programme

Innovating to improve customer experiences of roadworks was an accelerator programme sponsored by National Highways. Its aim was to identify new technologies, products or services that could make a positive difference to how customers experience roadworks. Funding was awarded to 10 small to medium sized enterprises (SMEs) to develop proposals to take their innovations into live trials. They were partnered with our existing supply chain who used their expertise of the highways sector to help the SMEs fine tune their proposals. A shortlist of three were given the opportunity to trial their products in real-life situations on England's motorways and A-roads, each receiving £60,000 to take their ideas forward. These trials took place between January and June 2024. The three companies conducted the following trials:

1. ALchera technologies, a Cambridge-based SME, used artificial intelligence (AI) to generate the most favourable works bookings, by using accurate traffic flow predictions and balancing the trade-off between creating financial efficiencies and positive road user experience. Traffic flow levels are an important aspect of planning roadworks as numbers must be at an appropriate rate to enable road crews to work safely, while also considering the impact on road users including freight services. The solution optimised traffic management, reducing road closures and saving taxpayers money. Working with Costain, this system was used on the M6 between junctions 21a and 23 in the north-west. The two-month trial saw 2,100 fewer journeys being delayed on the M6 and also saved an estimated £45,000 by consolidating work.
2. Robok, also based in Cambridge, uses AI-powered computer vision technology to analyse CCTV footage offering a better understanding of both road user and road worker behaviour and helping to improve people's experiences of roadworks. This trial was supported by Balfour Beatty on the M25 junction 10/A3 Interchange. Robok processed over 10,000 hours of video footage and successfully enhanced hazard detection capabilities.
3. WordNerds, of Gateshead, brought together over a quarter of a million pieces of customer feedback on roadworks and pulled out useful, actionable insights using AI models. Working in partnership with Costain, Kier and Balfour Beatty, WordNerds increased customer understanding, leading to 16 major actions, from auditing signage issues to exploring electric vehicle charging options to improving communications, based on customer comments.

The innovations and results of the trials were showcased in a prestigious event held by Connected Places Catapult (the UK's innovation accelerator for transport, the built environment, cities and local growth). The event was attended by innovators, our supply chain representatives from the wider transport sector and investors. We are continuing to liaise with the innovators on overcoming barriers to business-as-usual adoption.

Best practice learning with the M25 weekend closure

Last summer we closed the M25 at junction 10 for a whole weekend, for essential upgrade work, for the first time in the road's history. We carefully planned diversion routes, working with the local highway authorities. We had clear and consistent messaging across all media, including social, newspapers, TV and radio in advance of the work. We also worked with the railways, bus companies, ports and airports, to ensure that there was full awareness of our plans. We advised people to only travel if necessary and to use alternative routes. As a result, traffic was 60% below normal volumes making a huge positive difference for the communities on the diversion route and avoiding congestion across the area. We used any feedback to ensure further closures that were made on the M25 were done with best practice learning to minimise disruption to our customers' journey experiences. One of the customer comments received: "The roadwork journey was good, advising what was happening and how far in advance the roadworks was starting. There was a high frequency and good visibility of all signs. It was clear that one of the lanes would be narrow throughout. There were signs frequently advising of the reduced speed limit, average speed check and to await rescue with free recovery if you broke down."

Developing our capability

In 2024 we launched the '**Roadworks: a customer view**' e-learning toolkit and implementation guide across the organisation, suppliers, and delivery partners. The learning equips teams to deliver safer, more customer-centric roadworks.

We also launched the Stakeholder Assurance Framework which is now being applied across all our enhancement schemes. The purpose of the framework is to assure and drive the improvement of stakeholder engagement and communication at a scheme level, against a set criteria. Since April 2024, we have carried out 25 assessments with project teams across our major schemes to monitor compliance with the framework. The majority of schemes have now been assessed twice, and all are showing an improvement in their scores. Additionally, in 2024, we implemented an Internal Roadworks Audits Programme on high customer impact schemes. By adapting the existing customer audit methodology, we created a robust framework for internal teams to assess roadworks schemes systematically. This new framework further empowers our teams by fostering a culture of best practice and knowledge sharing, ensuring consistent application of customer-centric principles across delivery schemes, and ultimately enhancing both safety and the overall journey experience.

Improving how to communicate our information

Continually improving communications through roadworks

We introduced guidance on using electronic boards for roadworks to enhance communication and improve the customer experience. By providing clear, customer-friendly messaging, these boards help road users understand the reasons traffic management is in place. This initiative reflects National Highways' ongoing commitment to making journeys through roadworks safer and improving their experience when travelling through them.

Communicating through our variable message signs and signals

We've worked hard to improve customer trust in the signs and signals that we set, by seeking to improve the appropriateness and relevance of the speed limits and instructions we display:

- We now set fewer signs and signals on the approach to incidents, which has resulted in better customer compliance, with fewer customers going back into closed lanes before passing the incident.
- We've made improvements at over 100 locations, reducing potential confusion between speed restrictions displayed electronically on our signals and speed restrictions displayed on nearby fixed hard signage.

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

- We continue to support police enforcement campaigns, such as don't drink and drive.
- We listened to our customers and increased the frequency of our middle lane hogging campaign, to encourage more motorists to keep left unless overtaking.

We're empowering our people to continuously improve the information we give to our customers on the roadside variable message signs, to better inform our customers of what is happening on the network and enable more informed journey choices, including:

- where variable message signs allow, we explain the reason a road is closed, such as overnight closures for resurfacing
- using virtual reality training to help our people better understand incident scenarios from a customer perspective – this enables us to better use existing variable message signs to show more informative updates on how we are progressing with incidents which are resulting in delays to their journeys

Continually improving diversion routes

New innovative real-time journey time digital signs were trialled on the A428 Black Cat to Caxton Gibbet diversion route to provide up-to-date information to our customers. Previous research found customers have more confidence in electronic signs with the information provided compared to fixed plate traffic signs. The **Diversion routes – A customer view toolkit** guide was updated and released in January 2025. It outlines eight requirements for planned diversion routes which have been identified in our research to improve our customers' experience. The guidance document can be used across our business in different scale delivery projects, providing tips and practical examples of how we deliver the best experiences for our customers travelling through diversion routes.

Delivering digital improvements for our customers

'Digital for customer' is a programme which is part of our **Digital roads strategy**. More on what this is, and the achievements, can be found on page 95.

Considering all our customers

We have many different customers all with different needs and we strive to understand, listen and improve the experiences all of our customers have with us.

Providing more accessible and inclusive journey experiences

Our network must cater for a variety of hidden and physical disabilities. Some of the work we have done this year to help ensure everybody feels safe on our network includes:

- running a simulator study, gathering feedback from disabled customers on how they found driving through a diversion route – we learnt that we need increased signage, live updates and diversion route journey times
- our Digital Lab, which has been sharing research that underpins our access and inclusion approach, has published our first stimulus report, 'Navigating Neurodiversity: clearing the way to an inclusive and digital network', focusing on how we can create safer, more inclusive and accessible journey experiences
- the Roads for All forum, a coalition of over 20 organisations dedicated to improving accessibility

- being involved in several events to increase our understanding and to show our commitment, which have included Google accessibility, attendance at Naidex, celebrating Purple Tuesday and partnering with Disabled Motorists UK
- procuring a contract with POhWER (People of Here Want Equal Rights), an independent advocacy service, to support our vulnerable customers when they contact us, and to support our people to better identify and handle contacts with vulnerable customers using empathy and understanding
- working with the SusTrans charity to deliver changes to 40 physical barriers on walking and cycling routes which interact with the network – this will allow a wider range of mobility wheelers to access and cross the network
- our Equality and Diversity Inclusion Manager being awarded an MBE for his tireless work in giving disabled customers from all backgrounds a voice

Understanding logistics, bus and coach providers

We use the Transport Focus Logistics and Coach Survey to measure the satisfaction of the businesses that use the network which covers a range of themes including ‘stopping places’. The results from the survey help us understand the improvements they want on the network and inform our plans.

Meeting the needs of bus and coach businesses

To help us better understand the needs of the bus and coach sector we used our customer journey mapping tool. The recommendations from this are being fed into the **National Highways bus and coach plan**. These include better communications between National Highways and bus and coach operators, educating drivers on interacting with buses on the network, access to real-time information, tackling coach parking issues at motorway service areas, improving bus stop facilities on the strategic road network, and improving facilities for bus and coach drivers at motorway service areas and rest stops. With the specific recommendation of improving information regarding diversion routes, we facilitated a workshop including representatives from the Bus and Coach Forum to understand sector requirements in relation to improvements we could make to diversion routes for them.

Read our Bus and coach plan.

Using insight to deliver improvements to lorry parking

Through our National Highways Lorry Parking Facilities Improvements Scheme, we have collaborated with facility operators to improve over 120 sites. Ultimately, the fund provides truck stop operators with support to improve welfare facilities, strengthen safety and security and increase parking facilities, helping to make drivers comfortable, safe and well.

This initiative has resulted in the addition of 393 HGV parking spaces, around 20km of security fencing, and upgraded welfare facilities, including lounges, showers, and toilets. We have approved over £12 million in grants, which has generated an investment of over £24 million in lorry parking site improvements across England.

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

We supported Transport Focus in their work to gather insight from walkers, wheelers, riders and horse-riders on and along the A590 in the north-west region. Key themes raised included raising awareness of walkers, wheelers, riders and horse-riders presence to other road users, the importance of maintaining paths and foliage to ensure routes are accessible and providing safe crossing points. Following previous recommendations for the Yorkshire and the North-East region, improvements were made to signage and vegetation clearance to improve visibility on the A616 in Langsett. Footways on the A19 near Seaham have been widened. We have ongoing work with SusTrans charity to make improvement to a series of National Cycle Network routes which cross the network, addressing accessibility issues and improving experience.

Improvements to lorry parking area.

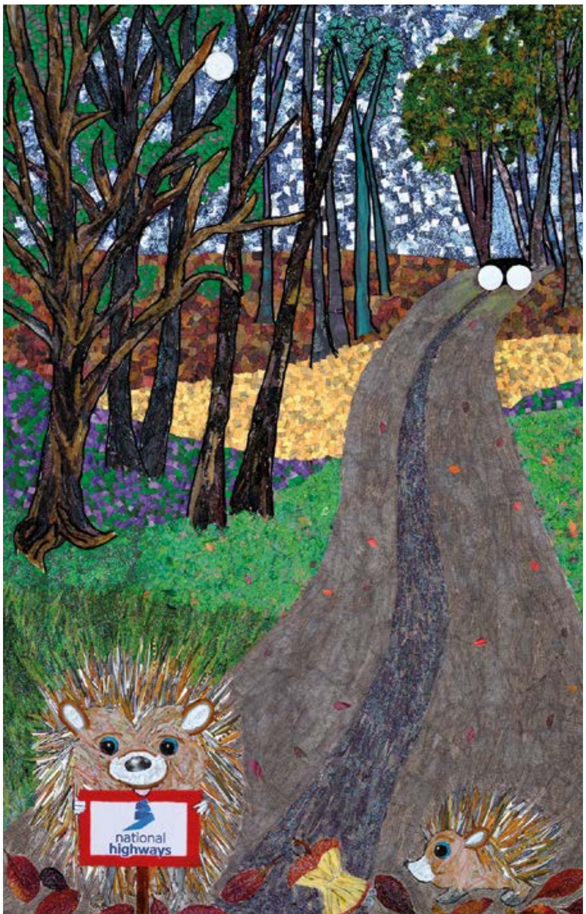
Our community

This year we have been running a school route audit programme with Living Streets charity to identify barriers to more sustainable travel on routes which interact with the network to reach primary schools. We worked with children and employees at over 30 primary schools on or near the network to identify barriers to walking or cycling to school. Children had access to a tracker on their school computer software to log their journeys and receive rewards for walking or cycling to school. The programme has delivered an increase of 11.5% in active trips across participating schools, with one school showing an increase in active journeys made from 40% to nearly 70%.

We also addressed barriers identified from the audits and have removed graffiti from underpasses, cleared litter, remodelled physical barriers on walking and cycling routes to improve access for a wider range of wheeling options, and have installed cycle storage at a school. We used the same approach at two large NHS Trust hospitals – Salford Royal Hospital, and Ashford and St Peters located on and accessed from the strategic road network. We delivered sustainable travel audits with their employees to identify barriers to them walking, wheeling and cycling and using public transport to travel to work. Events were held to promote car sharing and walking to work.

Reducing litter

We continue to focus on reducing litter on our network through influencing littering behaviour, enhancing our operational delivery and asset maintenance, actively seeking and responding to customer feedback, and strengthening partnership collaborations. In July we published our **Customer Service Standard – Reducing litter**, which embeds our litter strategy in the way we work. For our 10th year we have supported Keep Britain Tidy's Great British Spring Clean and pledged to clear 5,000 bags of litter from our network. Our employees have also used volunteering time to collect litter around the communities they live and work. We exceeded our target by collecting over the 5,000 bags. As part of the Lend a Paw anti-littering campaign we commissioned a young artist, James Owen Thomas, to prepare a new work of art called 'Hedgehogs on the highway'. James created his artwork 'Hedgehogs on the highway – a collage of litter' using litter collected from the strategic road network. His work was unveiled at Highways UK, an industry event for businesses involved in the nation's road network. We also shared James's artwork on our social media, on TV and in the press.



Hedgehogs on the highway – a collage of litter collected on the strategic road network.

Improving customer communications

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 2024-25, we improved the timeliness of our responses to customer contact by 1.6%. As of March 2025, we achieved a 12-month rolling score of 93.7% (against a target of 90%) of customer contact resolved by the wider business, compared to 92.1% for 2023-24. This year we:

- increased access to training and guidance, empowering our people to deliver a professional and friendly customer service, including when the nature of contact is difficult
- developed better, more accessible guidance on roles and responsibilities, to improve the quality of our customer contact
- developed our knowledge management and record management processes to improve the structure of information we receive from customers and the data and knowledge our customer contact centre advisors have access to
- improved our assurance processes so our customers receive timely, relevant and tailored responses to their contact and so we can identify trends from customer contact to inform improvements
- developed mechanisms to ensure enquiries and complaints that cannot be answered at first point of contact reach the relevant business area, and to ensure the accuracy of recording this 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 following their contact

Improving how we manage complaints

In 2024-25, we worked to further improve how we manage complaints contacts. We received 20% more stage 1 complaints than the previous year. Despite this increase, we reduced the number of complaints escalated to stage 2 by over 24%. We continue to improve how we manage and respond to complaints from our customers by:

- setting up ‘Every Customer Has an Opinion (ECHO)’ surveys for complaints, to identify customer expectations for responses to their contact and make continual improvements
- using our Customer Contact Forum to share best practice
- attending the Department for Transport’s Complaints Forum and cross-government complaint groups to identify improved ways of working
- facilitating access to the Parliamentary and Health Service complaint standards guidance and training
- introducing e-learning for complaints handling to support our people to provide quality responses to customer complaints and to meet the standards set by the Parliamentary and Health Service Ombudsman

- embedding our quality guidance to support better handling of customer complaints, with fair, open and honest responses that show our customers that we care and that we are addressing their complaints

Customer complaints

Stage 1: Complaints received.
6,714 received. **6,566** resolved.

Stage 2: Complaints received.
149 received. **109** resolved.

Stage 3: Complaints escalated to the independent complaints assessor.
40 received. **27** resolved.

Stage 4: Complaints escalated to the Parliamentary and Health Service Ombudsman.
2 received. **2** resolved.

Social value

Delivering social value

Social value is the sum of benefits that we – and our supply chain partners – deliver for people, the environment and the economy. From economic prosperity to preserving natural habitats, 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**.

Read our Social value plan.

Measuring the social value we deliver

In 2024-25, over 70 suppliers reported on their social value performance through our social value tool. Key achievements included:

Economic prosperity

Over **115** apprenticeships completed. **1,550** weeks of work placements completed.

Over **130,000** hours of accredited training delivered.

Over **5,000** registered qualifications gained.

Compared with last year, we have more apprenticeships completed and more registered qualifications gained but fewer weeks of work placements and hours of accredited training delivered.

Community wellbeing

Over 27,900 hours completed within our supply chain on volunteering and community project initiatives.

Equality, diversity and inclusion

The average number of self-reported LGB+ people working within our schemes has grown by **58%** compared to last year (full time equivalent).

The average number of self-reported ethnic minority people (full time equivalent) working on our schemes has grown by **29%**.

Over **7,390** hours of equality, diversity inclusion/fairness inclusion and respect training delivered.

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 Construction Ltd for their work on the M62 Ouse Bridge.

The scheme had a bespoke social value plan setting out impactful initiatives to tackle local issues and leave a lasting legacy within the community. There were five community initiatives, one of which focused on supporting homeless people in Goole. After learning from the charity Emmaus that homeless charities see a drop in donations across the summer period, hundreds of dignity bags were donated by Winvic and Ouse Bridge subcontractors. These are drawstring bags with hygiene products, underwear, reusable water bottles and suncream. By sharing this initiative through National Highways groups and community groups, the positive impact was amplified, and there was a successful drive for donations across multiple regions and contractors. Over 280 dignity bags were created in summer 2023 and over 750 dignity bags were donated in 2024 for different charities.

Social value fund

The social value fund aims to maximise the delivery of social value through supporting local community projects which have been impacted by our roadworks or diversions. The fund is for smaller-scale social value projects ranging from £500 up to £10,000. In 2024-25, we received 43 applications from our enhancement schemes and 19 applications from operations. 55 applications were approved, awarding a total of £281,500.

Key achievements

- The M6 Lune Gorge received £10,000 to fund a bespoke wooden building for use as a 'sharing shed' in the rural village of Shap which has limited public transport to nearby towns and is 22 miles away from the nearest foodbank facility.
- The A417 Missing Link received £10,000 to support the rollout of CPR training across 571 schools in the south-west by Great Western Air Ambulance.
- The A66 Northern Trans-Pennine received £10,000 to create a play area at The Fold Family Centre, in Croft-on-Tees – the Fold provides day and residential placements for people with special educational needs and disabilities and mental health problems.
- Operations south-east received £6,200 to fund camping equipment for a charity who work with young men involved in the criminal justice system called Band of Brothers – they provide the young men with the support they need to make the transition to an adulthood free of crime, and filled with a sense of belonging, connection and purpose.

The social enterprise dynamic purchasing system

In September 2023, we developed and launched our first dynamic purchasing system across multiple categories of indirect spend, aimed at social enterprises, charities and not-for-profit organisations across England, Scotland and Wales.

We designed the social enterprise dynamic purchasing system to promote supplier diversity across our organisation, our supply chain and the public sector. This system provides organisations that would not usually have access to such contracts with opportunities to bid for more work. We have attended Department for Transport supplier events to meet with suppliers and small and medium-sized enterprises to discuss and further promote the system.

Since launching the purchasing system, we have onboarded 80 organisations across multiple categories and regions. We have awarded 16 call-off competitions, with a total spend to date of £2,241,879, and have a strong pipeline of future opportunities.

We are market leaders when it comes to embedding social value into procurement practices. The social enterprise dynamic purchasing system won the best initiative to deliver social value through procurement at the 2024 CIPS awards and the developing supplier diversity category at the 2024 Go Awards.

Case study – A428 Black Cat to Caxton Gibbet

This billion pound scheme will improve journeys between Milton Keynes and Cambridge, bringing communities together and supporting long-term growth in the region. It will create a new 10-mile dual carriageway connecting the Black Cat roundabout and Caxton Gibbet roundabout, with three major junction improvements.

One of our main objectives for the scheme is to leave a lasting, positive impact in the community. We therefore launched a £2 million legacy fund, which is made up of the social value fund and the community fund.

The social value fund maximises the wider benefits of the scheme for local communities, environment and local economy. Grants are from £15,000 to £200,000. To date, we have funded 22 projects, totalling just over £1 million. Key achievements are listed below.

- New sporting facilities for Blunham Cricket Club: We have supported the refurbishment of Blunham Cricket Club's sporting facilities, including new all-weather turf for the outdoor practice area, three mobile pitch covers, and a state-of-the-art electric scoreboard. These upgrades will enhance training and matchday experiences, and will benefit the club's children's, men's, and women's teams at both Blunham and Roxton playing fields.
- Powering the Future for St Neots Scouts: We have supported the 1st St Neots Scout Group to complete eco-friendly upgrades to their Scout hut and outdoor equipment. The Scout hut is a buzzing community hub, welcoming over 130 young people five nights a week, all supported by an incredible team of 40 dedicated volunteers. This project is all about sustainability and bringing green energy solutions to the Scouts. It included solar panels for renewable energy, battery storage for efficient power use and portable power stations for outdoor adventures.

The community fund supports local communities in smaller scale investments providing grants up to £15,000. Ten initiatives have received grants to date, to the total of £100,000. We have supported:

- CHUMS charity by providing therapeutic programmes for 48 children and young people in Bedfordshire
- developing new facilities at Overload Farm in Bedford for 60 young people with anxiety or school attendance issues
- Hilton Harvest Community Farm by running a series of events during 2025 to encourage people to grow vegetables, be aware of the environment, look after nature and get to know people in the community
- For Men to Talk by supporting physical, virtual, fishing and walking meetings aimed towards promoting positive mental health in men

Our people

Statistics for 2024-25

Recruitment and retention

1,063
roles filled during 2024-25.

54%
filled by external candidates during 2024-25.

46%
filled by internal candidates during 2024-25.

300 colleagues
have been promoted via internal recruitment during 2024-25.

High5 employee recognition scheme

33,392
total nominations received by colleagues across the company in 2024-25.

Organisation change

6,839 full time equivalent colleagues
There have been some major changes across the year, however the variance as at March 2025 is a five full time equivalent decrease compared to March 2024.

621 new starters
have joined during 2024-25 – including 87 graduates/apprentices and 91 new traffic officers.

48 graduates and apprentices
have moved into permanent roles within National Highways during 2024-25.

Resourcing

In 2024-25 we've continued to improve our recruitment efforts in several key areas:

- our recruitment services, contingent labour and background screening services have been centralised, reducing cost and streamlining our processes – while onboarding our new recruitment partner, our time to hire has been maintained at an average of 63 days
- improving our early talent and volume recruitment activity, receiving a record number of applications for graduate, Year in Industry and placement opportunities and improved fill rates across volume recruitment
- continuing our focus on providing managers with the right tools to recruit in a fair and consistent manner – a new bank of interview questions and supporting guidance has been developed, as well as a new interview skills workshop focusing on interviewing skills for hiring managers which is due to launch in the summer

We're committed to keep getting better with our recruitment work and are using previous experiences to inform future improvements. We've already got plans to enhance our recruitment, so that we keep attracting the right people and skills.

Learning and development

In 2024-25 we adopted a blended approach to our learning provision, delivering learning and development through our learning experience platform, Thrive, alongside a combination of 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.

We continue to evolve our Thrive offering creating and curating content aligned to role requirements and the skills our people need to succeed in the future. Improved learning mapping enables our people to access a range of learning opportunities best suited to their role and their personal development.

We continue to review and evolve our learning provision in line with our business objectives, with a key focus this year on a new people manager development programme. We are also reviewing foundation training for our traffic officers, regional operations centre operators and customer contact centre operators.

This year we have delivered traffic officer foundation learning to 103 new learners, equating to over 14,000 hours of learning.

Early talent

Our early talent community, who are made up of our graduates, apprentices, summer interns, Year in Industry and T Level students, are a vital part of the organisation and our future talent pipeline. We 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 grow our early talent programmes in areas such as digital and engineering.

In 2024-25, 87 graduates and apprentices joined, including our first apprentices joining the regional operations centres and customer contact centres. To support our pipeline into graduate and apprentice roles we also saw 26 Year in Industry and summer interns join us as well as providing placements for 18 T Level students.

We saw 48 early talent move off programme into roles across the organisation.

Rewarding high performance

We continue to improve our working environment to enable our people to give their best, demonstrate our values and feel aligned to our strategic priorities. Through our people processes, we are embedding a positive culture of regular feedback, motivating people to support the delivery of our business goals. During the last year, we continued to embed regular check-in conversations with an emphasis on wellbeing, performance and development.

Our employee benefits package is an important part of attracting and retaining our people. In 2024, the Pension Lifetime Savings Association completed the accreditation of the National Highways pension plan. We were awarded the Pension Quality Plus Mark, which recognises high-quality defined contribution pension schemes. During the last year, we have also placed a focus on health and wellbeing, promoting a discounted health cash plan, which employees can opt into and receive cashback to cover routine healthcare expenses.

Our employee recognition platform, High5, is the way we show appreciation for a colleague's achievements and contributions. To further enhance employee recognition across National Highways, we continued to prepare for the introduction of a long service award scheme from 1 April 2025. This scheme will recognise key career milestones from 10 years onwards.

Other key achievements for this year include High5 being shortlisted at the Personnel Today Awards 2024 in the rewards, recognition and benefits category and winning at the Global Incentive Awards 2024 in the best recognition and reward programme category.

Worker Protection Act (2024) action plan

We continue to implement our employee relations strategy. We placed our focus on three key areas:

Respect at work training

We have developed a new and improved respect at work training package that will be delivered across the business over the next two years.

Worker's Protection Act action plan

We designed a sexual harassment risk assessment for all departments within National Highways. We introduced an equality and human rights checklist to ensure that we have a plan to mitigate all cases of sexual harassment should they arise in the future.

Employee relations pathways

The employee relations team have created four pathways to support manager capability across four key policies: managing absence, performance management, managing conduct and grievances.

Policies

In 2024-25, we implemented and updated 21 policies, with key activities including:

- introducing a new hybrid working policy in May 2024 to clarify our approach to office and remote working as part of our approach to create connected and sustainable ways of working across the company
- the respect at work policy has been amended to include an appendix advising employees what to do in cases of sexual harassment in the workplace (to support the introduction of the Worker Protection Act)

Employee engagement

86% of our people provided feedback.

73 engagement score, a 1 point increase from last year.

78% of our people said they were proud to work for National Highways, an increase of 1%.

75% of our people said that National Highways cares about their wellbeing, sustaining the score from last year.

78% of our people said they were motivated to do their best work, an increase of 1%.

Our engagement survey results and insights inform our directorate, divisional and team engagement action plans. Throughout the year, these plans were reviewed and progress updates shared with our people to demonstrate the action being taken as a result 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.

Employee communications

Effective employee communication is vital for people to have the information they need to do their jobs, feel connected to the organisation and motivated to do their best.

We deliver an extensive programme of employee communication activities each year. In 2024-25 some of the new additions included:

Channels

- A new monthly bulletin for people managers to advise them on how to stay on top of their duties from engagement action plans to talent reviews, contributing to an aligned and consistent management approach.
- Improved our all-employee weekly email bulletin by piloting a personalised intranet news hub, making it easier for colleagues to find and engage with content after it's been emailed.
- Matured our approach to Viva Engage (our internal social media platform) by creating clear guidance on how to use it, rules for channel administrators and tips on how to make the most out of the channel.
- Our editorial decision-making includes stricter rules about the volume and type of content featured on channels such as our intranet and this is showing ongoing improvement in our numbers of story views.

Leadership engagement and visibility

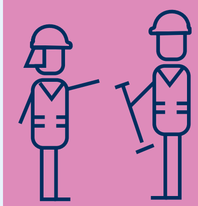
- Used our annual leadership conference in May 2024, to align senior leaders and people managers on key priorities, strategic goals and the future direction of our organisation.
- Delivered improvements to our Leadership Management Group events to enhance engagement, improve collaboration and explore important topics such as psychological safety and leading through uncertainty.

Connections with our Executive and Board members

- Meet and greet with Board members. In 2024-25, we added to our established programme of in-person town hall sessions with Executive team members by creating similar meet and greet opportunities with Board members.

A diverse and inclusive culture

Our overarching ambition is to build an inclusive culture that encourages, supports and celebrates diverse voices. Our public sector equality duty objectives are based on three themes. The key achievements for these themes can be seen in the table below:

People and places 	We achieved a Silver Inclusive Employer Standard award, following an assessment of our diversity and inclusion practices, policies and procedures. The standard is a globally recognised workplace accreditation and benchmarking tool for inclusion and diversity. We achieved the Carer Confident Level 1 accreditation for the support we provide to our colleagues who are carers. We were also awarded Disability Confident Employer status recognising the work we do to attract, recruit and retain disabled talent. We launched our ‘Be Counted Be Heard’ campaign to encourage people to share their diversity information, to improve the quality of data we hold and as a result better inform our decision-making. We added two new diversity classifications of caring responsibilities and armed forces family. The campaign resulted in an increase of diversity information across all classifications from 40% to 50% with individual increases including: ▪ Ethnicity – 83% in March 2025 (+3 percentage points) ▪ Disability – 65% in March 2025 (+5 percentage points) ▪ Sexual orientation – 58% in March 2025 (+6 percentage points) ▪ Religion – 85% in March 2025 (+2 percentage points) We continued to support our employee networks to raise awareness and understanding of their lived experience. We created an Employee Network governance framework to support them and provided network leadership training. We increased the number of networks by two, with the launch of the Parents and MENtalk (men’s mental health) networks.

Customers and communities	We continued to work closely with recovery operators to ensure we co-ordinate to remove disabled and vulnerable customers safely, quickly and with dignity from the network in the event of breakdown. We instigated innovation in the digital sector to enable better journey planning and way finding for disabled customers, and in particular those who are neurodiverse. We commissioned an advocacy service to ensure our more vulnerable customers have a voice and their needs and experiences are fully understood. We reviewed the standards, guidance and resources we provide to ensure our communications are accessible and inclusive for all. This includes developing and piloting webpages that can be translated into British Sign Language for Deaf customers. We continued to deepen our collaboration with our partners involved in the Roads for All forum, through events and activities where disabled customers can directly discuss with ourselves, suppliers and stakeholders, what challenges they face when using our network and to help identify practical solutions that could be put in place. We continued to reach out to, and have conversations about, access and inclusion to roads and services with our customers and stakeholders at events such as Highways UK, Naidex and the Tow Show. Aligned to our customer and social value capability models, we have completed a review of the skills requirements to deliver effective access and inclusion solutions to our customers. We have identified and developed appropriate mechanisms for sharing access and inclusion information and updates with supply chain. We have undertaken an assessment of our people's learning and development requirements on access and inclusion and are working with stakeholders to identify how these can best be met.

Supply chain

Diversity data benchmarking:

We continue to run our annual diversity of talent data benchmarking with HS2, Network Rail and Transport for London. This year the data benchmarking reached 589 organisations (a 9% increase on 2023), 139 of which were part of our supply chain. In the last 12 months, 66% of our suppliers have seen an increase in demographic data collected.

Investing in learning and research:

- We ran six learning sessions and good practice sharing events in 2024. These were organised in conjunction with our Supplier Diversity forum or directly with individual suppliers. 95% of attendees said they would take action as a result.
- We held 30 one-to-one sessions with individual supplier companies to hear about their priorities, learn from their practice and advise on future activities.
- To help increase awareness of sustainability activity, we proactively shared the supply chain sustainability school's resources.
- In our role as e-learning sponsor for the sector, the Banter Toolbox talk, commissioned to help educate on the appropriate use of banter in the workplace, has been used 1,488 times.
- We're in the third year of our partnership with Leeds University Business School, researching improving equality, diversity and inclusion performance.
- We held focus groups with colleagues and external partners to help inform our public sector equality duty objectives update.
- We increased membership of our Supplier Diversity forum, by 20% so it better reflects our supplier base and has a defined delivery, reporting to our Collaboration Board.

Measuring and assessing performance:

We continued to measure the diversity and inclusion performance of our suppliers through our Collaborative Performance framework:

- 44% (18% 2023) achieved an average a score of 8 or more out of 10 ('Making a difference')
- 66% achieved an 8 or more at some point during the year, meaning they have an inclusion action plan in place which is measured and assessed twice a year

Bi-annually we ask senior leaders from across our supply chain to tell us their confidence levels on diversity and inclusion. In 2024, 48% said they felt confident in all categories which is a 9% increase on the previous score.

In addition, 90% of our suppliers have achieved a diversity and inclusion benchmark or accreditation, 70% of which achieved a silver level award or above.

Our supply chain

Over 90% of our investment in our network is delivered through our supply chain. We are working to develop sustainable and long-term partnerships which encourage innovation, deliver efficiencies and provide positive social impact. We engage with our supply chain to promote consistent supplier development across areas including health, safety and carbon reduction plans.

National Highways supports a substantial workforce through its supply chain. As of 2024, over 30,000 workers and more than 800 organisations are registered under the Highways Passport system, which streamlines workforce management across its supply chain. As an organisation we collaborate with a diverse range of suppliers, including small and medium-sized enterprises (SMEs) and voluntary, community and social enterprises (VCSEs), to deliver services such as engineering, construction, traffic management, and logistics.

We are committed to supporting local economic growth by providing employment opportunities directly and through its supply chain. This includes roles for engineers, surveyors, designers, caterers, sign makers, and operatives.

Through these initiatives, National Highways plays a significant role in supporting employment within its supply chain and contributing to the broader UK infrastructure sector.

Engaging, developing and managing our supply chain

Our approach to developing better leadership, capability and skills across our supply chain is based on three primary channels: our supplier development system, the Roads Academy, and our Engagement Council and Collaboration Board. We also use wider collaboration to improve sector performance and gather insight to inform our activities.

Our supplier development system

During 2024-25 we extended our reach and have seen an increase in maturity by 10% for our supplier development system. We have made progress in key areas such as social value and productivity by influencing improved behaviours and working practices.

Roads Academy

The Roads Academy develops leaders at all levels from our supply chain (as well as within National Highways) who will accelerate change, deliver innovative solutions and support talent retention and attraction into the sector. In 2024, programmes were recognised by the Chartered Management Institute and we have also won the Institute for Collaborative Working Special Recognition Award for the ‘Development of the next generation of collaborative leaders’. We had 160 partake in the programme during 2024 and as of 31 March 2025 we have over 560 leaders from 92 organisations representing the depth and breadth of the supply chain.

We delivered seven value hubs (in-person collaborative problem-solving events) in 2024:

- How effective contract management leads to better outcomes and greater value.
- Improving productivity across enhancement projects.
- Improving diversity and inclusion in our sector.
- Environmental sustainability, leading organisational and sectoral change.
- Performance measurement: how do we best measure performance?
- Improving social value outcomes.
- Significant risk thinking: how to ensure we are all home, safe and well.

Through these hubs we continue to create rich collaborative environments for leaders to work through current and emerging challenges and propose solutions to drive improved performance and meaningful change. The outcomes of these events contributed to areas such as: improving performance, mitigating risks, accelerating sustainable outcomes, and adoption of digital capabilities to improve decision-making.

Managing strategic supply chain relationships

We have an effective way of managing supplier relationships in our strategic procurement division. We follow a structured engagement process for key strategic supply chain organisations through monthly meetings and supplier briefings to National Highways' Executive team.

Key successes for 2024 are:

- the delivery of gold standard assessments
- creation of a supplier relationship management dashboard
- a central portal to capture supplier innovation to share best practice internally and externally with government clients

Monitoring and measuring our supply chain

We work with a diverse range of suppliers who support our business day-to-day. These relationships underpin much of what we do and what we deliver, so evaluating the performance of our suppliers is important. We measure the performance using the **Collaborative Performance Framework**. This framework enables us to identify potential improvements, share best practice and have better conversations about strengthening our services.

Over the past year, we have been working to enhance the framework, using defined metrics and measures. The new toolkit is more data driven, reducing reporting time, improving analysis and giving a more targeted approach to finding opportunities to improve and recognise good performance.

The new framework has now been tested and trialled across a range of National Highways schemes, with full deployment to Major Projects in October 2024, Operations Maintenance and Response in February 2025 and Scheme Delivery Framework / Pavement Delivery Framework projected to rollout in April 2025. Feedback has shown an increase in performance insight, identifying more focused opportunities to improve and setting us up well to drive even better performance.

Evaluating risk-based supplier insight

Our sector-leading supply chain risk monitoring has enabled us to better understand the potential impacts of threats to material supply, inflationary pressures and changes across our marketplace. Through greater visibility of the interdependences between suppliers, we have been able to monitor risk indicators. This has helped us avoid potentially damaging impacts to our programmes caused by geo-political pressures or other supply chain disruptions. Early assessment of our potential exposure has enabled us to build resilience, protect our reputation and maintain delivery.

During 2024-25 we have been developing AI functionality to our 'Risk Radar' platform that will enable us to strengthen the company's resilience by more efficiently analysing our exposure to supplier risks. This will enhance our ability to respond to emerging supply chain threats by more quickly determining the specific programme of work to which they are sub-contracted, quantify the potential impact and apply preventative measures or contingency actions to avoid disrupting our delivery or service.

With a better understanding of the correlation between supplier fragility and performance delivery, National Highways is in a stronger position to inform strategic decisions, either via procurement or commercial intervention, to assure effective completion of the current **Road investment strategy** and build a more integrated assurance framework that protects our interests.

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 **License** and the **Highways Act 1980**. Due to its importance, efficiency is set as one of our 12 KPIs.

What is efficiency?

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

- by minimising the cost of work while maintaining output delivery

- by improving the relationship between outputs and the resources used to deliver them (working more quickly and more intelligently without compromising quality or safety)
- by spending wisely, making the correct intervention at the correct time

Efficiency is split between two distinct categories: embedded and measured efficiency.

Embedded efficiency is included in our funding. The size of the target was established at the beginning of the second road period through the reduction of funding from our detailed cost estimates. This removed funding formed our embedded efficiency target. Successful achievement of the target is demonstrated through the delivery of the required outputs for the funding provided.

Embedded efficiency forms approximately 75% of the KPI target and includes the majority of our major construction schemes and the renewal, maintenance and operation of the strategic road network.

Measured efficiency predominantly applies where efficiency is created in the second road period but is mainly expected to be delivered in a future road period. This applies to enhancement schemes where efficiency initiatives are introduced during the design stages but will be realised when construction takes place in a later road period. It also applies to whole-life cost initiatives where additional cost is incurred in the second road period to secure future cost savings.

In addition, the measured category also includes efficiency identified in the first road period that is being delivered in the second road period.

Efficiency performance

Our targets and ambitions

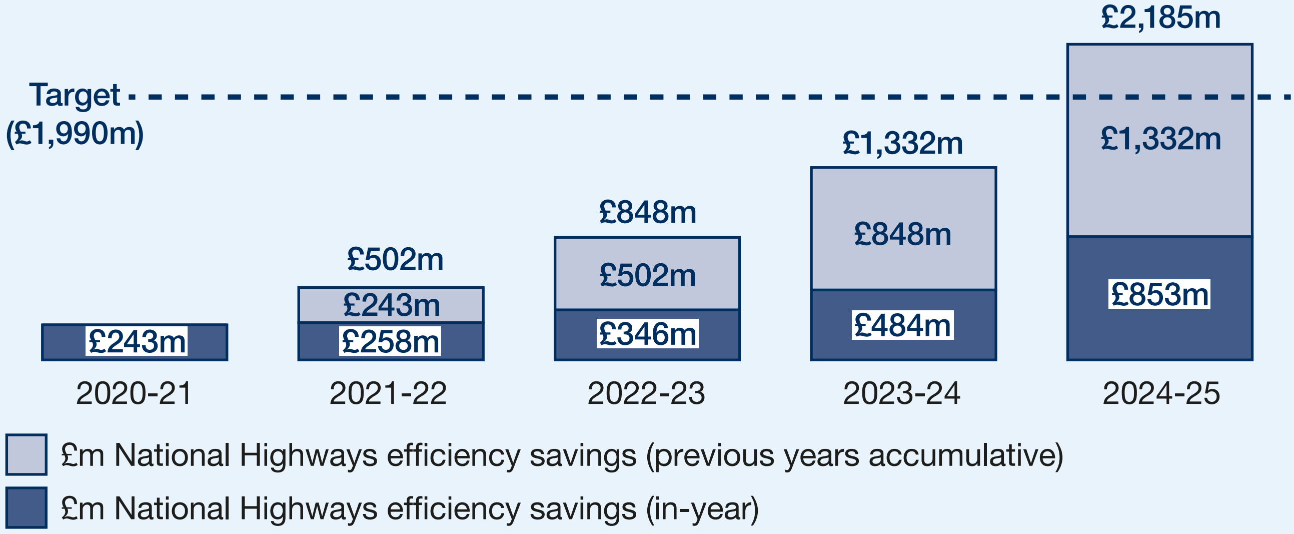
We had a challenging efficiency target in the second road period to deliver capital and operational expenditure savings of £1,990 million by March 2025. Our published **Efficiency and inflation monitoring manual** sets out how we define, demonstrate and evidence our efficiency.

Read our Efficiency and inflation monitoring manual.

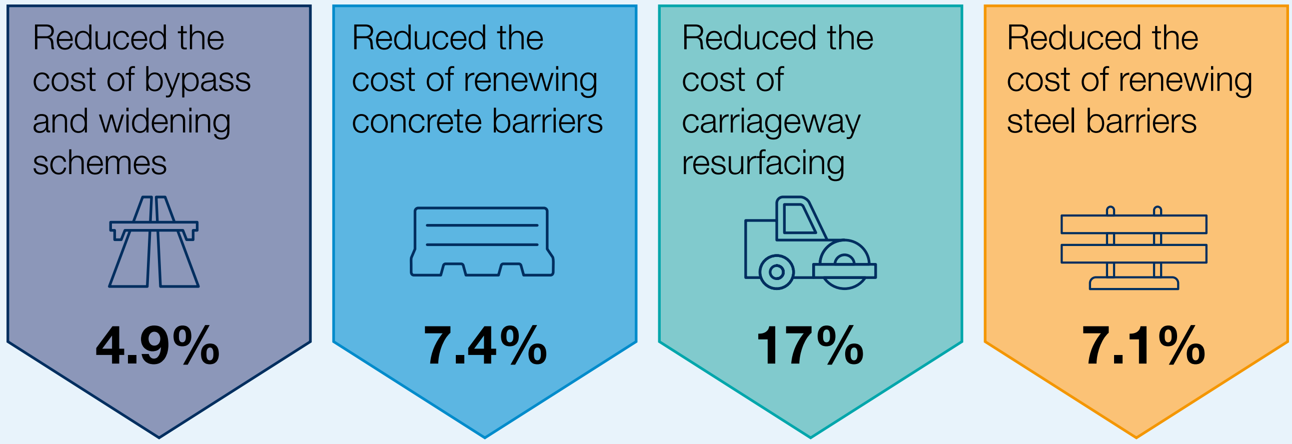
Our 2024-25 results and performance

Over the second road period we have delivered audited efficiencies comfortably in excess of our efficiency target of £1,990 million. In an increasingly challenging delivery environment we have made total cumulative efficiency savings of £2,185 million with £853 million saved in 2024-25. This includes adjustments to account for the impact of higher than funded inflation levels and changes in taxation. Our performance confirms achievement of the KPI and demonstrates compliance to the government's requirement to deliver value for money to taxpayers.

Capital and operation expenditure savings against target. Efficiency (£m)

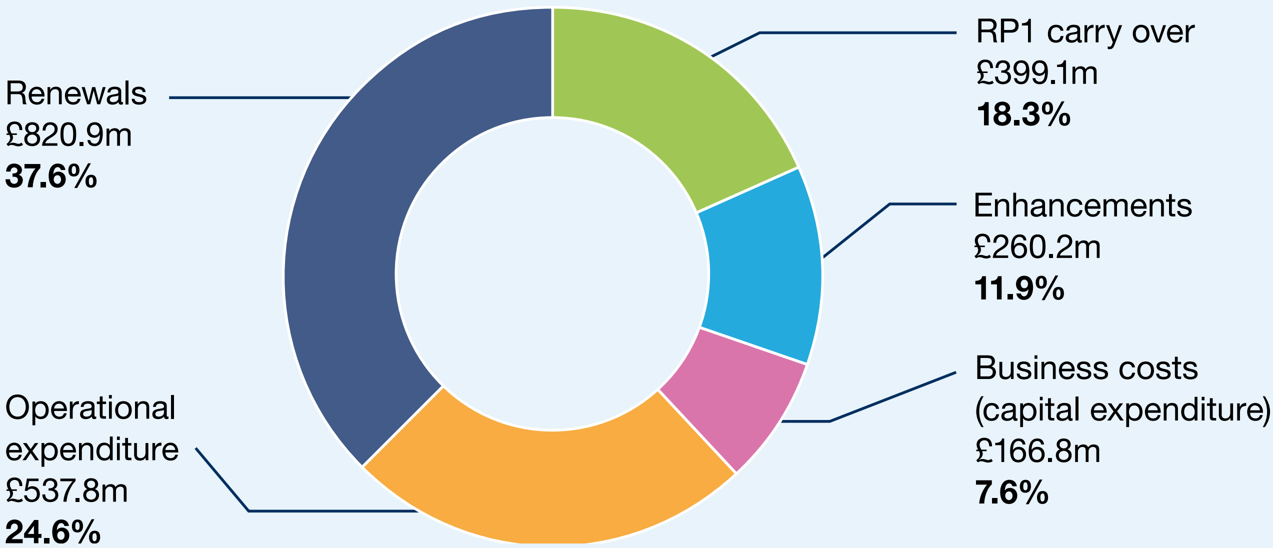


What we have done – how have costs reduced?



What initiatives have reduced costs?

The chart below shows the efficiency split by cost category.



Carry over efficiency is the efficiency which has been identified and secured in road period one but realised in road period two.

This has been achieved in part through the following initiatives.

Enhancements	▪ Leveraging existing frameworks to implement new delivery strategies aligned with desired outcomes. ▪ Using non-traditional methods of construction to drive a greener, faster and better portfolio. ▪ Recycling site won materials to minimise waste and cost through circular economy activities. ▪ Improving the co-ordination of statutory undertakers works within our construction programmes.
Business costs	▪ Procurement of more efficient workspace locations better aligned with how we work and our carbon reduction targets. ▪ Upgrading our winter fleet to enable faster and more reliable proactive works and snow clearance during adverse weather conditions. ▪ Introduction of the Digital Workspace Services contract, reducing the cost of procuring IT equipment.
Renewals	▪ Optimising the pavement renewal process to increase productivity. ▪ Optimising programme delivery by identifying opportunities to deliver multiple schemes as larger packaged projects. This reduces costs and disruption to our customers. ▪ Using innovative materials and methods to deliver a programme of renewals works addressing deterioration of concrete roads on the network, greatly reducing delivery costs.
Operational expenditure	▪ Completing the rollout of the Asset Delivery model across the remaining operational areas, resulting in operational improvements. ▪ Refinancing the M25 Design, Build, Finance and Operate contract. ▪ Standardising the maintenance planning process to eliminate waste.

Our digital services

Our digital vision is to enable safe and reliable journeys through digital, data and technology. Our focus is on developing digital, data and technological solutions, creating joined up platforms, products and services across our whole company. We're here to make life easier for everyone – and to help our customers make better, more informed decisions. We're constantly increasing our digital capabilities so that we can offer greater value for our customers, and help build a world class strategic road network fit for the future.

Read our Digital, Data and Technology Strategy (2023-25).

Digital for customer

In June 2023 we launched 'Digital for customer', a two-year, integrated transformation programme that delivered new data services, sharing our unique data with partners and organisations. Ultimately this enables customers to get more accurate, up-to-date information about their journeys on the network, ensuring they feel safe and in control of their journeys. Additionally, internal decision support tools enable our people to improve data quality and support data-led decision-making. This is then encompassed by Digital Lab, an open platform for data-led insights and innovation, which also supports internal teams with their data and builds relationships with external parties to help them get maximum benefit from using our data.

Our key achievements for 2024-25 include five application programming interface services, which allows our partners and organisations to access and consume the data:

- The Road and Lane Closure service describes planned and current road and lane closures resulting from roadworks. This data service enhances closure visibility and enables better journey time planning.
- The Digital Variable Message Signs data service provides partners with data on the signs which are displayed on the network. These signs provide users with more detail on the types of events which have occurred on the network including animals on road, congestion ahead or debris on road.
- The Speed Managed Areas data service provides notification of speed restricted areas due to roadworks, dynamic speed control and incidents. It provides direct roadworks data, variable sign and incident informed speed limits.
- The Diversion Routes data service is a new service to optimise diversion routes for all road users. In addition to providing the details of the diversion route, the service indicates the suitability of the route for vehicles and aligns to customer service standards.
- The Road Limits and Features data service is a new service to describe relevant parts on the strategic road network. This includes emergency telephones, emergency refuse areas and bus stops on the network.

We have also successfully launched our internal Decision Support Tools and Digital Lab within National Highways, to support operating the network and our Digital Lab who will be the interface with our partners and external organisations:

- Diversion Route Manager and Status Checker is a new web-based application that provides users with the ability to digitise the geometry of planned and unplanned diversion routes, and capture feedback and approval from local authorities where appropriate.
- The Connected Open Road Data service is designed to take advantage of Original Equipment Manufacturer safety-related data to identify obstacles and incidents earlier across the entire network. We are reviewing this information to identify where the biggest benefits to the business are.
- The Digital Lab launched the Developer Portal in March 2024, which is the platform for third parties to access the live application programming interfaces. In March 2025, we had 125 organisations registered, of which 43 partner organisations are testing or already integrating our data. Digital Lab has also run multiple accessible highways events collaborating with leading industry sectors and launched a report, 'Navigating Neurodiversity', based on the National Highways' access and inclusion approach and focusing on how we can create safer, more inclusive and accessible journeys for our customers.

Cyber security

This year, we made major strides in further embedding security across our organisation and built greater relationships across government, our supply chain and wider industry. With emerging cyber threats and technologies like AI and quantum computing, our focus has been on collaboration, resilience, and informed decision-making.

Collaboration and culture change

Security is now a shared responsibility. The security hub provides a clear entry point for security services, and targeted awareness campaigns are driving better behaviours. Our Cyber Education and Awareness team delivered training and simulations, while our Enterprise Security Architecture team embedded secure-by-design principles into digital and physical projects. We've also integrated security into our strong safety culture, working closely with safety practitioners to reinforce cyber-safety practices and conduct immersive exercises.

Enhanced horizon scanning

Looking ahead is a priority. Our Cyber Futures team provided insights on artificial intelligence and quantum computing, while the Threats team tracked adversarial trends to guide decision-making. We identified the **2038 Unix risk**, which is a time computing problem which could affect National Highways' digital systems, and have proposed policies to mitigate the issue ahead of time.

Digital resilience

We strengthened our ability to withstand cyber threats. This year, we ran our first Executive Committee-level exercise, introduced immersive simulations, and tested incident response plans through live scenarios.

Collaboration across security, services, threat, and architecture teams has improved resilience across the board. The new Cyber Security Control framework now ensures consistency across digital services, and security issue management through governance, risk, and compliance is making a measurable impact on risk reduction.

Our **Security Operations function** is well established and provides proactive monitoring and incident response across the IT estate and an increasing number of Operational Technology services, further strengthening our cyber resilience.

Governance and informed decision-making

Security is now central to decision-making. Our Director of Security's function is well-established. Engagement with regulators remains strong, with our Network and Information Systems Regulations remediation plan approved and efforts to reduce compliance burdens progressing. Security is now a key pillar in governance forums like the Audit and Risk Committee and Business Executive Committee.

We are also enabling the responsible adoption of AI, working across the business to set clear security guardrails and policies. Through industry and academic partnerships, we're managing AI-related risks for both our organisation and road users.

Connecting security

Security is more accessible than ever. Digital Assist now allows colleagues to report incidents or seek advice, and new security hub guidance pages cover all services that the Security team provide.

We are making strong progress in aligning personnel, physical, and cyber security, reinforcing a unified security culture. While fully engaging our supply chain remains a challenge, we continue to work through the Supply Chain Engagement Council to improve collaboration.

Looking ahead

Next year, we will deepen security integration across all business areas, enhance supply chain engagement, and stay agile in the face of emerging threats. With stronger controls and a proactive approach, we'll continue safeguarding our organisation in an evolving digital landscape.

Operational technology

Every day, our customers and people rely on our operational technology services for safe, reliable and efficient journeys on our roads. This technology can be found at the roadside and in our regional operation centres. Many of our services are not visible to customers, but they help them safely reach their destinations.

Improving roadside technology

2024-25 was a year of evolution rather than revolution, with a focus on enhancing the capability and accessibility of existing tools. The enhancement of capability, scope and the wider availability of these tools has resulted in a wider proactive use in core business as usual activities. The increased use of automation has also contributed to a significant improvement in how quickly we find and resolve faults, and in some cases, to capture degradation of assets before full failure has occurred.

Key in-year achievements

- We have completed the rollout of technical hubs to 46 outstations to provide our Operations colleagues working remotely from our operations centres with the same visibility of the health of roadside assets and supporting tools. This enables co-ordinated communications between locations, ensuring consistent and up-to-date information, enhancing safety, and enabling more efficient management of our network.
- We have further developed Technology Performance and Availability Management, a function responsible for monitoring and managing events from key road assets, to enable us to proactively identify faults before they impact customers, rolling out enhanced event management dashboards for stopped vehicle detection, CCTV, signals, signs and Motorway Incident Detection and Automatic Signaling (MIDAS). The system has the capability to automatically escalate higher priority incidents so they can be addressed. This has delivered significant reductions in the times for identification and responses to technology incidents, allowing for more responsive action and in turn improved safety on the network.
- We have delivered the Remote Maintenance Access Service 2 (RMAS2) service on a modern cloud platform that provides resilience and scope to expand to a wider range of roadside equipment. RMAS2 enables National Highways and our delivery partners to undertake remote fault investigation, identification and remediation as well as planned activities such as software and firmware upgrades that would historically be carried out at the roadside. The ability to identify and fix faults remotely delivers faster resolutions, reduced roadside visits, which in turn reduces emissions and improves safety. Even when a remote fix is not possible, the remote identification of the issue reduces the time taken at the roadside, reducing the traffic management impact on road users and improving safety.
- We have secured a new five-year contract with a customer-focused specification that merges two previous contracts. The Site Data Tools and Services contract supports key data services for roadside technology assets, enabling seamless interaction and integration across various control room systems. It also facilitates the recording of actions taken and system settings, ensuring a comprehensive audit trail while supporting the provision of witness statements to police and coroners. It also includes Technology Data Load, replacing an old Access tool for faster, more efficient site data loads, allowing designers to work on multiple schemes simultaneously and speeding up business releases. Additionally, the contract has mechanisms in place to deliver further enhancements and improvements over its duration to refine site data. The new contract delivers enhanced services at a cost saving of around £250,000.

- We have established a tactical service management partner who is helping to consolidate our processes and ways of working to establish a single aligned way of managing services across corporate technology and operational technology. This will ensure that National Highways has the ability to transition to the strategic partner at 18 months, with less impact on its services. The procurement of a tactical service management partner will help National Highways on its journey to operate as a service integrator by establishing the required frameworks needed to implement a standardised and fully integrated model of supplier management.
- With the completion of the rollout of stopped vehicle detection and the subsequent completion of the National Emergency Area Retrofit programme, we have transitioned stopped vehicle detection from a construction delivery programme into a business as usual technology service. By combining service management best practices and enhanced real-time health data provided from Technology Performance and Availability Management, focus has switched to continuous improvement and proactive fault identification to drive availability and performance. To support this, the national service support model documents all elements of the stopped vehicle detection service and dependent/interfacing services and technology. We have also commenced work to deliver new service focused stopped vehicle detection contracts in 2025-26.
- We have commenced work to design and deliver end to end monitoring across services, rather than at a technical component level. This will provide a better insight into the performance, stability and security of the services.

Using insight monitoring tools

In 2024-25, we continued to embed insight monitoring tools to increase our situational awareness of roadside technology performance. We expanded the service to cover MIDAS, CCTV, and signs and signals. This has improved, and will continue to improve, how quickly we find and resolve faults. As a result, we have been able to capture degradation of assets before full failure has occurred.

This monitoring and modelling identified 1,551 of our technology assets for improvement considering age, obsolescence and asset performance across our all lane running motorways. These enhancements are across 22 schemes to improve roadside technology availability.

Types	Number of devices
Cameras	357
MIDAS radar	1,013
Signals	109
Message signs	71
Total	**1,551**

Designated funds

The Department for Transport have provided a ring-fenced fund of £867 million[12] for four areas across the business for the second road period which support our goals for safety, customer and delivery. These funds support projects to improve lives, increase accessibility, protect the environment and support the nation's economy. Each fund is detailed below with some key achievements for 2024-25.

Safety and congestion fund

The aim of this fund is to improve safety on high-risk roads, incident-cluster locations and potential suicide-cluster areas. The focus is to make improvements to our roads where incident rates are generally higher, and address congestion.

Key achievements

- Investing £41.3 million in around 160 projects improving safety or congestion.
- Completing a 13km stretch of the A47 Between Kings Lynn and Pentney, rationalising and improving signs and road markings, new bollards and reflector posts, improving laybys and providing consistent village speed gateways and speed limits suitable to the road environment – it is expected to improve the safety of the corridor.
- Completing the A1 safety improvements south of Grantham delivering a series of enhancements and improvements to signs and road markings to provide consistency across the route.

Environment and wellbeing fund

The objective of this fund is to help us operate in an environmentally responsible way, making sure sustainability shapes our work from start to finish, and directly contributes to a range of environmental metrics for the second road period. We invest through this fund to support environmental improvement and community wellbeing projects that go beyond traditional road investment and bring our network up to the latest environmental standards. Our projects range from improving biodiversity and flood resilience to preserving cultural heritage and reducing the impact of noise, light and air pollution.

12 At the start of RIS2, the funding for designated funds was £958 million. As a result of reductions to RP2 funding (£4.5 billion overall) and wider capital portfolio pressures, funding for designated funds has been reduced to £867 million leading to an exercise to prioritise those schemes contributing to corporate and legislative targets and commitments.

Key achievements

- Investing £119 million in around 475 projects.
- M3 discharge in the surrounding areas of Thorpe Park:
  - the project objective was to find a solution to address 31 outfalls with a high risk of discharging unacceptable levels of pollution from motorway water runoff into existing water body, St Ann's Lake in Thorpe Park Chertsey
  - over 500 metres of existing drainage was decommissioned, and a new filter-drain type trench was constructed along the verge of the carriageway incorporating a bioengineered filter media designed to retain soluble pollutants, such as copper and zinc, and some fine particles
  - delivered six new outfalls which will discharge only treated runoff water into St Ann's Lake

Through our LED upgrade programme, we replaced 12,745 lanterns (the whole lighting unit) across our network with low-energy lighting. This means that 51% of our lit network is now illuminated by low-energy LEDs.

- We have invested £2.4 million during 2024-25 (£11.7 million across road period two) in energy storage solutions to support motorway service areas to provide ultra-rapid charging for electric vehicles. We have eight energy storage solutions at Tebay northbound motorway services, Beaconsfield, Clacket Lane eastbound and westbound, Killington Lake, Maidstone, Taunton Deane northbound and Strensham northbound. There is another in store that is due to be installed at Tebay southbound.
- In **Net zero highways**, we committed to plant an additional 3 million trees. In 2024-25, we worked in partnership with Greenwood Plants and The Tree Council, the latter of which were supporting us to identify more locations where trees could thrive and provide the most benefit for communities. More than 177,000 native trees were planted across 27 National Highways sites and community projects. Notable projects supported included:
  - The Otters Trust, Norfolk who are restoring lowland peat fen: 30,000 trees were planted, creating woodland habitats and hedgerows – volunteers and local schools carried out the planting
  - Hedgerow Heroes project, CPRE Shropshire: we contributed over 6,000 trees towards their target of planting 6km of hedgerows – tree planting was undertaken by volunteers of all ages (5 years and above)
- The A64 Bramham resurfacing - net zero concept scheme obtained an uplift of £300,000 of designated funds to advance net zero carbon initiatives on a pavement renewal scheme in Yorkshire.

- This project demonstrated the UK's lowest carbon resurfacing scheme on the strategic road network without using offsetting. Tarmac and National Highways, together with supply chain partners, successfully reduced carbon emissions on the project by 75% compared to a traditional maintenance project of a similar scale, with over 260 tonnes of carbon savings delivered.
- Over a seven-day period, the team combined an extensive range of innovative low carbon materials, use of innovative paving technology and plant equipment to deliver the significant carbon savings.
  - A warm mix asphalt was used together with a pioneering 'carbon sink' bio-component binder from Shell, which locks carbon into the road to prevent it being released into the atmosphere.
  - The lower layer of the pavement used 40% recycled asphalt planings (RAP) with a further 20% in the surface course to help reduce the need for primary materials.
  - A number of zero emissions plant vehicles and prototypes were used including electric and hybrid road rollers and an electric bond coat sprayer, minimising noise and further reducing tailpipe emissions as well as carbon dioxide emissions.

Users and communities fund

Since few journeys begin and end entirely on our network, we focus on better integration with both major and local roads. We also work to integrate with wider transport with a focus on active travel modes such as walking, cycling and horse riding. More broadly, this fund enables us to meet customer expectations around technology and freight movement, while still considering the needs of people who live alongside our roads.

Key achievements

- Investing £35 million in around 173 projects.
- Enabling better journeys for pedestrians and cyclists in the north-west – we upgraded both pedestrian crossings and footways over the A663 Middleton Road, improving route safety to the local school pupils, and parents, crossing the junction.
- Improving access and better facilities for bus users as part of our A47 Norfolk bus stop accessibility review – through this scheme, we improved crossing points, new waiting shelters and footpath improvements.
- Providing new knowledge to support an update to a toolkit, Diversion routes: a customer view – this aims to enhance the end-to-end experience of road users, particularly in relation to planned diversion routes – the research addresses key challenges identified by previous studies such as confusion over signage, mistrust of information, and the frequent use of alternative routes by drivers.

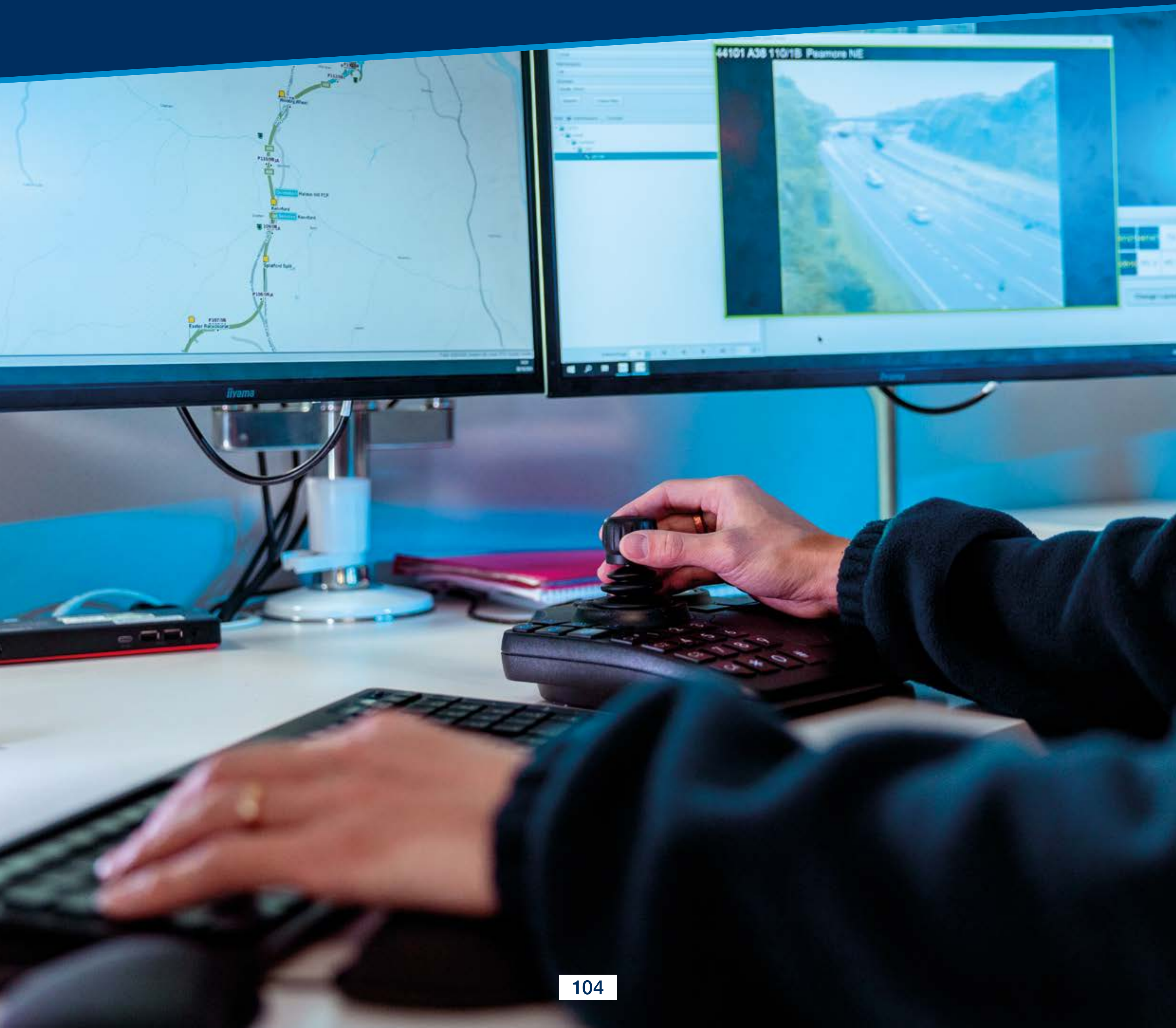
Innovation and modernisation fund

We use this fund to explore emerging trends and the full range of opportunities presented by innovation and modernisation. This includes delivering projects which use data and technology to increase the speed and quality of our design and construction, automating repetitive tasks.

Key achievements

- Investing £31 million in around 57 projects.
- This year we have made great strides looking at how we can better manage our structures in an innovative way with non-destructive testing. Recent testing of the muon tomography (a non-destructive imaging technique) has produced exciting early results revealing deliberately constructed defects in a trial piece of concrete as a pictorial image. This is an exciting and potentially transformational development. International interest is growing in the work we are doing and the team have been invited to speak at the Conference of European Directors of Roads. Following a presentation to the conference, the team were contacted by the Federal Roads Office (Switzerland) after the meeting who are keen to collaborate as they share the challenges we face with ageing infrastructure and recognise the potential value of the work we are undertaking.
- A trial for the installation of two automatic taper gates (SwiftGates) has completed successfully. The gates at the Hindhead tunnel replace manual gates and remove the need for workers to be in live lanes as well as improving the time for customers who use the tunnel for the gate operation. The internal safety control group has approved SwiftGate for wider use (subject to Department for Transport agreement). SwiftGate has also been shortlisted for three Highways Awards: Worker Site Safety Initiative, Best Use of New Technology and Product of the Year.

Risk section



Managing our risks

Overview of our process and how we manage risk

Key elements of our risk management process

Identify

Our policies, processes and procedures define the way we plan, identify and manage any threats and opportunities to strategic, programme, project or operational objectives.

Assess

We assess the impact and likelihood of all risk events against a set matrix. This recognises that any event has the potential for multiple impacts. We encourage the risk owner to identify the most important impact, and this helps us to prioritise our response. We compare the level of risk assessed with our risk appetite (set by the Board). This helps the risk owner prioritise their risk management strategies and plans.

Treat

Risk management strategies are based on identifying the most appropriate actions to increase opportunities and reduce threats. Controls or additional mitigations are put in place and their effectiveness monitored to help the risk owner manage the risk.

Review

All risk threats (and opportunities) are periodically reviewed to ensure that they:

- are still relevant
- provide a current view of our exposure
- are managed in line with our risk appetite

Reporting is a key element of our framework to ensure risk information (and management) is understood and dealt with by the most appropriate part of the business. This includes risk escalation, cascade and archiving.

Communication and consultation
We consult with our stakeholders (internal and external) throughout our risk management lifecycle. This helps us increase our understanding of the risk within our working environment, adapt our risk management strategies and improve our risk management capability across our business.

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 ISO 31000.

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, and the Board and our Executive team work together to identify, assess, treat and review these throughout the year, reporting through our established procedures.

Our people are encouraged to adopt these principles, which in turn feed into our broader understanding of the company's risk landscape and 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 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 principal (or corporate) risks are owned by our Executive team and monitored by the Board. These are supported by 'secondary' risks (tactical risks owned at Executive level) and operational risk (owned within the business). Combined, they provide a complete view of our risk exposure. This allows us to keep our principal risks broad, recognising that their attributes can be managed in the right part of our business.

We link our principal risks to our core corporate governance forums at Board and Executive levels. This allows the Board to maintain strategic oversight of each risk, providing assurance that risk strategies are working as intended against the company's material controls. At Executive level, linkage provides a greater opportunity to manage risk control frameworks and direct mitigations to reduce risk exposure or materialisation. Combined, it ensures that decisions are made in full knowledge of the risks they may impact. Periodic review and reporting to both bodies ensures that visibility of principal and secondary risks, including status and mitigation plans, is maintained.

The company's business planning process links our risk management plans to agreed and funded business activities to control the risk and reduce exposure further. Delivery progress is monitored by the Executive and impact is measured to ensure we are effectively managing our risks appropriately.

Our risk appetite framework

The Board sets the amount and type of risk that the company is willing to accept as a government-led organisation, in the pursuit of our strategic goals and objectives. This is reviewed annually and forms an intrinsic part of our corporate governance framework, setting the tone for good risk management practice applied to our policies, processes and procedures to support effective decision-making across the business.

Our risk appetite statement

As an organisation with a trusted reputation to deliver, we will 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 overarching statement is supported by a series of tactical risk appetite statements, set in ranges, aligned to our strategic objectives. Both the statement and the ranges are used in empowering risk-based decision-making to achieve our strategic goals and locally set objectives.

Our risk appetite framework is an essential tool to identify if we are taking unknown or excessive risks. By applying this approach to any decision or identified risk event, the risk owner will know whether a potential risk sits within or outside the company's accepted level of risk. Dependent on the results, the risk owner can then assess the level of additional activity required to adequately control the event, which will help determine whether escalation to the next governance level for discussion, approval or management is required.

Risk management in practice

The Board and our Executive team refresh all principal risks on an annual basis. Quarterly reporting is provided to monitor progress or discuss additional action necessary. Oversight of the risk management framework is provided by our Corporate Assurance Division, ensuring a cohesive view across our organisation.

All risks are evaluated against likelihood, impact and timing, and assessed against our risk appetite framework. Each risk is measured in its inherent state (without any control or mitigating action) and in its residual state (reflecting the effect of established controls). This two-staged 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.

Risks held at a directorate or programme level are managed by an Executive Director, relevant to their area of accountability. We link our principal risks to our tactical or, where appropriate, our operational risks from across the business. This helps us to understand our overall risk exposure and prioritise our risk activity accordingly.

Our people are aware that they should understand and highlight risks that might affect our ability to achieve our strategic goals. We have an established network of risk champions across our organisation who meet regularly to share expertise and good risk management practices.

The identification and co-ordination of programme and project risk is the responsibility of our programme risk managers. This feeds into the overall portfolio-level view. Where relevant, portfolio risks can also be linked into an appropriate principal risk and managed as part of that grouping.

Our risk culture builds on our company values and our risk management framework gives us the structure through which we can consistently evolve our capability. Online risk management training is available for our risk professionals and risk awareness training is available for non-specialist staff whose role involves risk management to a lesser degree.

Assuring our risk

Using the industry standard ‘four lines’ model, our own assurance framework provides the Board and Executive team with an appropriate level of comfort that we are managing risks pragmatically, proportionately and within our risk appetite. Each assurance line provides a level of oversight, which when combined, presents the risk owner with the necessary information to know whether their risk is being managed successfully. Dependent on the risk exposure, our risk owners rely on assurances obtained at the most appropriate level – drawing from independent assurance providers where the risk is greater.

Management control

Assurance through:
- business reporting
- applying operational controls
- authorisation and sign-off

Risk content: accountability
- Implement and comply with risk management processes.
- Conduct risk assessments, identify, implement and manage actions to minimise risk.

Corporate oversight

Assurance through:
- policy compliance review
- inspection
- quality assurance reporting
- business and project review
- risk reporting

Risk content: accountability
- Establish risk management policy and process.
- Provide strategic link for risk, including oversight of risk themes and trends, synergies and opportunities for change.
- Provide guidance and co-ordination across our business.
- Liaise between the first, third and fourth line of assurance activity.

Internal and independent assurance providers

Assurance through:
- internal audit
- programme assurance
- health and safety assurance
- counter-fraud
- contract assurance
- risk assurance
- analytical assurance

External and independent assurance providers

Assurance through:
- National Audit Office
- Transport Focus
- Office of Rail and Road
- Department for Transport client and Shareholder teams
- Infrastructure and Projects Authority
- other
- authorisation and sign-off

Risk content and process monitoring
- Liaise with senior management and the Board.
- Rationalise and systematise risk assessment and governance reporting.
- Provide oversight on risk management content and processes.
- Provide assurance that risk management processes are adequate and appropriate.

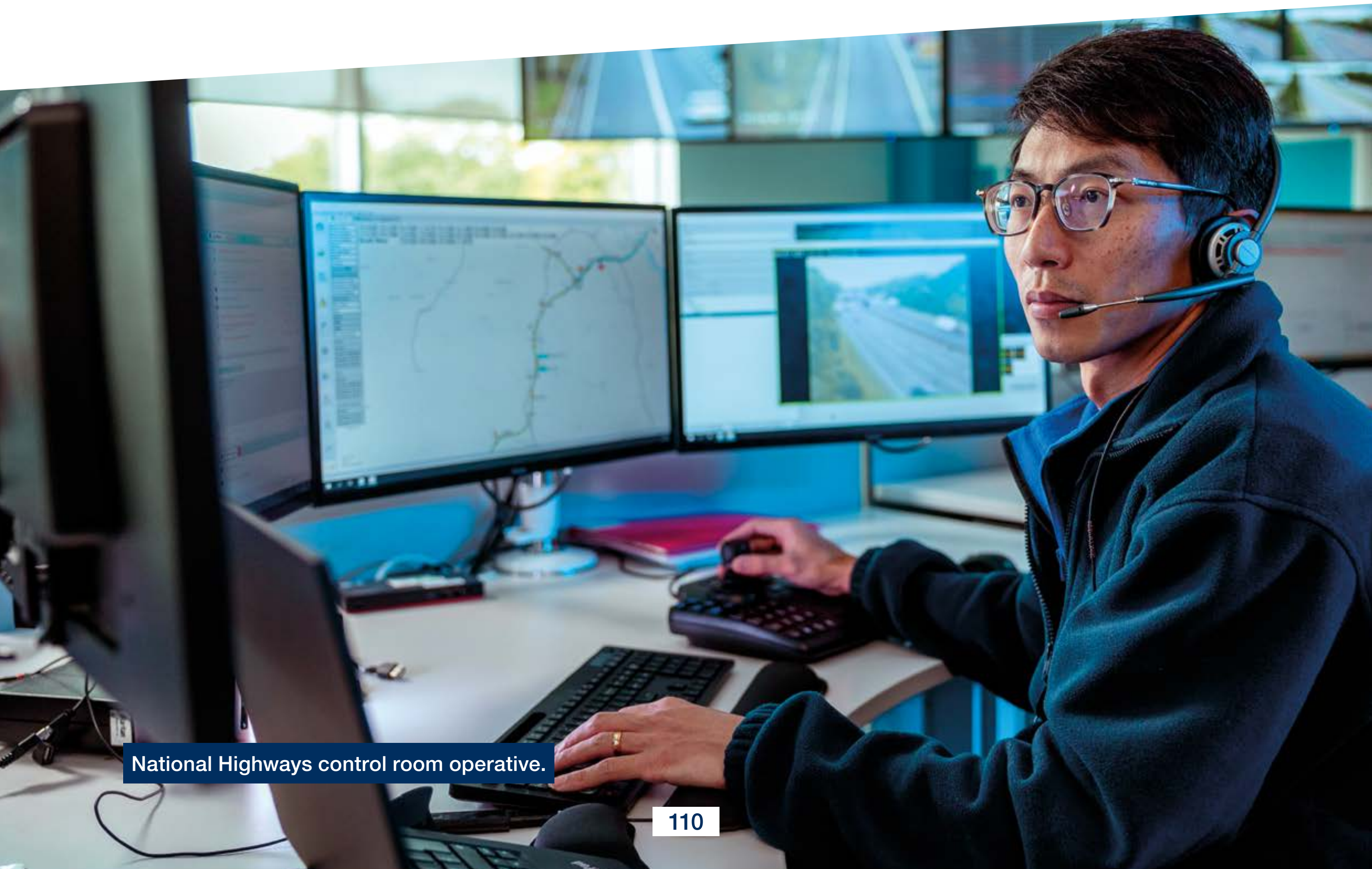
Principal risks and uncertainties

Our risks are linked to our company's strategic outcomes, objectives and key performance indicators (KPIs). We group all risks under our six strategic outcomes as defined by the **Road investment strategy** to provide a broader sense of the level of exposure. This allows the Board and our Executive team to focus their attention on areas of significant movement, rather than discussing each on a risk-by-risk basis. It also provides a different lens to show our data, recognising that risks can be assessed against more than their category, such as financial, operational or environmental.

The Board confirms that it has assessed and monitored our principal and emerging risks throughout the year, in accordance with Provision 28 of the UK **Corporate Governance Code** 2024. The risk diagrams and accompanying tables within this section detail these risks, how serious they are, and (where relevant) how they have changed over the last year. The risk tables are grouped by National Highways' strategic outcomes as defined by the **Road investment strategy**.

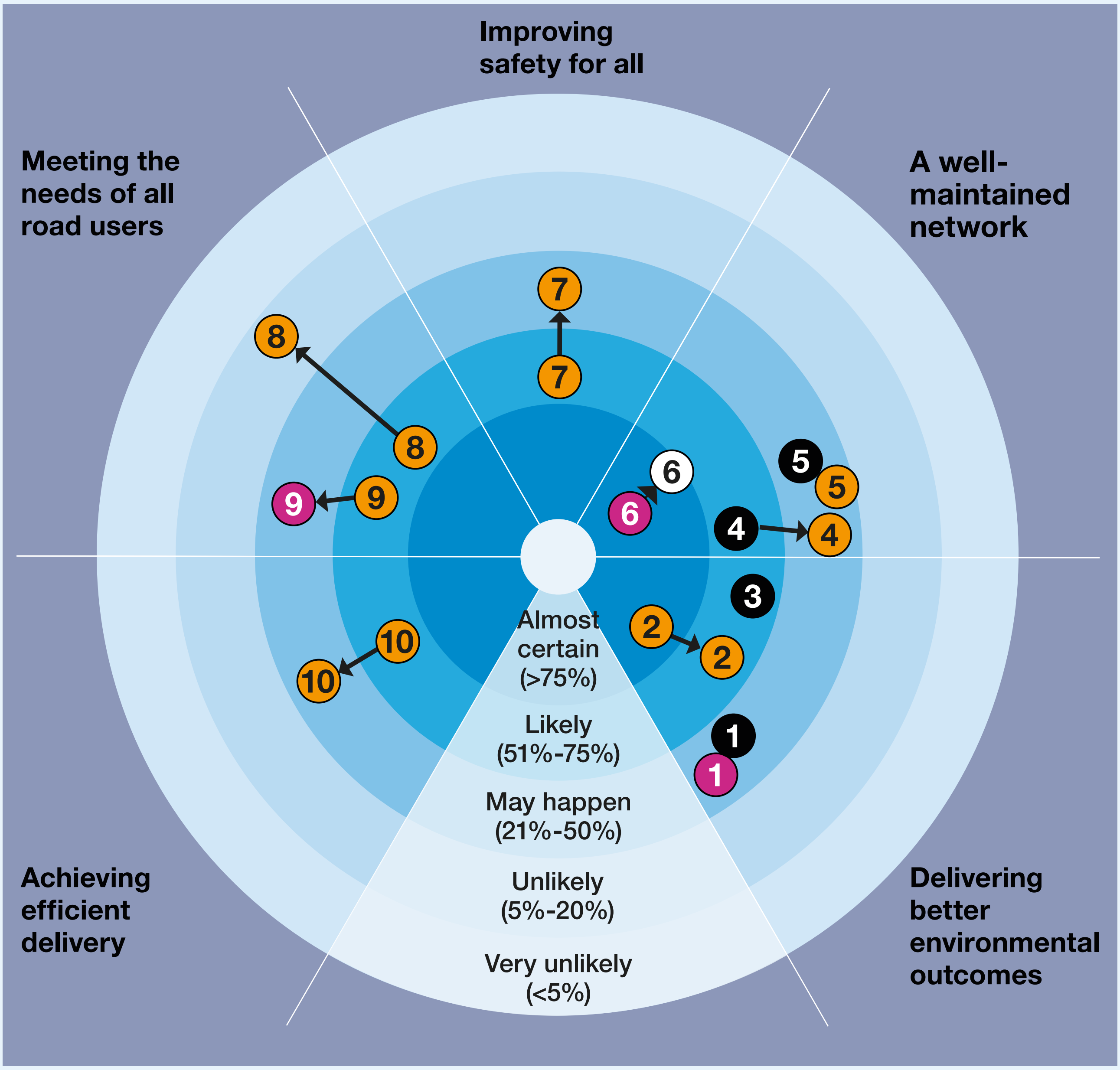
Our risk assessment

The risk heat map illustrates the relative positioning of our principal risks, as listed on pages 112 to 115. It shows the risks before controls are applied, referred to as 'inherent' and the risks once controls have been applied, described as 'current' in the strategic risk table.



National Highways control room operative.

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 (1, 3, 4, 5).

Major: a sustained or material breach of our organisation's responsibilities or key objectives (2, 4, 5, 6, 7, 8, 9, 10).

Severe: a longer-term impairment on delivery or damage to our organisation's reputation with key stakeholders (1, 6, 9).

Difficult: a short-term impairment of the delivery of key objectives (6).

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

→ Shift in likelihood after control has been applied

Risks by strategic outcome

In July 2024, the Board reviewed our principal risks to ensure they remained appropriate in the last year of the second **Road investment strategy (RIS2)**. This resulted in several key changes to our principal risk register, as highlighted in the tables below.

Achieving efficient delivery

We are set to deliver £2.23 billion of efficiencies over the second road period, which will mean that taxpayers will see even more investment for their money than in the past.

Risk		Commentary
1	Supply chain inability to support National Highways and its commitments. **In-year changes:** In July 2024, the risk was re-focused to emphasise how we work with our supply chain to deliver against our strategic outcomes, rather than focus on a misalignment of their capability and capacity to deliver the outcomes we require.	Our supply chain is an integral part of our delivery model. We have developed long-term and sustainable partnerships to promote consistent and effective improvements across the sector to encourage innovation, drive efficiency, and provide positive social impact to the country. This ensures we can deliver successfully against our three imperatives of safety, customer, and delivery.
2	Approval for appropriate market benchmarked pay for senior roles is not achieved.	Attracting senior people with the right skills and experience is essential to building and strengthening our organisational capacity and our ability to meet our strategic objectives. Investing in the development of our existing people is key to managing this risk. More information on our people can be found on pages 82 to 88.
3	Failure to understand and meet our physical, personnel and cyber security requirements. **In-year changes:** In July, the risk was re-focused from protecting against a potential security attack to concentrate on our resilience to bounce back from an attack, should it occur.	Our **Security control framework** provides a robust and holistic security environment and aims to improve our defences as we continue to respond to an ever evolving and increasingly complex threat.

A well-maintained and resilient network

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

Risk		Commentary
4	Loss of service on the network due to a major asset failure. **In-year changes:** In July, the risk was re-focused from protecting against a major asset failure to the management of the network should we need to close or reduce traffic flow for a specific time to deal with emergency or long-term repairs.	We are revising our asset management approach including improved technical assurance and have redefined accountabilities and responsibilities across the organisation. Our asset data management plan will implement appropriate data governance and improvement processes to increase confidence in our asset data. Combined these activities allow us to manage this risk appropriately.
5	Failure to deliver capital investments (and company KPI) within a volatile and constrained fiscal and regulatory environment. **In-year changes:** In July, this risk was re-focused to acknowledge the impact on delivery brought about by the current economic challenges across government.	Our project controls, performance monitoring and governance processes ensure we progress schemes in line with current plans and budgets and have appropriate check points when decisions are required. Our business planning process is based on assumptions agreed with the Department for Transport (DfT) – allowing us to provide enough certainty to our people and supply chain to ensure we're ready to deliver – but is also designed to be agile so that we can respond to government decisions and confirmation of funding.
6	**New risk:** Physical reduction or loss of network capacity, resilience, or service which impairs our ability to uphold our legal strategic highways responsibility.	Our core function is to operate, maintain and renew our network. We have kept our network open and fit for purpose, including delivering upgrades to enable the continued reliability of our assets into the future and repair any defects in a timely and efficient manner. More information on our operations, maintenance and renewal performance is on pages 41 to 46.

Improving safety for all

We need to keep our customers, people and suppliers safe, above all else.

Risk		Commentary
7	Ineffective control over safety, health and wellbeing threats.	Our safety performance (employee and supply chain accident frequency rates) can be found on page 30. All activity across the business is included within our **Home Safe and Well** programme and progress is monitored throughout the year. This was augmented through our 'Be the Change' programme, which focuses on safety leadership and action. More information on our safety performance is found on pages 20 to 30.

Meeting the needs of all road users

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

Risk		Commentary
8	Failure to listen, influence or respond to our customers effectively.	We communicate with multiple audiences on a regular basis to inform them of our activities and progress and respond to their concerns and needs. We work hard to listen to, and engage with, these audiences to evaluate the effectiveness of our campaigns and media activities. We also work closely with Transport Focus, our customer watchdog, who provide an independent perspective on the needs and priorities of our customers. Our **Customer service strategy** and customer-centric approach ensures our activities reflect customers' priorities to develop the best customer service possible.
9	**New risk:** Inability to maintain trust and positive working relationships with statutory and other key stakeholders in a dynamic environment.	Close engagement across all our statutory stakeholders ensures that we achieve our outcomes efficiently and effectively. As we progress towards our third **Road investment strategy**, we intend to strengthen these relationships further to ensure successful delivery of our current and future commitments.

Delivering better environmental outcomes

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

Risk		Commentary
10	**New risk:** Our environmental performance falls short of legal requirements or Licence requirements and/or best practice.	We are committed to protecting and improving the environment for current and future generations. Our activities are comprehensive and wide-ranging, from delivering air quality initiatives and procuring renewable energies to maximising biodiversity and preserving cultural heritage. More information on how we protect the environment can be found on pages 49 to 66.

In-year risk management

Following the refresh of the principal risks we have validated all core controls to ensure that they are designed and operating effectively and have also validated most of the secondary risk environment. This is important as we move to defining material control in line with (new) Provision 29 of the UK **Corporate Governance Code** 2024, which comes into force in 2026.

As part of the company's new business planning approach, principal risk owners are now required to record core control and proposed additional mitigation activity for all principal risks (and secondary risks where known). This ensures alignment between planning, delivery and risk impact, which will enable stronger demonstration between funded activity and the reduction of risk exposure. This should improve our ability to report more dynamically to the Executive and onward to the Board over the coming year.

All principal risks are aligned to their respective Board and Executive level governance forums. Each evaluate the relevant risk's performance in line with its strategy. To provide a level of consistency, this year we revised the company's risk deep dive process. This builds a deeper understanding of the related causes, events, and consequences of our principal risks and helps confirm that core control and additional mitigating activity is appropriate and being delivered in line with business planning commitments.

Our annual self-assessment against HM Treasury's risk management framework demonstrates that the company's approach to enterprise-wide risk management is 'embedding and improving'. To evolve our approach further to the final level of maturity of 'excellent capability established', we have focused on simplifying process and application through:

- replacing the current capital investment risk capture software, which also provided an opportunity to further align differences in practice (between project and corporate approaches) – this is key to ensure that we are comparing risks on a like-for-like basis when reporting more holistically

- enhancing the risk escalation process and guidance and standardising our risk taxonomy to provide clarity on escalation and cascade of risk mechanisms and reporting – the document is part of our 'self-learn' (company) risk assurance capability we are building through an improved on-line presence and brings us further in-line with **HM Treasury's Orange Book methodology**
- introducing a risk design authority to ensure better control and management of future practice – this working-level body will enhance governance and change management through acting as gatekeeper to the company's risk management principles and processes
- continuing our HM Treasury's Heads of Risk Network membership, hosted by their Risk Centre of Excellence team – here we discuss and share risk management best practice, which in turn contributes to the evolution of our own enterprise risk management strategy

Economic crime

The government is increasing its focus on economic crime – our collective term for fraud, bribery, corruption, money laundering and modern slavery – and we are committed to managing this risk effectively. Our stakeholders, customers, and supply chain rightly expect us to safeguard the public funds entrusted to us. Failing to guard against economic crime could undermine that trust.

Our company imperatives (safety, customer service, and delivery) and our values (safety, ownership, passion, integrity, and teamwork) underpin everything we do. They describe how we treat each other, how we want to be seen as an organisation, and how we conduct business. In line with these values, we require all our people to act honestly and with integrity, safeguarding the public funds for which we are responsible.

Our suite of policies, processes, and procedures reflects and builds on current legislative requirements and are compliant with the Cabinet Office Functional Standard (GovS 013). We work closely with the Department for Transport and the Public Sector Fraud Authority. In common with the Department for Transport, our **Anti-economic crime strategy** is aligned with the five principles for public sector fraud and corruption management, as established by the International Public Sector Fraud Forum.

Our strategy sends a clear message that we are vigilant to fraud risk and will do everything we can to prevent it. Working alongside the many functions who manage the economic crime risk (relevant to their areas), we employ a dedicated, in-house team of counter-fraud professionals. This team is responsible for evaluating the key areas of vulnerability and advising the business on effectively managing its economic crime risk. They also investigate potential instances of fraud, bribery, corruption, money laundering, and modern slavery. All investigations are conducted effectively, ethically, and in accordance with the law.

In-year activity

In year we confirmed that our economic crime approach is fully compliant with the Cabinet Office Functional Standard GovS 013 and that our counter-fraud measures comply with the (new) **Economic Crime and Corporate Transparency Act 2023**. Both are designed to protect the company from an economic crime event occurring and any potential prosecution under the new 'failure to prevent fraud' offence.

But we are not complacent. To evolve our approach further, this year we have:

Raised awareness – Across the company through a series of in-house events and communications. In November 2024, as part of the International Fraud Awareness Week, we ran several sessions focusing on identifying and dealing with potential impropriety. This provided a platform for information and discussion and resulted in a good level of engagement from across the business.

Engaged with our supply chain – We evaluated the standards for economic crime prevention within our supply chain. Our goal was to raise awareness and enhance standards to deter economic crime attempts against all of us. Results demonstrate a marked improvement in engagement and capability across our supply chain because of our intervention.

Improved our capability – Our in-house economic crime training, either through our learning portal or delivered as more focused sessions, has embedded better understanding of economic crime and equipped our people with the knowledge and skills to identify and prevent fraudulent activities. In addition, all members of the counter-fraud team are now fully accredited Public Sector Fraud Authority fraud risk assessors. This further strengthens our economic crime defences and sets us up to deliver our programme of fraud risk assessments across all key investments as part of our 2025-26 work programme.

This year we received 66 referrals raised through our whistleblowing channels. This is consistent with previous years. Of these referrals, 15 were categorised as economic crime and fully investigated. The remainder related to procedural issues which were dealt with by the appropriate part of the business.

Most resulted in no fraud being upheld, except for an investigation into excessive overtime payments which led to the dismissal of two members of staff for gross misconduct and the recovery of payments pursued. As a result of the investigation, overtime controls have been strengthened. The remainder related to procedural issues which were dealt with by the appropriate part of the business.

We also had four attempted bank mandate frauds, which if not detected would have led to more than £2.8 million of losses to National Highways. These were identified through strong internal control.

Lessons learned from these cases and the results of other investigations where no fraud was identified have been implemented to prevent similar future events occurring.

Modern slavery

We fully support the government's objectives to eradicate modern slavery and human trafficking. We recognise our significant role in combating these issues and supporting victims. We are committed to ensuring that our supply chain and business activities are free from abuses of ethical and labour standards. Throughout the year, we delivered a range of internal training sessions and collaborated with our supply chain to further raise awareness. For more information on our approach and performance, please see our **Anti-slavery and human trafficking statement**, published on our website.

Read our Anti-slavery and human trafficking statement.

Our future viability

The Board has assessed the viability of our company, considering our closing position at the end of the second road period (April 2020 – March 2025), the interim settlement year (April 2025 – March 2026) and the proposed third road period (April 2026 – March 2031).

At the start of each road period, the Board assesses our viability using the full five-year period as the basis for this evaluation.

On an annual basis, and as we progress through the road period, the Board considers the impact that government funding, our business plan, our risk management framework and our principal risks have on our company's ability to continue in operation.

Funding

We are funded from the public purse by grants-in-aid from DfT. Before the start of each funding period, we work closely with our colleagues at DfT and the Office of Rail and Road (ORR) to determine our outputs and provide a high degree of certainty over our capital and resource funding. This is detailed in the Statement of funds available (SoFA) and set out in government's annual resource delegated expenditure limit.

Our funding for this road period is provided through the national roads fund, which reserves the revenues of the Vehicle Excise Duty within England for road investment. As a DfT-owned company, our creditors can rely on government security, and the statutory obligations of the Secretary of State for Transport, to settle any liabilities due.

The Board judged five years to be an appropriate timeframe for assessment, given the certainty of our funding settlement. As we progress through the road period, and particularly as we reach the last year of the cycle, this year's assessment has looked beyond the current period to consider government's future commitment to invest in the strategic road network (SRN).

In March 2020, government published RIS2, setting out their strategic vision for the SRN and how money will be invested to operate, maintain, renew and improve our network. The SoFA detailed £27.4 billion of capital and resource funding to meet our commitments across the second road period. The funding was reduced to £24 billion as part of government's 2021 spending review and was further reduced in 2023 to £23.1 billion due to a gap between the SoFA and the funding available within DfT business plans for Year 4 and Year 5 of the RIS.

As we end the final year of our investment, the Board has relied on the continuing dialogue with DfT and HM Treasury as part of funding negotiations for the third road period as an indication of government's commitment to invest post-2025.

They note that the timetable for agreement was delayed as the new government dealt with managing the financial position post-election. They consider the interim settlement, agreed as part of the 2025 spending review, as a necessary solution whilst final negotiations are concluding.

Planning

For each road period, we prepare a **Strategic business plan** and a five-year **Delivery plan**. Together, these explain how we will deliver our strategic outcomes, measure our success and identify our future improvement plans. We published these documents in August 2020.

Our strategic teams consider the future needs of the SRN and identify what horizon risk and opportunities we might face. We believe that roads will remain the most common means of travel for both commercial and personal purposes and that the SRN will play a crucial part in this future. Combined, these form the basis of our **Strategic business plan** and our annual updates to the **Delivery plan**.

Read our Strategic business plan and Delivery plan.

Our performance is monitored by the ORR on a quarterly basis, and we refresh and publish an annual **Delivery plan update**. We use our plans, budgets and related financial models to project cash flows, monitor financial risks and our liquidity position and forecast future funding requirements relevant to our Licence.

Read our Delivery plan update.

Principal risks

Linked to our ability to meet our strategic objectives, we identify our principal risks (pages 110 to 115) through robust assessment. This includes a continuous cycle of reporting and review at all levels of our business.

We analyse our company's resilience to the potential impact of these risks, based on:

- the effectiveness of mitigating actions and controls to reduce either likelihood or impact
- the Board's conclusions from its regular monitoring and review of risk management and internal control systems, as described on pages 106 to 108

The Board considers the extent of credit risk, liquidity risk and market risk that our company faces is low due to the nature of our activities. More information is provided in note 10 of the financial statements section on page 242.

Imperative	Scenario
Safety	A significant safety event occurs on our network which leads to injuries and fatalities to our people, road workers or road users.
Customer	A significant adverse event occurs which disrupts the operation of our network or undermines the public's confidence in our company.
Delivery	We are unable to deliver planned enhancements to the SRN due to ineffective planning or management.

The Board also considers our company's ability to withstand severe yet plausible scenarios, as shown in the table above. These scenarios cover all our principal risks and were considered in terms of the impact on our three imperatives and our ability to deliver our second road period commitments.

Based on this assessment, the Board is content that we have appropriate arrangements in place to minimise the impact of these scenarios and can ensure our company's resilience. As such, the Board has a reasonable expectation that our company will continue in operation and meet its liabilities as they fall due over the period to March 2025. The Board will be able to consider viability beyond March 2026 once our third road period (2025-30) funding settlement has been agreed.

The strategic report was approved by the Board on 9 July 2025 and signed on its behalf by:

Nick Harris, Chief Executive

Governance report

Governance at a glance

Governance is the system of rules, practices and processes that are put in place to manage and control a company. We follow best practice as set out in the **UK Corporate Governance Code**.

This section of our report details information on the Board, our Executive Directors and their activities, as well as our compliance with the **UK Corporate Governance Code** and our committee and Directors' reports.

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

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 and transparent way, guided by independent thought and constructive debate between members. The Board supports open and 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.

Governance statement

Our company was established under the **Companies Act 2006** on 8 December 2014 and appointed as a strategic highways company under the **Infrastructure Act 2015**. We are appointed and licensed as a strategic highways company by our sole Shareholder.

We manage and improve England's motorways and major A-roads, referred to as the strategic road network, to make journeys safer, smoother and more reliable. On 8 September 2021, our company changed name from Highways England to National Highways.

We are held to account by Transport Focus and the Office of Rail and Road (ORR), who provide independent advice to the Secretary of State for Transport on our activities.

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.

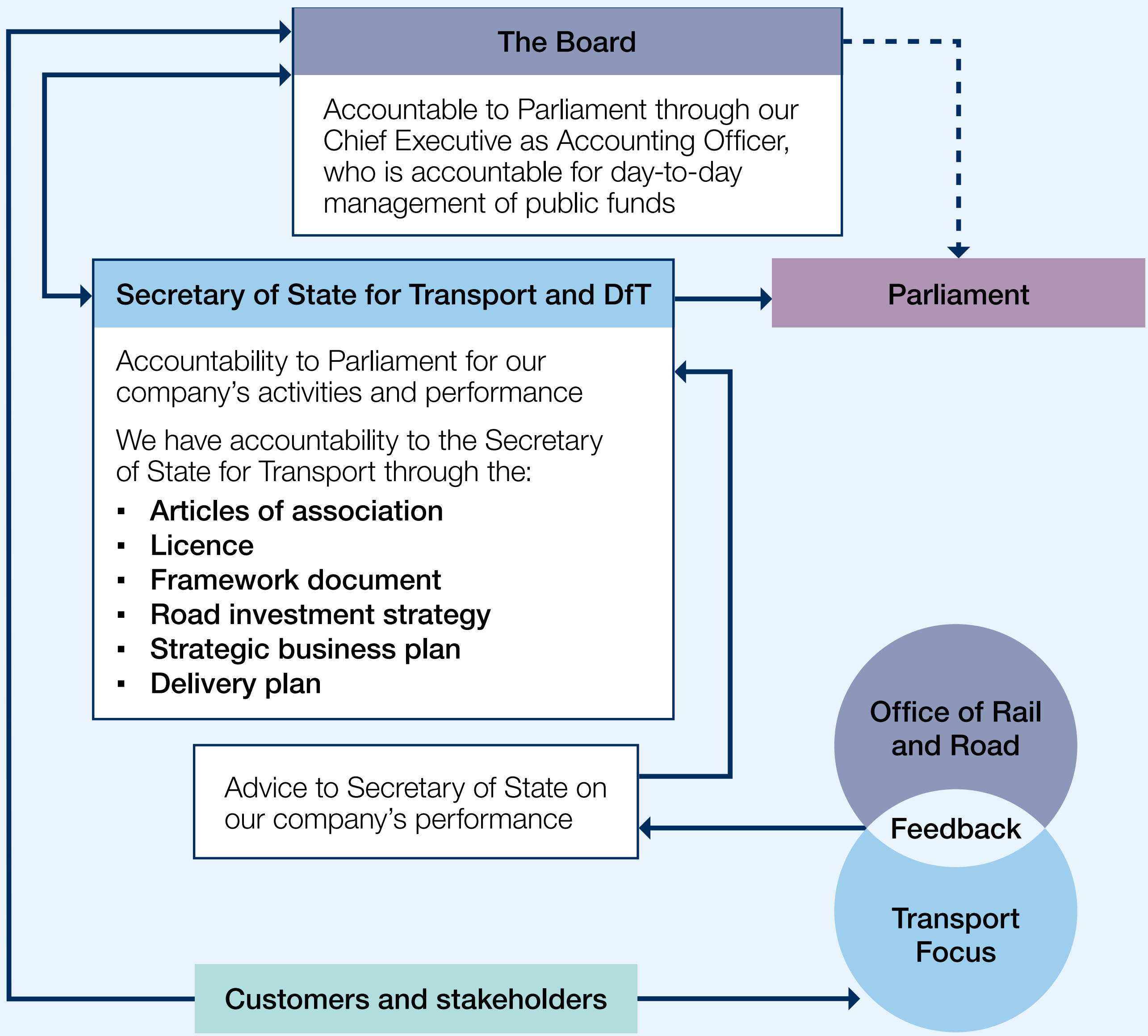
Governance structure

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

Licence agreement: Our Licence sets out direction and guidance on how we must act as well as the process for setting and changing the **Road investment strategy**.

Framework document: The Department for Transport'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 2020-25: Our Delivery plan for 2020-25 provided the detail of specific funding, activities and projects we were to deliver over the second road period. The Board reviewed the plan annually and agreed refinements to reflect changes to our portfolio or to meet our Shareholder's priorities. We publish these in an annual **Delivery plan update**, which describes our programme for the year ahead.



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
I N S R

Nick Harris
Chief Executive
AR I N R S

Kathryn Cearns OBE
Senior Independent Non-Executive Director
(left December 2024)
AR N R

Janette Beinart
Senior Independent Non-Executive Director
(from January 2025)

I N S

Scott Dale
Chief Financial Officer

AR I S

Elliot Shaw
Chief Customer and Strategy Officer
(Board only)

Simon Blanchflower CBE
Non-Executive Director

N R S

Sukhi Johal
Non-Executive Director

AR I N R

Rob Whiteman CBE
Non-Executive Director

AR N R

Simon Wills
Non-Executive Director

N S

Kim Shillinglaw
Non-Executive Director

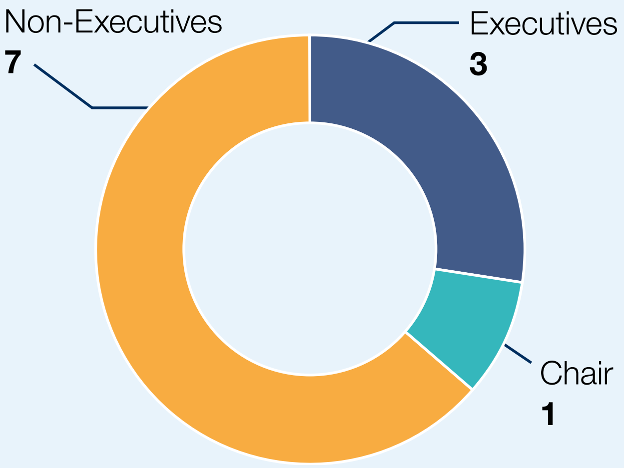
N R

Manny Lewis
Non-Executive Director

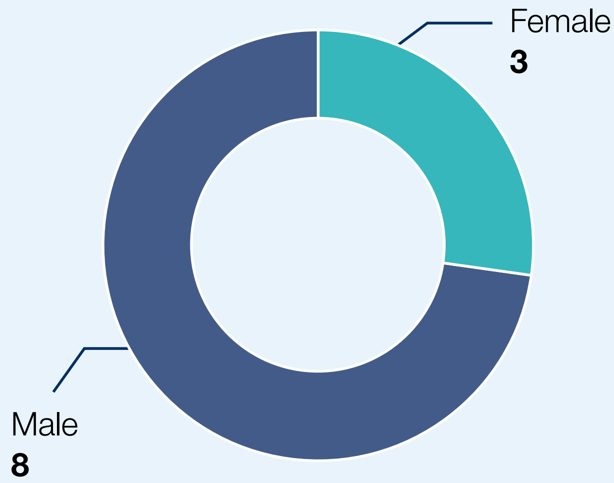
N R

Board highlights

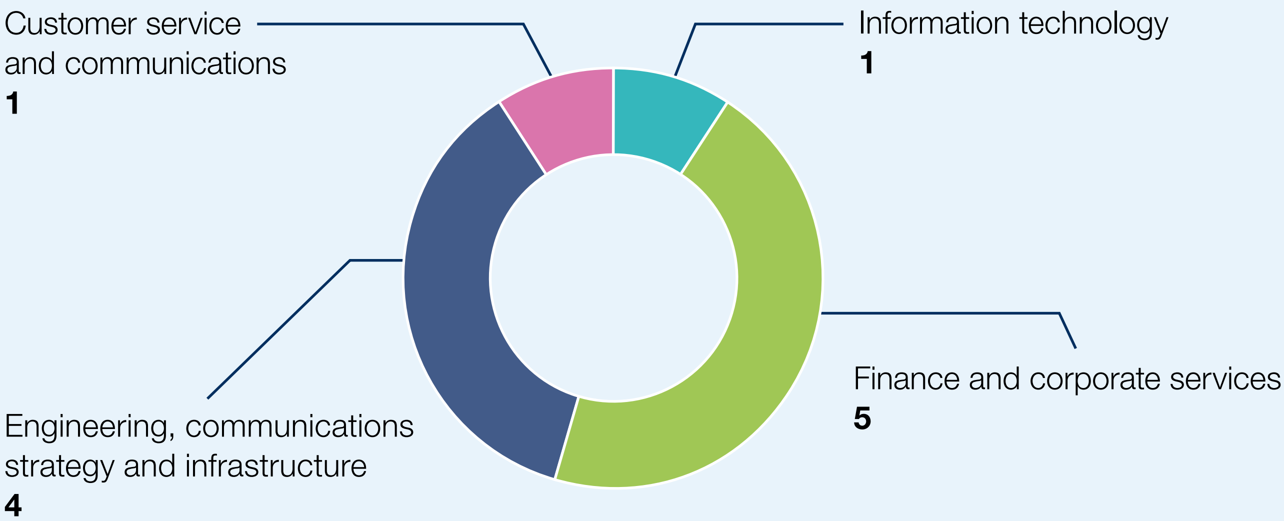
Board composition



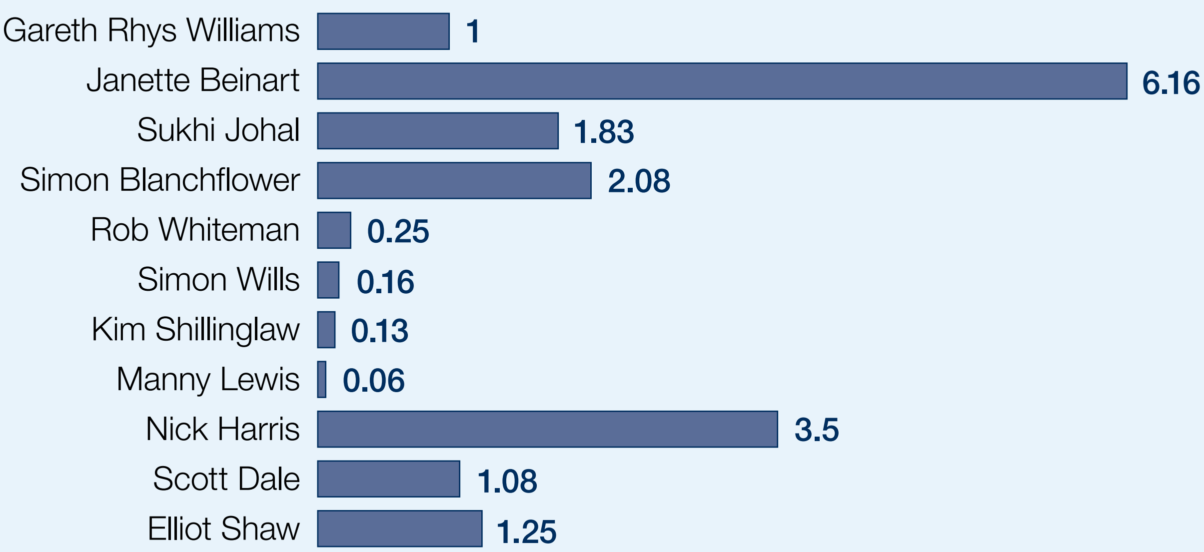
Gender



Experience



Years of tenure as at 31 March 2025



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.

Nick Harris
Chief Executive
Board member

Scott Dale
Chief Financial Officer
Board member

Elliot Shaw
Chief Customer and Strategy Officer
Board member

Nicola Bell MBE
Chief Capital Delivery Officer

- Appointed as Executive Director in December 2022.
- Responsible for leading the delivery of major enhancement schemes as part of government's **Road investment strategy** and identified significant or complex projects across the strategic network.
- Has held a wide variety of roles in the Highways and Transport sector, including Director of Highways and Transport in local government and Asset Management Director and Regional Operations Director for the South East of England at National Highways.
- Qualifications in Civil Engineering and an MSc in Transport Planning and Engineering.
- Awarded an MBE for services to transport.

Elaine Billington MBE
Chief People Officer

- Appointed as Executive Director in September 2019.
- Responsible for developing and leading our **People strategy**, including building a diverse, capable and engaged workforce, developing effective leaders and creating a high-performing culture underpinned by our values.
- Career includes senior roles at United Utilities plc, including HR Director, and various roles at VERTEX, Cable and Wireless Communications and Rentokil Initial.
- Qualifications include: FCIPD (Fellow of the Chartered Institute of Personnel and Development).
- Awarded an MBE for services to early careers and apprenticeships.

Matt Palmer
Executive Director, Lower Thames Crossing

- Appointed as Executive Director in July 2020.
- Responsible for the A122 Lower Thames Crossing project, one of the most ambitious road projects ever undertaken in the country.
- Career includes over 30 years' experience in leadership roles across design, project and programme management for a range of major organisations and programmes, both in the UK and internationally.
- Qualifications include: CEng (Chartered Engineer), and MICE (Member of the Institute of Civil Engineers).

Richard Pedley
Chief Digital and Information Officer

- Appointed as Executive Director in December 2022.
- Responsible for the provision and operation of our operational and business information technology services, the setting of our **Digital and data strategy** and the co-ordination of company security, including cyber, physical and personnel security.
- Career includes technical consulting and technology transformational leadership roles across multiple sectors, including with Microsoft, Severn Trent Water, Aviva, Capita, Environment Agency and National Grid.
- Qualifications include: Geographical Information Systems Management (School of Military Survey, Royal Engineers).

Duncan Smith
Chief Operating Officer

- Appointed as Executive Director in October 2021.
- Responsible for the operational leadership of our organisation, including day-to-day operation of our network, customer service and maintenance services, and our company's five-year capital maintenance and renewals programme.
- Career includes operational leadership roles within the UK and US water industries, and previous positions as Transformation Director and Regional Operations Director at National Highways.
- Qualifications include: CEng (Chartered Engineer); and MICE (Member of the Institute of Civil Engineers).

Mike Wilson
Chief Highways Engineer

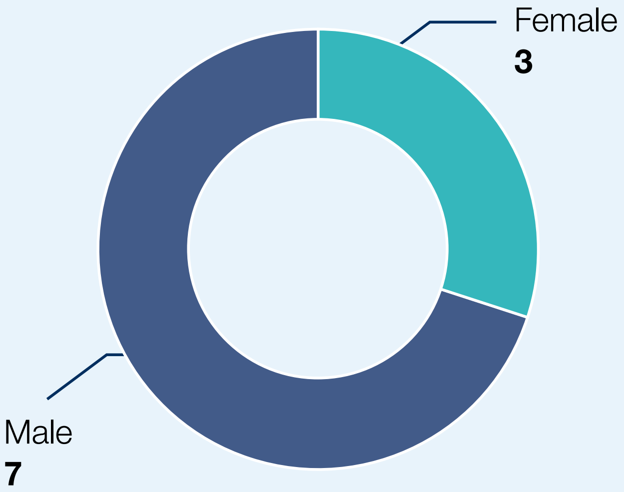
- Appointed as Executive Director in April 2014 (joined Highways Agency in September 1991).
- Responsible for technical requirements and providing technical assurance, advice and change management.
- Leads on: health, safety and wellbeing; environment and sustainability; asset management; and designated funds.
- Previous roles at National Highways include Regional Divisional Director for the South West.
- Qualifications include: a BEng (Hons); CEng (Chartered Engineer), FICE (Fellow of the Institute of Civil Engineers), and FCIHT (Fellow of Chartered Institution of Highways and Transportation).

Sally Keith
Interim General Counsel (from February 2025)

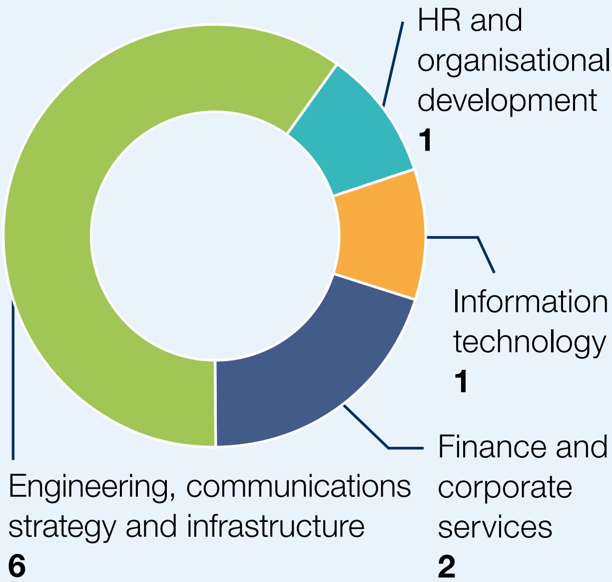
- Responsible for the in-house Legal and Information Rights teams and for providing advice to our Executive and the Board on the full range of legal issues, including commercial and procurement; infrastructure law; employment law, and health and safety inquests.
- Career includes roles at Dentons and Department for Transport.

Executive highlights

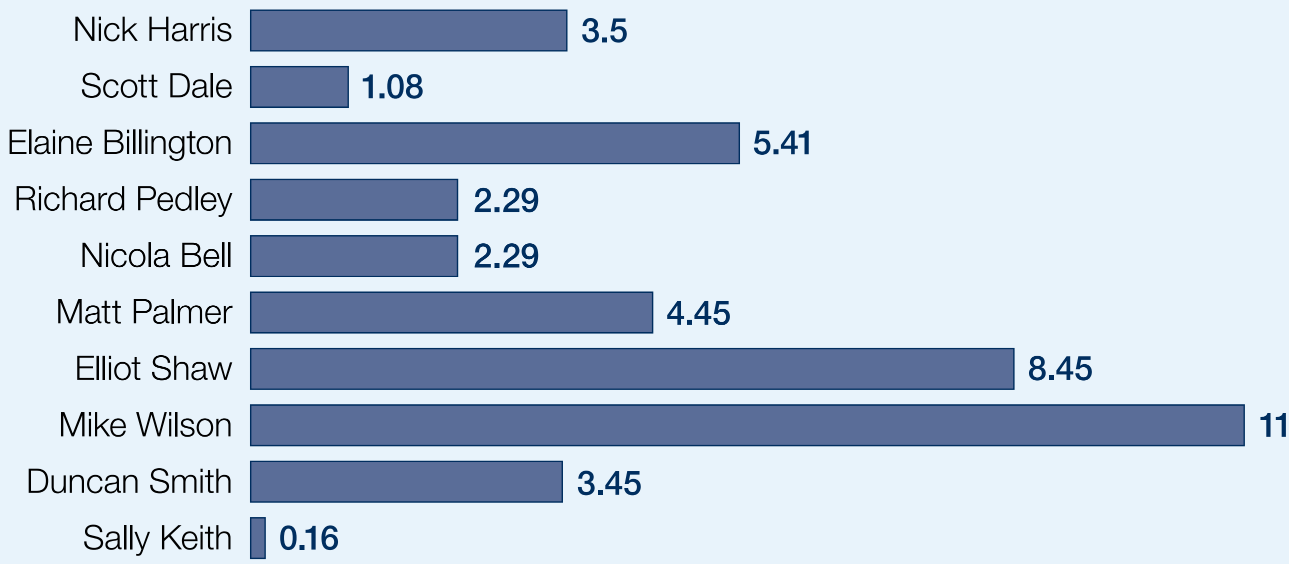
Gender



Experience



Years of tenure as at 31 March 2025



Corporate governance report

Compliance with the UK Corporate Governance Code 2018 (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 2025, 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 Department for Transport as their representative. The Board recognises that this sits outside of the corporate governance norms contained within 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. Remuneration provision 32:

Although the Chair of the Remuneration Committee during 2024-25 had experience of being a member of the committee when appointed as Chair, this was less than the 12 months recommended in the Code.

5. 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.

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. The significant issues noted by management were consistent with those 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 180 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 2025, the Board was made up of:

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

The details of their career backgrounds, relevant skills, committee memberships, tenure and external appointments can be found within their individual biographies from page 125. Further details on the role of the Chair and members of the Board can be found in the following pages of 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** 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 committee meetings were held virtually.

In Board decision-making, the relevance of any particular 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 149.
- **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 160.

- **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 153.
- **Remuneration and Nominations Committees:** Our capacity and capability are integral to our ability to deliver current and future investment strategies. 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 163 (Remuneration) and page 152 (Nominations).

The Board was encouraged by the results of our employee engagement survey undertaken during the year. The results can be found on page 85. The Board was pleased to note the very high response rate, and that we still remain strong in the wellbeing, diversity and inclusion and purpose categories.

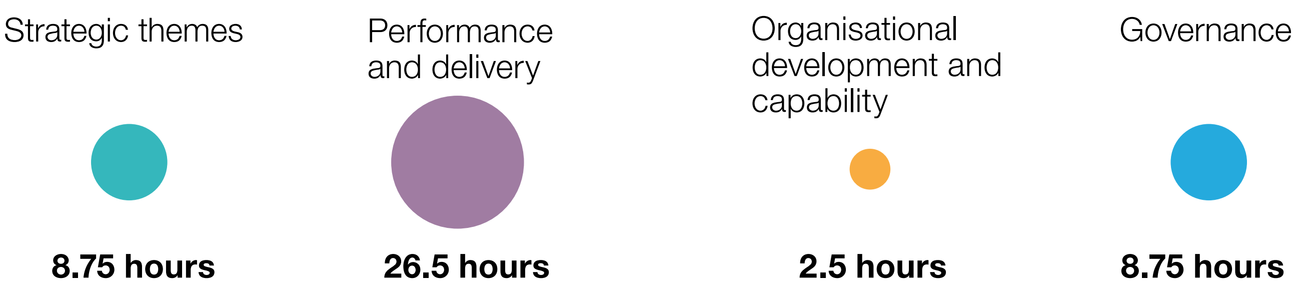
The Board approved for publication our company's performance against our key performance indicators (KPIs) and other performance indicators.

Board and committee scheduled meetings during 2024-25

- B Board Meeting
- S Safety Committee Meeting
- AR Audit and Risk Committee Meeting
- I Investment Committee Meeting
- R Remuneration Committee Meeting
- N Nominations Committee Meeting

Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
B	B	B	B		B		B		B		B
	S		S			S			S		S
	AR	AR				AR					AR
I		I			I		I			I	
R		R				R				R	R
			N				N				

Board activities 2024-25



Board and committee attendance

	Board[13] (Chair: Gareth Rhys Williams)	Audit and Risk[14] (Chair: Kathryn Cearns /Rob Whiteman)	Nominations (Chair: Gareth Rhys Williams)	Remuneration[13] (Chair: Simon Blanchflower)	Safety (Chair: Simon Blanchflower)	Investment[13] (Chair: Janette Beinart
Gareth Rhys Williams	8/8	N/A	2/2	4/5	4/5	5/5
Kathryn Cearns	5/6	3/3	2/2	3/3	N/A	N/A
Janette Beinart	8/8	N/A	2/2	N/A	3/5	5/5
Simon Blanchflower	8/8	1/1	2/2	5/5	5/5	N/A
Sukhi Johal	8/8	4/4	2/2	5/5	N/A	5/5
Rob Whiteman	2/2	1/1	N/A	2/2	N/A	N/A
Simon Wills	1/1	N/A	N/A	N/A	1/1	N/A
Kim Shillinglaw	1/1	N/A	N/A	N/A[15]	N/A	N/A
Manny Lewis	1/1	N/A	N/A	1/1	N/A	N/A
Nick Harris	8/8	4/4[16]	2/2[16]	5/5[16]	4/5	5/5
Scott Dale	7/8	4/4[16]	N/A	N/A	4/5	4/5
Elliot Shaw	7/8	N/A	N/A	N/A	N/A	N/A

13 In addition to the scheduled meetings outlined in the table above, there were two ad hoc Board meetings, two 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.

14 Kathryn Cearns stood down as Chair of the Audit and Risk Committee at the end of December 2024, with Rob Whiteman taking on the role as Chair from that date.

15 Kim Shillinglaw is a member of the Remuneration Committee but started attending post 31st March 2025 due to commitments prior to the appointment.

16 Not a committee member – in attendance only.

Key topics discussed at Board meetings

The key activities considered by the Board during the year are set out below. 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:

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

On this page, we have set out some of the key topics discussed at Board meetings during the year.

Standing items	Links to principal risks
Chief Executive report A monthly overview of the key activities on: health, safety and wellbeing, environment, customer service, finance, external communication and engagement, operations, capital delivery, procurement, digital services, government relations, internal communications and people and organisation.	All principal risks Pages 112 to 115
Chief Financial Officer report Monthly updates on capital and operational expenditure and pay controls.	
Legal report Monthly updates on key legal issues.	
Strategic engagement report Regular updates on key issues in public affairs and the media, and our communication activities.	

Strategic themes	Links to principal risks
Planning for the outcome of the government's Spending review Updates and requests for advice on potential scenarios arising from the outcome of the government's **Spending review**.	Risks 3, 4, 5, 6, 9 Pages 112 to 114
Planning for the interim year and the third Road investment strategy Updates and requests for advice on proposals for the interim year and the third road period strategy and delivery plan and the development of our draft **Strategic business plan**.	
Board and Executive strategy days See further information on page 139.	
Responsible Artificial Intelligence (AI) use Update on the company's proposed approach to the use of AI.	

Performance and delivery items	Links to principal risks
Delivery plan approval Review and approve the annual **Delivery plan**.	
Health, safety and wellbeing Updates from the Chair of the Safety Committee and updates on progress against our **Home Safe and Well** approach.	Risks 3, 4, 6, 7, 9 Pages 112 to 114
Our people Updates from the Chair of the Remuneration Committee, updates on the delivery of our **People strategy** and the results of our employee engagement survey.	
Operational technology Update on the approach being taken to improve availability and reliability.	
A122 Lower Thames Crossing Updates and requests for advice on potential future funding models and their implications.	
Design, Build, Finance and Operate (DBFO) contract handbacks Update on the company's preparations for the handback of current DBFO arrangements.	
Office of Rail and Road investigation Agreeing an action plan in response to the investigation and subsequent monitoring of its implementation.	
National Highways Framework document Input to the draft revised **Framework document**.	

Financial and risk items	Links to principal risks
Business plan Updates on, and requests for input into, our company's annual business planning cycle and final approval of the company's business plan for the following financial year.	All principal risks Pages 112 to 115
Monthly performance updates, including on KPIs and PIs Regular updates on our company's performance against our KPIs, PIs and capital specification.	
Annual report and accounts Input into the development of our company's **Annual report and accounts**.	
Corporate risk register Requests for input into regular refreshes of our company's corporate risk register. This includes quartile updates and annual review of principal risks and risk appetite.	

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.

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 78.

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 regularly throughout the year with their counterparts at Transport Focus who also joined Board meetings.

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

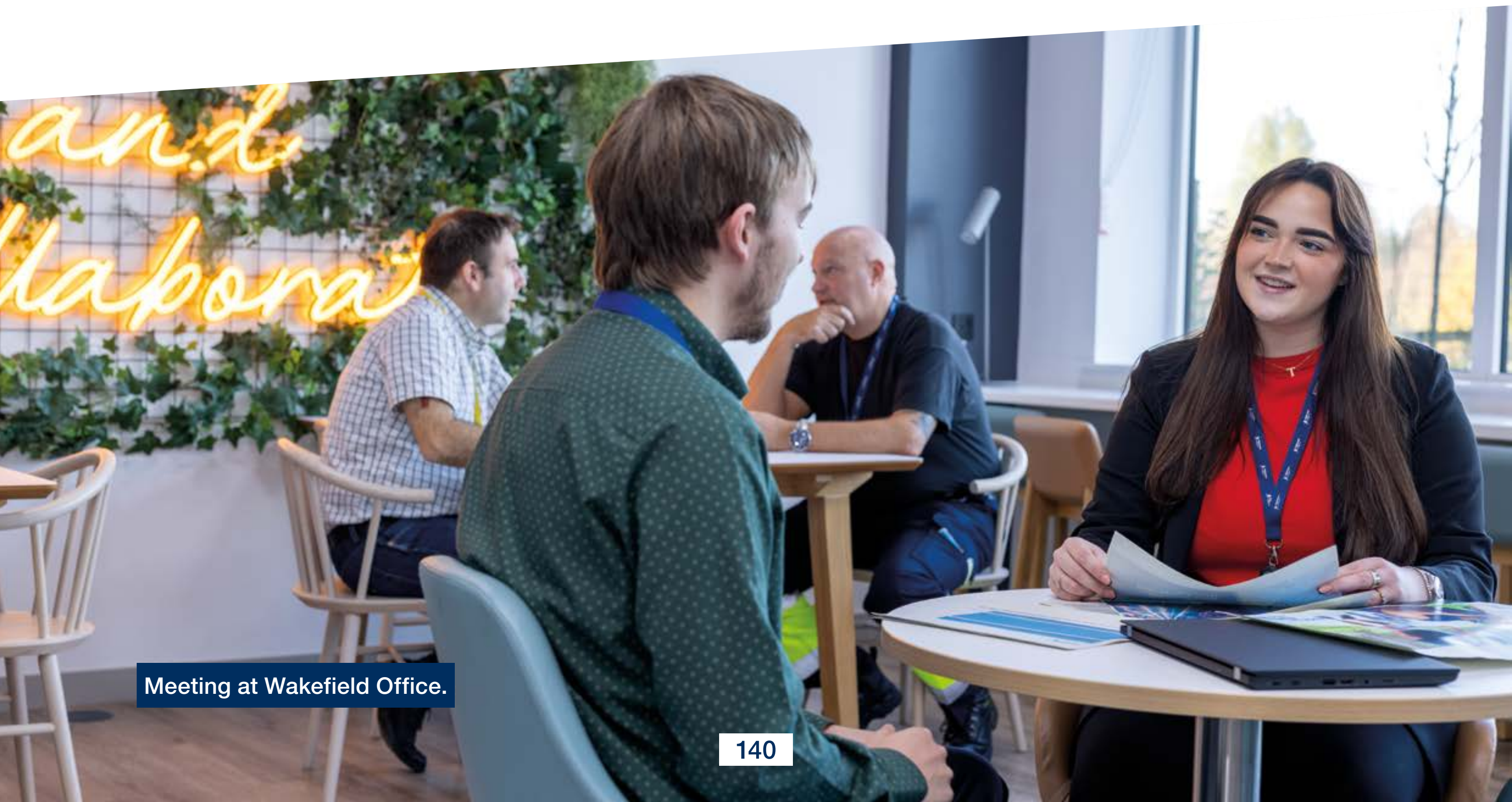
The Investment Committee oversees the performance of our company's major programmes on the Board's behalf. This included the Complex Infrastructure Programme, Regional Delivery Partnerships and Asset Delivery.

Statutory stakeholders

Statutory stakeholders include the Department for Transport, 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 Department for Transport 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 two workshops with the Office of Rail and Road's Board in July 2024 and February 2025 to better understand each organisation's priorities, challenges and ways of working together. The Chair and Chief Executive of Transport Focus attended the January 2025 Board meeting and discussed Transport Focus' future direction, their thoughts on how the two organisations worked together and becoming a customer service provider.

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.



Meeting at Wakefield Office.

Composition, succession and evaluation

Composition

The composition of the Board and its committees can be found from page 141. Attendance at Board meetings can be found on page 136.

Regular attendees include the General Counsel, Chief Highways Engineer, Chief of Staff 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 Chief of Staff 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:

- Kathryn Cearns stood down from the Board on 31 December 2024
- Rob Whiteman joined the Board on 01 January 2025
- Simon Wills joined the Board on 03 February 2025
- Kim Shillinglaw joined the Board on 10 February 2025
- Manny Lewis joined the Board on 10 March 2025

Induction of new Board members

The Board welcomed Rob Whiteman, Simon Wills, Kim Shillinglaw and Manny Lewis during the year.

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. It includes one-to-one meetings with the Chair and each existing Non-Executive Director. One-to-one meetings are also arranged with the Chief Executive, Chief Financial Officer and other members of our Executive team and the Company Secretary. In addition, new Directors meet members of our operational teams and are given opportunities to visit key sites, attend traffic officer ride-outs and regional operations centres. These provide an opportunity for the new Directors to gain first-hand experience of our business and our culture. All new Directors are also provided with opportunities to meet Department for Transport officials and ministers.

Our Company Secretariat team provides an induction pack, which contains a set of key corporate, strategic and financial reference documents and background reading. Each new Director is provided with a briefing on the key duties of being a Director by our Company Secretary.

Board effectiveness review 2025

Our annual Board performance review provides the Board and its committees with an opportunity to consider and reflect on the quality and effectiveness of their decision-making and the range and level of discussion. It also provides the opportunity for each member to consider their own contribution at meetings and overall performance.

A questionnaire was designed and circulated to Board members to complete, and the subsequent responses were analysed. A short questionnaire was also circulated to the Executive Committee members to complete. The responses were grouped into themes and shared with the Chair on an anonymised basis. The Board discussed the identified themes and agreed a set of actions to be taken forward.

Effectiveness review actions

The effectiveness review concluded that the governance arrangements met the requirements of the Code, and that the Board was operating effectively and had seen improvements over the last year. The review confirmed that progress had been made across the recommended focus areas identified in last year's evaluation:

High-level theme	Actions taken
1. Strengthen engagement with stakeholders outside the statutory stakeholder group.	The Board has engaged with a range of non-statutory stakeholders over the year through working dinners, discussions at a joint strategy day and a site visit.
2. Include updates on the business improvement programme on Board agendas.	Updates were provided at the September 2024 and November 2024 Board meetings.
3. Strengthen communication between the Board and our Executive team.	As schedules permitted, the Executive team has joined the Board for informal discussions pre- or post-scheduled Board meetings to build relationships. A single point of contact arrangement has been put in place between some individual Board members and Executive Directors.
4. Strengthen the Board's succession plan.	Four new Non-Executive Directors have been recruited to the Board.

Effectiveness review findings

The review identified four areas for increased focus in 2025-26:

1. A greater focus on longer term strategic matters.
2. Increase customer coverage and consideration across Board discussions and decision-making.
3. A review of the Board's ways of working and the set up of the Board committees now the new Non-Executive Directors have been onboarded.
4. The Board's relationship with the Department for Transport.

The next Board performance review will be held in quarter three/quarter four 2025-26. In accordance with the **UK Corporate Governance Code**, this will be an independently externally facilitated exercise.

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 (shown in the below diagram) 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.

Board diversity agenda items

Gender

Keep a level of at least 30% female Directors on the Board over the short to medium term.

Pipeline

Encourage a broad range of senior individuals within our organisation to gain Board experience, helping create a pipeline of high-calibre candidates.

Breadth

Consider candidates for Non-Executive Director roles from a wide pool, including those with little or no previous Board experience, or from social backgrounds which are not already represented on the Board.

Diversity

Ensure Non-Executive Director 'long lists' are gender balanced and include candidates from ethnic minority communities.

Best practice

Only engage executive search firms that have signed up to the voluntary code of conduct on gender diversity and best practice.

Benchmark

Ensure our recruitment processes are inclusive by assessing them against suitable benchmarks, with our supply chain also meeting or working towards suitable benchmarks.

Workforce

Actively engage with our people to gain insight and influence employee engagement through employee networks and groups, including trade unions.

Sponsorship

Assign senior leaders to each formally-recognised employee network to enable two-way dialogue, and periodically rotate these sponsors to develop breadth of perspective.

Committees

Ensure Board member representation on key committees, such as the Remuneration Committee and Nominations Committee, to enable diverse perspectives and influence decision-making.

Attract

Attract a diverse range of candidates for any Board role so that we see representation from other protected characteristic areas, such as disability and sexual orientation, in the candidates and in the make-up of the Board.

Leadership

We expect all our leaders, from the Board through to our senior leadership team, to demonstrate inclusive leadership, aligned to our company's values.

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 Committees and Executive groups

Asset Management Committee

Oversight of our company's end-to-end asset management approach.

Business Ethics Committee

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

Operational Services Committee

Oversight of data improvement and assurance of quality of reporting and internal decisions to support our investment programme.

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 Session

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.

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.

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.

Executive Directors

The Executive Directors 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 page 128.

Independent oversight

Senior Independent Non-Executive Director

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

She 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.

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

Independent 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 her 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 Blanchflower, 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 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 136.

Composition

Member	Scheduled meetings attended
Simon Blanchflower (Chair)	5/5
Gareth Rhys Williams	4/5
Janette Beinart	3/5
Simon Wills	1/1
Nick Harris	4/5
Scott Dale	4/5

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 strategic road network. The committee works closely with the Department for Transport, benefitting from its broader perspective and input on all health, safety and wellbeing matters.

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. The committee focuses on:

- 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

Road safety

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

A standing agenda item is an update on notable incidents and events, particularly incidents involving serious injury. At each of its meetings during the year, the committee also reviewed reports on collisions on the strategic road network, including the road safety statistics (STATS19) published by the Department for Transport.

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.

For statistics and information on our performance, see page 20.

As safety is, and will always be, our number one priority, throughout this period the committee discussed:

- progress in delivering our second road period programme, including delivering the Department for Transport's **Smart motorway safety evidence stocktake and action plan** (published in March 2020) and a National Emergency Area Retrofit programme, (see page 37) as well as the work with police forces and emergency services, and delivering suicide prevention projects
- additional actions to further help us move towards our second road period safety target such as an **Enhanced Safety Plan** which delivered an additional 15 safety schemes by 31st March 2025, safety media campaigns and by working together with our delivery partners to improve safety through our cross-sector Road Safety Panel
- our leadership role in facilitating activities for our delivery partners and stakeholders, supporting both our drive towards our second road period target and our long-term ambition of zero harm on our network

Throughout this period, we acknowledge the support, guidance, challenge and scrutiny of our external colleagues in the Department for Transport, the Office of Rail and Road and Transport Focus 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.

Throughout the year, 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 2025 to 2030. Find out more about the review on page 27.

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 30.

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 strategic road network. For more information on the work undertaken by this group, see page 29.

External perspectives

Throughout this period, external leaders helped the committee gain an outside perspective on various topics relating to health, safety and wellbeing. Over the course of the year, the committee welcomed guest speakers such as:

- Elizabeth Petterson from Samaritans focusing on factors that could contribute to attempted suicides, highlighting the positive impact delivered by the partnership between Samaritans and National Highways in reducing access to potential suicide means and methods and identifying future opportunities
- Tom Leggett from Thatcham Research focusing on new vehicle technologies, manufacturers' approaches to new vehicle standards and the potential driver behaviours associated with the rollout of these technologies and vehicles
- Professor Sarah-Jayne Blakemore focusing on brain development and risk taking in adolescence – the committee discussed examples of several experiments looking at different risk factors and associated behaviours in simulated driving scenarios and talked about social influences on risk perception and decision-making

Nominations Committee report

Gareth Rhys Williams, Committee Chair

Members of the committee include all the Non-Executive Directors, including the committee Chair and 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 136.

Composition

Member	Scheduled meetings attended
Gareth Rhys Williams (Chair)	2/2
Kathryn Cearns	2/2
Janette Beinart	2/2
Simon Blanchflower	2/2
Sukhi Johal	2/2

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 four appointments to the Board. Nurole, an external search firm, was used to support some of these appointments. A rigorous selection criteria and role profile was developed and was used as part of the recruitment process. The committee considers all recruitment in accordance with the Board's diversity policy, as set out on page 143.

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

Audit and Risk Committee report

Kathryn Cearns/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-appointed 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 136.

Composition

Member	Scheduled meetings attended
Kathryn Cearns (Chair until 31 December 2024)	3/3
Rob Whiteman (Chair from 01 January 2025)	1/1
Sukhi Johal	4/4
Simon Blanchflower	1/1

The committee periodically meets with our Director of Corporate Assurance and the National Audit Office's Financial Audit Director to discuss any matters without Executives present. The Chair meets separately with our Chief Financial Officer, and Director of Corporate Assurance, and liaises with other senior managers as required.

HM Treasury publications, **Corporate governance: a code of best practice** and the **HM Treasury Audit Committee handbook**, set out the need for the Audit and Risk Committee Chair to report on the committee's annual activities. This formal update informs the Board and our Chief Executive in his role as Accounting Officer, and it supports the governance report in our company's **Annual report and accounts**.

The Audit and Risk Committee's principal role is to assist the Board's oversight of the following areas:

- **Financial reporting** – The committee reviews significant accounting judgements and policies, and assesses compliance with, and consistency in, application of accounting standards on a year-to-year basis.
- **Narrative reporting** – The committee considers whether the **Annual report and accounts** is fair, balanced and understandable, and whether it provides sufficient information to enable stakeholders to assess our company's in-year performance.
- **Internal controls and compliance with statutory, regulatory and Licence requirements** – The committee considers the adequacy and effectiveness of our company's financial reporting and internal control framework. This includes those systems and controls that prevent or detect fraud, bribery, corruption, theft, money laundering and modern slavery.
- **Risk management** – The committee reviews the efficacy of our company's risk assessment, management and monitoring processes.
- **The Corporate Risk and Assurance function** – The committee reviews the completeness of the **Corporate Assurance programme**, considering their reports and management's responses. The committee also considers whether the function is adequately resourced and is independent from management.
- **National Audit Office** – The committee reviews and agrees the nature, scope, approach and fees applied for National Audit Office's annual financial audit, in their role as our external auditor. The committee considers the auditor's independence, objectivity, expertise and resources, and reviews the results of their work and how management addressed any identified weaknesses.
- **Security** – The committee reviews the company's approach to managing all aspects of its personnel, physical and cyber risk over its critical systems, processes and data.

The committee also advises our Chief Executive in his role as Accounting Officer on any of the above subjects. Following each meeting, the Chair summarises the committee's activities, main discussion points and findings at the next Board meeting, making recommendations as appropriate.

The work of the committee

At each meeting, the committee receives updates from Finance, Corporate Risk and Assurance and the National Audit Office.

The committee oversees our company's overall risk management approach, including how it is reported to the Board. As a sub-committee of the Board, it is responsible for examining certain strategic risks to ensure that effective control is in place.

The committee monitors progress made by Corporate Risk and Assurance in delivering their annual programme of work, and reviews the successful implementation of management actions agreed by the business throughout the year.

The significant issues considered by the committee during 2024-25 were:

- **Accounting standards and judgements** – The committee assessed, and was satisfied, that suitable accounting policies had been adopted and that management had made appropriate judgements and estimates.
- **Accruals** – The committee noted that the in-year continuous improvement activity had been effective, reducing overall errors identified by the National Audit Office as part of their financial statement audit. Low value accruals errors were noted as a low-risk item and appropriately mitigated through the Finance team pushing messaging across the business regarding correct accounting processes.
- **Valuation of the strategic road network** – The committee noted that the approach and application applied to the valuation of our roads and land was appropriate. They also considered the origin of the errors identified as part of the financial audit, which resulted in the need for a material correction to the original valuation calculation. They considered the root cause which led to these errors and will ensure management puts a plan in place to address any control deficiency noted.
- **Write-offs (cancellation of new smart motorway schemes)** – The committee noted that this event was accounted for as a non-adjusting post balance sheet event within the 2022-23 financial statements.
- **Dartford-Thurrock statutory accounts** – The committee reviewed and approved this set of statutory accounts, prior to publication and laying in Parliament.

Review of the Annual report and accounts

For the 2024-25 **Annual report and accounts**, a full draft was submitted for review in June 2025, prior to the Board's final approval. The committee's assessment drew on:

- the work of our Company Secretariat responsible for the report's production
- senior management confirmation that the content was fair, balanced and understandable
- the verification of core content, including KPI and key performance figures, completed by our Corporate Risk and Assurance function

Following its review, the committee was content that the 2024-25 **Annual report and accounts** was fair, balanced and understandable. On this basis, they recommended that the Board approve the final version at the July 2025 meeting.

The committee is also responsible for reviewing the final validated position on our company's performance, published separately within National Highways' **Performance monitoring statements**. The committee reviewed this document in the June 2025 meeting and recommended that the Board should also approve its publication.

The 2025 Performance monitoring statement – This contains the final validated position on our company's performance and is published separately to the **Annual report and accounts**. Following the committee's review in June 2024, it recommended that the Board should also approve its publication.

Our external auditor

In accordance with the **Framework document**, the Comptroller and Auditor General is our appointed external auditor, with the work carried out by the National Audit Office on his behalf. The National Audit Office does not provide non-audit services but is responsible for carrying out value-for-money reviews, according to their statutory responsibilities.

During the year, the committee received the National Audit Office's 2023-24 final management letter and reviewed management's response to the findings. The 2024-25 audit planning report was reviewed, and progress monitored throughout the year. The Auditor's final audit report was considered as part of the final sign-off and approval of our company's accounts in July 2025.

Use of external advisers in financial reporting, tax and related matters

We use professional firms when specialist advice is required, commissioned through our established procurement framework. This year, our company engaged Deloitte LLP to provide advice on VAT, corporation and employment tax, and to refresh our internal policies in these areas. We also used Atkins to assist in valuing the strategic road network for our financial statements.

The work of Corporate Risk and Assurance, including internal audit

Corporate Assurance's primary purpose is to provide an objective and independent opinion on the effectiveness of our internal control, risk management and governance framework. The committee approves the Corporate Risk and Assurance charter, which defines the function's purpose, authority, responsibility and position within our company.

The function combines internal audit and other assurance activities, enterprise risk management and counter fraud management.

In-year, the committee reviewed and endorsed the Corporate Risk and Assurance programme, ensuring it aligned with our company's strategic priorities and key risks. The committee discussed the outcomes from the resulting work and monitored the close-out of agreed management actions, focusing on those that were overdue. It also assesses the company's approach to the risk of economic crime, including the results of any significant investigation.

At each meeting, the Director of Corporate Assurance updates the committee on key themes and issues arising from the function's work. These included:

- project and contract management control issues and improvements

- the effective operation of key financial and HR controls
- the effectiveness of operational and non-operational hardware and software assets
- the effectiveness of first-line and second-line assurance activity

This year, the committee noted and discussed the following individual reports where unsatisfactory assurance was achieved:

- **The Privileged Access Management (PAM) internal audit** – The review highlighted the absence of an established PAM governance framework which has led to inconsistent practices, insufficient controls, and a lack of overall oversight. These gaps potentially expose the company to access and data breaches. The committee considered management's response and was content that appropriate action had been taken to minimise the risks presented.

The committee noted several projects which had red-rated reviews. All reflected weaknesses in governance and control that impaired their ability to deliver effectively. Each project was subject to a subsequent review. In most cases, the assurance rating was raised to reflect the improvements made since the original review.

We participate in the Department for Transport's management assurance process. This annual exercise evaluates whether our company operates appropriate levels of governance, risk management and internal control against a series of pre-defined categories. The committee endorsed the final submission to the Department for Transport, drawing confidence from the positive results of the exercise.

Evaluating the effectiveness of internal audit

The committee assesses the effectiveness of our internal audit provision as part of their ongoing assessment of the Corporate Risk and Assurance function.

In March 2025, the committee was satisfied that the service fully complied with the government functional standard (GovS 009).

In 2024-25, the committee Chair met with our Director of Corporate Assurance without management present to assess the role and effectiveness of the function. The Chair was satisfied that the internal audit service, together with Corporate Risk and Assurance, is operating effectively and in line with the public sector internal audit standards.

Risk management

The Board delegates oversight of our company's enterprise risk management approach to the committee, who, in turn, report their findings back to the Board. Encouraging continuous improvement, the committee noted the following enhancements achieved this year:

- embedding the company's risk appetite framework, refining risk escalation and cascade from tactical to strategic levels and vice versa
- aligning business planning activity to risk control and mitigation to strengthen risk performance, rationalising our risk exposure overall
- implementing a new risk recording system within our capital investment areas, replacing an outgrown system that was no longer fit for purpose

All company principal risks are aligned to the appropriate Board committee or the Board itself. The Audit and Risk Committee focused on:

- cyber threats, and whether there was the potential for inappropriate information, data governance, security and management to impact on achieving our business objectives
- the efficacy of the company's disaster recovery services
- the company's approach to monitoring the external environment for changes to security threats to enable quick mitigation

In all cases, the committee was satisfied that our risk processes were robust, with appropriate plans and monitoring in place.

Economic crime

The committee reviews and informs the Board about our company's whistleblowing procedures, including arrangements for investigating concerns raised. The committee also reviews the effectiveness of our company's overarching **Economic crime strategy**.

This year, the committee had oversight of the 66 referrals received via our company's whistleblowing platform, 15 of which were categorised as economic crime and fully investigated. While most resulted in no fraud upheld, the committee noted that:

- there were four attempted bank mandate frauds, which if not detected would have led to more than £2.8 million of losses to National Highways – all were identified through strong internal control, with no financial loss to the company incurred
- two employees were dismissed for gross misconduct after claiming overtime payments to which they were not entitled – the company is now recovering overpayments from these individuals

The remainder related to procedural issues which were dealt with by the appropriate part of the business.

Lessons learnt from these cases have been implemented to avoid similar events occurring in the future.

The committee relies on the work of our company's Business Ethics Committee, who monitor all aspects of economic crime and ethical behaviours across our business. Minutes from each meeting are discussed by the Audit and Risk Committee and further information requested, as appropriate. As part of this, the committee monitored:

- Commercial and Procurement's assessment of the anti-fraud capabilities of key supply chain partners
- our continued full compliance with the Cabinet Office's government functional standard for improving counter-fraud capability across government (GovS 013)
- our company's annual programme to combat the risk of modern slavery and human trafficking within our supply chain and business activities

The committee also approved the formal modern slavery statement and the programme of activity for 2025-26.

Statement on company effectiveness

Our Director of Corporate Assurance annual assurance statement offers reasonable, rather than absolute, assurance on the efficacy of risk management, internal control and governance arrangements. Information is drawn from assurance work completed by our Corporate Assurance function or from the wider business, if appropriate.

The committee discussed the 2024-25 statement as part of their year-end activities and noted the 'Moderate' assurance rating. This is based on our company's:

- sound system of internal control
- effective governance structure, which helps us carry out our activities
- maturing approach to risk management, ensuring key risks are identified and managed in line with our company's risk appetite framework

The statement notes no breaches to legislation but recognises the breach to Cabinet Office requirements, as detailed within the Directors' report on page 180.

Based on the arrangements set out above, and the information provided to the committee and our Chief Executive, the committee considers that there is a sound system of internal control, risk management and governance in place and working effectively across our company.

Rob Whiteman CBE, Audit and Risk Chair
9 July 2025

Investment Committee report

Janette Beinart, Committee Chair

Members of the committee include three 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 136.

Composition

Member	Scheduled meetings attended
Janette Beinart (Chair)	5/5
Gareth Rhys Williams	5/5
Sukhi Johal	5/5
Nick Harris	5/5
Scott Dale	4/5

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 Department for Transport's Investment Portfolio and Delivery Committee 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 Department for Transport.

The work of the committee

The committee met six times this year (five scheduled and one ad hoc). The work of the committee covered three key areas:

1. Monitoring the investment programme

At each meeting, the committee reviews capital portfolio progress and status, scrutinising capital forecasts and considering delivery risks. Throughout the year, the committee focused on:

- capital portfolio updates: regularly updating the portfolio budget (capital baseline), including adjusting for changes in scheme costs and incorporating new schemes and activities
- cost management and central risk reserve: managing cost pressures, working with the Department for Transport on investment scenarios for government's **Autumn statement**, **Spending review** and the third **Road investment strategy Statement of Available Funds** – at the same time monitoring the central risk reserve usage, carefully scrutinising and approving drawdowns from the reserve to ensure they were justified
- addressing project delays: including planning delays and legal challenges, which required adjustments to project schedules and budgets, and understanding the potential for cost increases

2. Reviewing proposed investments

The committee reviews our Executive team's investment proposals and plans for project delivery, making recommendations to the Board in line with its delegations. The committee considers value for money assessments, forecast benefits and independent review outcomes.

Throughout the year, the committee approved several major proposals for approval/consideration by the Department for Transport's Investment Portfolio and Delivery Committee.

Some of the most significant approvals included:

- A1 Morpeth to Ellingham: funding to progress the scheme following the Development Consent Order approval – note this scheme was subsequently cancelled by the government in October 2024
- A30 Chiverton to Carland Cross: approval for a construction cost increase due to various factors, enabling the project's handover to operations
- our third **Road investment strategy's** Legacy concrete roads reconstruction framework: endorsement for the development and tendering framework, covering a six year period – this national framework will manage all reconstruction work under the National Concrete Roads programme, replacing the existing framework upon its expiration
- National Roadside Telecommunications Service 3 (NRTS): approval of the outline business case to proceed to procurement by September 2024 – this will ensure continued NRTS delivery from September 2026 until 2034, with an optional extension to 2036, subject to further approvals
- A38 Derby junctions: approval of £3 million for project detail refresh and assurance, including the outline business case, to support the transition to Tier 1 – this scheme has faced ongoing legal challenges, which have now concluded

Some of the more significant approvals made or noted by the committee included:

- A1 Birtley to Coal House: approval of additional funding to increase the overall construction phase budget – the scheme opened for traffic in December 2024
- Mottram Moor and A57 Link Road: approval of full construction phase funding, allowing for the formal start of works claim within the revised **Delivery plan** commitment of quarter three 2024-25 – the scheme started works in December 2024

- M3 junction 9: approval of full construction phase funding for development, as well as approval for the emerging full business case
- M42 junction 6: approval of the construction phase budget, acknowledging significant impacts on multiple aspects of scheme delivery
- M6 Lune Gorge: approval of advanced construction phase funding for enabling works prior to full construction, early release of construction phase funding for advanced procurement of gantry cranes (subject to HM Treasury's approval), and a phase change from development phase to options phase due to scheme risks
- Specialist Professional and Technical Services 3 (SPaTS3) Framework: approval of the framework following endorsement to award a place on the SPaTS3 Framework to six suppliers for a duration of six years
- our third **Road investment strategy**: review of various options (scenarios) based on expected funding levels, including the challenges and impact of deliverability

3. Monitoring performance

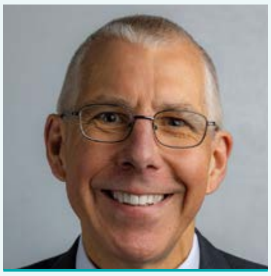
The committee sets aside time for in-depth reviews of the performance of projects and major programmes in construction. These reviews cover key areas such as forecast costs, completion dates, change control, value for money and portfolio risks.

The committee also considers emerging strategies for delivering future investment programmes and the overall performance of our supply chain.

This year, the committee specifically focused on:

- the impacts of the government's **Autumn budget statement** and **Spring spending review** on the second **Road investment strategy** programme
- the development of the company's second **Road investment strategy** narrative regarding the enhancements programme
- the progress of major projects including the Lower Thames Crossing, A12 Chelmsford to A120 Widening, A328 Black Cat to Caxton Gibbet scheme, and the National Emergency Area Retrofit (NEAR) Programme

Remuneration Committee report



Simon Blanchflower, Committee Chair

The committee is chaired by Simon Blanchflower. 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 Department for Transport's Director for Shareholdings and Corporate Sponsorship 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, the Director of HR Business Partnering and Director of Finance also attend meetings. Attendance for the committee can be found on page 136.

The consultancy firm EY are advisers to the committee on a call-off basis. In 2024–25, they provided advice on market trends for potential consideration as the committee looks forward to the third road investment period.

Composition

Member	Scheduled meetings attended
Simon Blanchflower (Chair)	5/5
Gareth Rhys Williams	4/5
Kathryn Cearns	3/3
Sukhi Johal	5/5
Rob Whiteman	2/2
Manny Lewis	1/1

The committee 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 and Non-Executive Directors, subject to the approval of our Shareholder.

The committee is also responsible for keeping the **Remuneration framework**, required under the **Framework document**, under review. Any amendments must be agreed with our Shareholder, including recommending annual performance targets.

The committee is responsible for deciding or recommending proposals for approval by the Board. It provides guidance to our Executive team on company-wide reward and incentive plans, as well as the structure of remuneration packages for senior management.

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 take into account Department for Transport 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 internal portal, supported by frequently asked questions.

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 for 2024-25 was as follows:

	Year	Salary	Performance-related pay (PRP)	Pension related	Taxable benefits[17]	Total
Nick Harris Chief Executive[18]	**2024-25**	**£375,877**	**£22,041**	**-**	**£28,386**	**£426,304**
	2023-24	£357,677	£20,406	-	£15,485	£393,568
Scott Dale Chief Financial Officer[19]	**2024-25**	**£206,574**	**£17,205**	**£20,657**	**£0**	**£244,436**
	2023-24	£12,608	£0	£1,261	£0	£13,869
Elliot Shaw[20]	**2024-25**	**£184,063**	**£23,525**	**£18,317**	**£13,257**	**£239,162**
	2023-24	£43,280	£0	£4,328	£4,210	£51,818

Note: Only the members of the National Highways Board that are also Executive Directors are captured here.

17 'Taxable benefits' amounts relate to travel expenses for secondary workplaces as defined by HM Revenue and Customs (expenses grossed up by 45%).

18 Nick Harris' 2023-24 remuneration has been restated due to a prior year misclassification within the breakdown between salary and pension related pay. Total remuneration remains the same.

19 Scott Dale was appointed interim Chief Financial Officer in March 2024, and became permanent in August 2024. The 2023-24 salary is reported from the date of joining the Board.

20 Elliot Shaw was appointed to the Board in January 2024. The 2023-24 salary is reported from the date of joining the Board.

Non-Executive Directors’ remuneration (audited)

The remuneration of Non-Executive Directors for 2024-25 was as follows:

Member	Year	Fee	Taxable benefits	Total
Gareth Rhys-Williams (Chair)[21]	**2024-25**	**£119,667**	**-**	**£119,667**
	2023-24	£0	-	£0
Janette Beinart[22]	**2024-25**	**£28,000**	**-**	**£28,000**
	2023-24	£48,000	-	£48,000
Kathryn Cearns[23]	**2024-25**	**£21,000**	**-**	**£21,000**
	2023-24	£29,000	-	£29,000
Rob Whiteman[24]	**2024-25**	**£6,925**	**-**	**£6,925**
	2023-24	£0	-	£0
Simon Wills[25]	**2024-25**	**£4,500**	**-**	**£4,500**
	2023-24	£0	-	£0
Simon Blanchflower[26]	**2024-25**	**£31,000**	**-**	**£31,000**
	2023-24	£27,250	-	£27,250
Sukhi Johal[27]	**2024-25**	**£0**	**-**	**£0**
	2023-24	£0	-	£0
Kim Shillinglaw[28]	**2024-25**	**£3,917**	**-**	**£3,917**
	2023-24	£0	-	£0
Manny Lewis[29]	**2024-25**	**£1,656**	**-**	**£1,656**
	2023-24	£0	-	£0

21 Gareth Rhys Williams joined as Chairman on 2 April 2024.

22 Jeanette Beinart had been Interim Chair from January 2024 to the end of March 2024. From April 2024 onwards, she returned to her role as the Chair of the Investment Committee.

23 Kathryn Cearns stepped down on 31 December 2024.

24 Rob Whiteman CBE joined on 1 January 2025 as Chair of the Audit and Risk Committee.

25 Simon Wills joined on 3 February 2025. A chair allowance was paid during the handover period.

26 Until the end of March 2025, Simon Blanchflower CBE was the Chair of the Board Safety Committee.

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

28 Kim Shillinglaw joined on 10 February 2025.

29 Manny Lewis joined on 10 March 2025. A chair allowance was paid during the handover period.

Chair's highlights

The committee reviewed and agreed the final outcome of the corporate KPI performance for 2024-25 and its impact on performance-related pay for all our people, including Executive Directors.

The committee also reviewed performance-related pay for the 2025-26 performance year. The scheme structure was broadly in line with prior years, with metrics to drive delivery against our **Interim year** performance specification and alignment to our company imperatives. Stretching targets were set, with a strong focus on safety and improving the experience for customers on our network.

Pay multiples (audited)

	2024-25	2023-24	Increase/ Decrease
Chief Executive	**£426,304**	£393,568	**8%**
Number of staff	**7,026**	7,051	**0%**
Lower quartile point	**1,753**	1,768	**-1%**
Lower quartile salary	**£29,600**	£28,190	**5%**
Lower quartile remuneration	**£30,000**	£28,591	**5%**
Chief Executive ratio	**14.21**	13.77	**3%**
Median point	**3,510**	3,492	**1%**
Median salary	**£39,477**	£37,597	**5%**
Median remuneration	**£40,296**	£38,349	**5%**
Chief Executive ratio	**10.58**	10.26	**3%**
Upper quartile point	**5,274**	5,294	**0%**
Upper quartile salary	**£50,908**	£49,000	**4%**
Upper quartile remuneration	**£51,833**	£49,461	**5%**
Chief Executive ratio	**8.22**	7.96	**3%**

Notes: The median remuneration of the company's staff in 2023-24 and 2024-25, as shown in the table above, is based on annualised full time equivalents. For 2024-25 this is £39,477.

The ratio between the median remuneration and the highest paid Director is 10.58. This has increased from the 2023-24 figure of 10.26.

In 2024-25, no employee received remuneration in excess of the highest paid Director. Full time equivalent remuneration ranged from £18,000 to £426,304 (2023-24: £14,552 to £393,568). These figures include performance-related pay which is subject to agreement from the Shareholder.

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 5.1% in 2024-25. (Average element for the workforce has increased by 5%).

The highest paid Director received a £22,041 performance-related pay element this year compared to £20,406 in 2023-24 (8.0% increase). (Average element for the workforce was a 7.9% 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 2025 the plan had 5179 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 0.55% 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 2025, employers' contributions of £35.6 million (2023-24 £31.6 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 1,737 employees participating in the Alpha scheme as of March 2025.

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. A full actuarial valuation was carried out as at 31 March 2020.

For the year to 31 March 2025, employers' contributions of £22.7 million (2023-24 £21.5 million) were payable to the Principal Civil Service Pension Scheme at a flat rate of 28.97%. This came into effect on 1 April 2024 and replaced the four bands that ranged from 26.6% to 30.3%.

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 earnings. Contributions due to the partnership pension account as at 31 March 2025 were £0.16 million (2023-24 £0.13 million). In addition, employer contributions of £0.005 million (2023-24 £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.

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.

Mercers both manage and administrate the scheme, with trusteeship provided by professional trustees: PAN Trustees, Independent Trustee Services and PTL. 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 9 members as of March 2025, 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 2025 (2023-24 £0.1 million).

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 7 members as of March 2025; 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 £0.1 million were paid to this section in the period to 31 March 2025 (2023-24 £0.1 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 full-time equivalent persons employed during the year was as follows:

			Year to 31 March 2025	Year to 31 March 2024
	Permanent staff	Other	Total	Total
Traffic officer staff	1,677	2	1,679	1,638
Direct support to front-line projects and service delivery	2,288	30	2,318	2,200
Staff engaged on capital projects	2,856	13	2,869	2,880
Average full time equivalent persons employed	**6,821**	**45**	**6,866**	**6,718**

During the year ending 31 March 2025, the actual full time equivalent employees decreased from 6,865 to 6,839. The average full time equivalents for the year can be seen as 6,866, which is higher than the start or end position. This is due to the cyclical nature of recruiting Early Talent in August, which increases the average. Then over the course of the following months, Early Talent from previous years roll off their schemes, with some leaving National Highways.

Permanent staff turnover for the period 1 April 2024 to 31 March 2025 was 8.2%.

Sickness absence data (unaudited)

Recorded staff absence due to sickness equated to an average of 11.7 calendar days per employee during the year (2023-24: 11.9 days) for direct employees of National Highways Ltd.

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 Principal Civil Service Pension Scheme. Ill-health related retirement costs are met by the pension scheme and are not included in the table.

	Year to 31 March 2025		Year to 31 March 2024	
	Number of compulsory redundancies	Number of other departures agreed	Number of compulsory redundancies	Number of other departures agreed
<£10,000	-	29	-	22
£10,000 - £25,000	-	4	-	3
£25,000 - £50,000	-	3	-	3
£50,000 - £100,000	-	5	-	2
£100,000 - £150,000	-	7	-	-
£150,000 - £200,000	-	2	-	-
£200,000 plus	-	2	-	-
Total number of packages	**-**	**52**	**-**	**30**
Total resource cost (£)	**-**	**2,390,670**	**-**	**322,014**

In April 2025, a restructure of National Highways' senior positions occurred. As a result, multiple S1 positions have been removed from the organisational structure, and those impacted will be 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 total resource cost.

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 2025, for more than £245 per day and that last for longer than six months

Number of existing engagements as of 31 March 2025	13
Of which:	
Number that have existed for less than one year at time of reporting	5
Number that have existed between one and two years at time of reporting	7
Number that have existed for between two and three years at time of reporting	1
Number that have existed for between three and four years at time of reporting	-
Number that have existed for four or more years at time of reporting	-

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 2024 and 31 March 2025, 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 2024 and 31 March 2025	26
Of which:	
Number not subject to off-payroll legislation	26
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 nine new engagements that joined National Highways between 1 April 2024 and 31 March 2025, who will be with us longer than six months and will earn over £245 per day. All contracts included contractual clauses giving our 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 2024 and 31 March 2025

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)	16

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

Table 4: Expenditure on consultancy and temporary staff

	Consultancy (£m)	Temporary staff (£m)	Total (£m)
National Highways	3.6	3.2	**6.8**

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

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

National Highways is the highways authority, traffic authority and street authority for England's motorways and major A-roads, known collectively as the strategic road network.

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 2025.

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 123 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 2025:

2,546 women
4,467 men
13 undisclosed

The number of employees: 7,026

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 and balance

We are committed to developing a diverse and 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 2025. Our 2023-24 gender pay gap is based on data taken on 31 March 2024, at which point we had 6,892 full-pay relevant employees. Our mean gender pay gap is 5.7%. This compares favourably to the national private sector benchmark of 18.3%, based on the Office for National Statistics' annual survey of hours and earnings. This refers to those who received a normal month's salary, excluding those on long-term sick or parental leave and employees with a change in pay that month.

Read our Gender pay gap report (2023-24).

Employee networks

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

- 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. We know that, with the right initiatives in place, we will be able to further reduce our pay gap and make positive changes to support our people.

6,839 full time equivalent employees in our organisation.

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

9% attrition rate over the last 12 months with employees leaving our organisation.

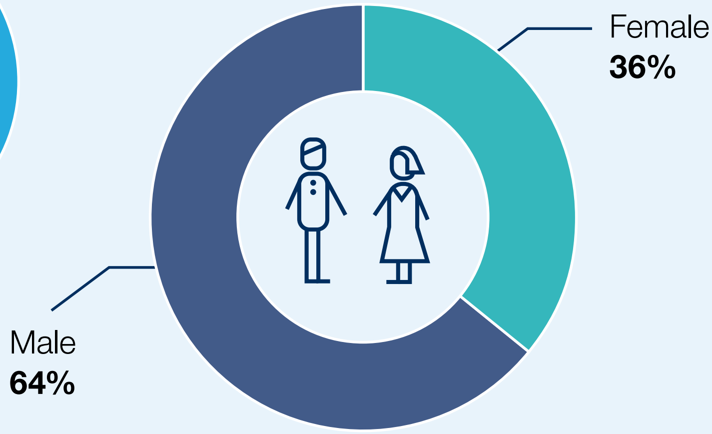
Gender

1.5% of our organisation hold senior roles

25.8% of our organisation are line managers

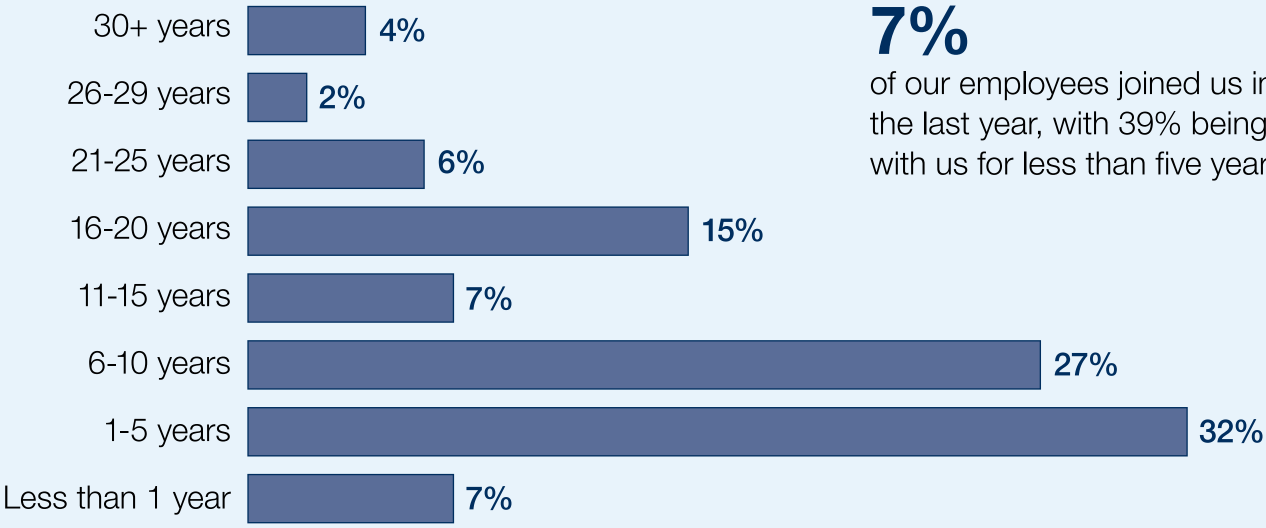
Women accounted for **33%** of our senior managers and men for 67%

Gender split across our organisation



13% of women work part time and **6%** of men work part time

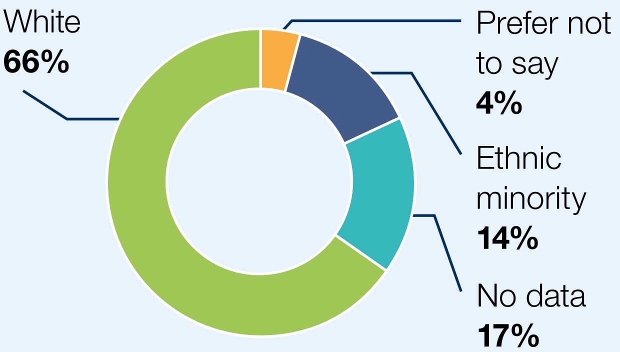
Length of service



7% of our employees joined us in the last year, with 39% being with us for less than five years.

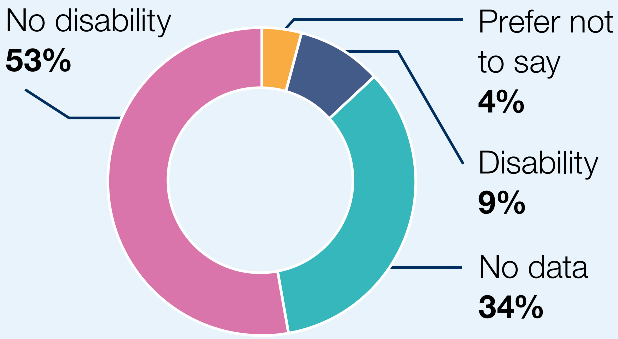
Diversity as at 31 March 2025

Ethnic diversity



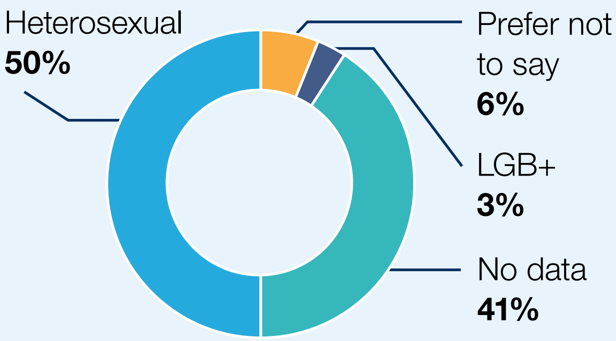
Of our total workforce, 14% have declared as ethnic minorities, which increased by 1% since last year.

Disability



Of our total workforce, 9% have declared as disabled, which has increased by 4% since 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 116.

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 49 to 66.

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 117.

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 11 to 19.

Charitable and political contributions

Our company made no charitable or political contributions in 2024-25.

Results, going concern, share capital and dividend

We have prepared our company's financial statements for the reporting period ending 31 March 2025 in accordance with UK-adopted international accounting standards. The audited financial statements for this period are set out from page 197.

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 118.

The financial statements have been prepared on a going concern basis and note 11 to the financial statements (see page 245) 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 238).

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 ever-increasing digital world, the security of our digital environment is paramount. We emphasise that cyber security is not just a responsibility within Digital Services or the Senior Executive, but a collective commitment shared by every member of our organisation. In today's interconnected world, safeguarding our systems, data and operations is essential for the safety and success of all our people. We recognise that each of us plays a crucial part in maintaining our cyber defences. By being vigilant, informed, and proactive, we contribute to a safer workplace. Our commitment is to foster a culture where security is ingrained in our daily activities, empowering every employee to act as a guardian of our digital ecosystem.

To reinforce this commitment, we pledge to:

- **Promote comprehensive security training:** We will ensure that all employees have access to thorough and ongoing cyber security training. This will equip our people with the knowledge and skills necessary to recognise threats, follow best practices, and respond effectively to incidents.
- **Support and adhere to security policies:** We expect everyone to understand and comply with our security policies. These policies are designed to protect our people, data, and infrastructure. Adherence to these guidelines is non-negotiable and critical to our collective security.
- **Encourage transparency and reporting:** We believe in an open and honest environment where our people can report security incidents without fear of consequence. Timely reporting is vital to our ability to respond to and mitigate potential threats. Vigilance and honesty are key components of our security strategy.
- **Lead by example:** Executives are committed to leading by example. We will uphold the highest standards of security practices and demonstrate the importance of these measures through our actions and decisions.

Our goal is to create a resilient and secure organisation, where every individual feels confident as a defender against cyber threats, to maintain a secure future for National Highways and our road network. We urge all our people to take this commitment to heart, participate in our training, follow our security policies diligently, and report any suspicious activities immediately. Engagement and collaboration are invaluable to our collective safety and success. Thank you to all our people for the unwavering support and dedication to making National Highways a safer and secure place for all.

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 2024-25.

Conflicts of interest

We have established procedures in place, in accordance with our company's **Articles of association**, to ensure compliance with our 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 is, however, appropriate to disclose that Kathryn Cearns was a Director of Department for Transport OLR Holdings Ltd and was a member of the Department for Transport's Group Audit and Risk Committee. It should also 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 member of the Lower Thames Crossing Programme Committee.

Information Commissioner's Office

During 2024-25 we made three formal personal data reports to the Information Commissioner's Office. In each case, the Information Commissioner's Office considered the information provided and decided not to take action.

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 in the course of their decision making over the year as set out on pages 134 to 140.

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 132.

In-year, there was one non-compliance issue of HM Treasury or Cabinet Office requirements. In August 2024, a retrospective application for approval for an IT contract extension was submitted to the Cabinet Office Digital and Technology Joint Approval Review panel. The panel recognised this was an administrative failure, prompted by the business failing to understand the guidance, rather than a fundamental weakness in the control environment and approved accordingly. Internally, a tightening of the IT procurement process will now ensure no future breaches of this kind occur.

Accounting Officer's responsibilities statement

The Permanent Secretary of the Department for Transport appointed Nick Harris as Accounting Officer for our company. 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.

Events after year-end

Following the June 2025 Spending review, government took the decision to cancel two planned schemes. The schemes affected are the A12 Chelmsford to A120 aimed at widening the road between junctions 19 and 25 and the A47 Wansford to Sutton to upgrade to dual carriageway. Further details can be found on page 248.

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 9 July 2025.

It is signed by:

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

Independent Auditor's report and financial statements

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 2025 which comprise National Highways':

- Statement of Financial Position as at 31 March 2025
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended
- 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 National Highways' affairs as at 31 March 2025 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
- 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 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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that 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 those for the Interim Settlement for 2025-26 and plans for the development of the Road investment strategy (RIS) period 3 covering funding to 2031.

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 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 entity's 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 directors 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 153 to 159. 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 £149.2 billion as at 31 March 2025 (31 March 2024: £156.4 billion). The valuation comprises an estimate of the depreciated replacement cost of the SRN, to reflect its fair value in the absence of income or market-based sources. 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 valuation of the SRN has decreased, with approximately £3.6 billion of capital additions offset by reductions in value due to adjustments to assets under construction and depreciation. Revaluation decreased the value of the SRN by £9.1 billion. This was made up of:

- a £14.9 billion decrease resulting from the revaluation of roads and land
- a £1.7 billion downward adjustment to the value of assets under construction
- a £4.7 billion increase due to movement in the IOPI index used to index roads, structures and technology assets
- a £2.3 billion increase due to reduction of a technical valuation adjustment
- £0.5 billion in increases due to dimensional variances and other indices used in the valuation

The SRN valuation contains multiple areas of judgement and estimation uncertainty. I treat this matter as a significant matter for audit because of the inherent complexity and estimation uncertainty. Significant audit effort is involved in addressing risk around asset volumes, costing rates, indexation and assumptions, as well in assessing management's methodology and testing the application of the valuation model. Although I assessed the measurement of condition-based depreciation to represent a less significant risk of material misstatement than other aspects of the depreciated replacement cost estimate, it forms part of this key audit matter because it had a significant impact on the allocation of resources in the audit.

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
- the use of the "greenfield" assumption, which assumes that any replacement for the SRN would be built on empty land

As at 31 March 2025, management carried out a quinquennial review (QQR) of land and road assets (net book value of £104 billion at 31 March 2025). For roads, this involved an exercise to identify modern equivalent road assets from recent construction schemes, extract cost data for each type of road constructed in those schemes, and use this to derive average cost rates for each type of road making up the SRN. For land, the approach involved obtaining expert advice on appropriate cost rates for the various areas and regions, split by urban or rural status, and applying these rates to the actual areas of land that make up the SRN. The valuation approach for structures, such as bridges, which were not subject to a QQR in the year, involved adjusting the cost rates used in the valuation to reflect movements in relevant indices.

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 quality of source data in the underlying databases
- the reasonableness of costing rates and cost indexation applied in-year
- the reasonableness of other key assumptions, including the greenfield assumption, the land compensation uplift and the assumed level of preparation and supervision costs among others
- 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 engaged an expert to assist in reviewing the methodology and assumptions applied by management in performing the QQR on roads and land to confirm that they were appropriate and reperformed management's valuation model to ensure all data inputs were properly reflected in the valuation. I also engaged experts to perform a sample test 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 engaged an expert to evaluate a sample of road and structure assets to confirm that the condition-based depreciation methodology has been consistently and correctly applied and that the depreciation adjustment reflects the underlying condition data.

I also assessed 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

In concluding my audit work on the SRN, I found management's key assumptions 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 consistent with the evidence obtained.

As a result of my audit National Highways posted material adjustments of £19.8 billion to correct errors in calculating the costing rates used for the road valuation and further immaterial adjustments, including £1.0 billion to correct an error in the application of location factors for roads and structures.

I did not identify any unadjusted material misstatements in the valuation of the 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 £617.0 million as at 31 March 2025 (2024: £539.5 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 increased by £77.5 million from the prior year due primarily to the Lower Thames Crossing scheme moving to the next stage of recognition, offset by derecognitions relating to cancelled schemes.

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
- reviewed the accounting treatment of provisions and contingent liabilities against IAS 37
- challenged the reasonableness of significant write-backs
- engaged an auditor's expert to evaluate a sample of underlying land and property valuations, including review of underlying assumptions and methodology
- 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 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 £149.2 billion (2023-24: £156 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 adjusted net expenditure of £5.2 billion (2023-24: £5.0 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.

Against my overall materiality level, I set performance materiality at 75% of materiality for the 2024-25 audit (2023-24: 75%). In determining performance materiality, I have considered the relatively 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 2023-24. In determining performance materiality, I have considered the level of uncorrected misstatements identified during the 2023-24 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. An example is any error 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 and Risk 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 decreased net expenditure by £52.3 million.
- against my additional materiality level have increased net expenditure by £15.3 million.

Audit scope

The scope of my audit was determined by obtaining an understanding of National Highways and its environment, including 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

- 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
- information about 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 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 179
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out from page 179

- Directors' statement on fair, balanced and understandable set out on page 133
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 110
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 154
- the section describing the work of the audit and risk committee set out on page 153

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
- assessing 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 intend to liquidate the entity or to cease operations, or have 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 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 National Highways' policies and procedures on:
  - identifying, evaluating and complying with laws and regulations
  - detecting and responding to the risks of fraud
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including National Highways' controls relating to 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
  - they had knowledge of any actual, suspected, or alleged fraud
- discussed with the engagement team and the relevant internal and external specialists, including engineering, property 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 National Highways for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. 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 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
- 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.

Alex Macnab

Alexander Macnab, Senior Statutory Auditor

16 July 2025

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 2025

- 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 Bridge House, 1 Walnut Tree Close, Guildford, Surrey GU1 4LZ.

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 2025

	Note	Year to 31 March 2025 £000	Year to 31 March 2024 £000
Staff costs	3	194,407	178,429
Maintenance and similar activities		612,337	557,231
Interest on private finance initiative (PFI) finance leases	7.5.2	77,736	84,054
PFI service charges	7.5.3	501,396	436,865
Depreciation and amortisation	6.1, 6.4	1,362,738	1,508,435
Impairment	6.1, 6.4, 6.5	431,865	191,304
Loss on sale of assets including detrunking	6.2	20,753	421,921
Other expenditure	4	146,020	180,789
Operating income	2	(56,975)	(63,240)
Net expenditure before taxation		**3,290,277**	**3,495,788**
Taxation charge	5	-	-
Net expenditure after taxation		**3,290,277**	**3,495,788**
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	9,811,134	1,082,008
Total comprehensive expenditure (income) for the period		**13,101,411**	**4,577,796**

The accounting policies and notes on pages 204 to 260 form part of these accounts.

Statement of Financial Position as at 31 March 2025

	Note	Year to 31 March 2025 £000	Year to 31 March 2024 restated £000	01 April 2023 restated £000
Non-current assets				
Property, plant and equipment	6.1	149,279,847	157,401,513	157,032,250
Intangible assets	6.4	280,169	43,463	33,135
Trade and other receivables	7.2	3,747	5,330	7,661
Total non-current assets		**149,563,763**	**157,450,306**	**157,073,046**
Current assets				
Assets classified as held for sale	6.5	9,939	7,552	10,716
Inventories	6.6	78,270	59,577	49,006
Trade and other receivables	7.2	334,663	322,665	258,820
Cash and cash equivalents	7.1	79,627	1,700	(28,025)
Total current assets		**502,499**	**391,494**	**290,517**
Total assets		**150,066,262**	**157,841,800**	**157,363,563**
Current liabilities				
Trade and other payables	7.3	1,069,236	1,021,715	1,021,374
Provisions	7.4	290,051	251,184	173,872
Total current liabilities		**1,359,287**	**1,272,899**	**1,195,246**
Non-current assets less net current liabilities		**148,706,975**	**156,568,901**	**156,168,317**
Non-current liabilities				
Provisions	7.4	375,137	329,446	245,406
Other payables	7.3	941,328	1,043,534	1,157,194
Total non-current liabilities		**1,316,465**	**1,372,980**	**1,402,600**
Assets less liabilities		**147,390,510**	**155,195,921**	**154,765,717**

	Note	Year to 31 March 2025 £000	Year to 31 March 2024 restated £000	01 April 2023 restated £000
Taxpayers' equity				
Share capital		-		-
Capital contributions		49,084,434	49,084,434	49,084,434
Retained earnings		17,654,966	15,509,170	13,627,436
Revaluation reserve		80,651,110	90,602,317	92,053,847
Total taxpayers' equity		**147,390,510**	**155,195,921**	**154,765,717**

The accounting policies and notes on pages 204 to 260 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 9 July 2025, and were signed on its behalf by:

Nick Harris, Chief Executive

Company registered number: 09346363.

Statement of Cash Flows for the year ended 31 March 2025

	Note	Year to 31 March 2025 £000	Year to 31 March 2024 restated £000
Cash flows from operating activities			
Net operating cost		(3,290,277)	(3,495,788)
Adjustments for non-cash transactions:			
Depreciation and amortisation	6.1, 6.4	1,362,738	1,508,435
Loss on sale of fixed assets		20,753	421,921
Net increase/(decrease) in resource provisions	7.4	3,165	33,234
Programme impairments		431,864	191,304
Interest on leases	7.5.1	1,007	1,638
(Increase)/decrease in inventories	6.6	(18,693)	(10,571)
(Increase)/decrease in trade and other receivables	7.2	(10,415)	(61,514)
Increase/(decrease) in trade and other payables	7.3	(54,685)	(113,319)
Less movement in payables relating to items not passing through the SoCNE	7.5.1	(5,082)	14,155
Use of resource provisions	7.4	(2,927)	(5,861)
Adjustment for capital element of PFI payments	7.5.2	104,246	97,928
Net cash outflow from operating activities		**(1,458,306)**	**(1,418,438)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6.1	3,669,163	(3,585,163)
Use of capital provisions	7.4	(57,868)	(81,993)
Non-cash movement on creation of IFRS 16 asset		19,402	8,062
Purchase of intangible assets - cash additions	6.4	(81,287)	-
Proceeds on disposal of assets		6,535	4,951
Capital element of movement in provisions	7.4	143,035	215,971
Net cash outflow from investing activities		**3,639,346**	**(3,438,172)**
Cash flows from financing activities			
Capital contribution from Shareholder: current year		5,296,000	5,008,000
Capital element of payments in respect of on balance sheet PFI contracts	7.5.2	(104,246)	(97,928)
Payment of lease liabilities	7.5.1	(16,175)	(23,737)
Net financing		**5,175,579**	**4,886,335**
Net (decrease)/increase in cash and cash equivalents in the year		**77,927**	**29,725**
Cash and cash equivalents at the beginning of the year	**7.1**	**1,700**	**(28,025)**
Cash and cash equivalents at the end of the year	**7.1**	**79,627**	**1,700**

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2025

	Note	Capital contributions £000	Retained earnings £000	Revaluation reserve £000	Total equity £000
Balance at 1 April 2023		**50,381,139**	**12,330,731**	**92,053,847**	**154,765,717**
Prior period correction		(1,296,705)	1,296,705		
Balance at 1 April 2023 restated		49,084,434	13,627,436	92,053,847	154,765,717
Changes in taxpayers' equity for 2023-24					
Net (loss)/gain on remeasurement of property, plant and equipment		-	-	(1,082,008)	(1,082,008)
Transfers between reserves		369,522	-	(369,522)	-
Transfers between reserves correction		(369,522)	369,522		
Net comprehensive expenditure after taxation for the year		-	(3,495,788)	-	(3,495,788)
Total recognised income and expenditure for the year ended 31 March 2024 restated		**49,084,434**	**10,501,170**	**90,602,317**	**150,187,921**
Funding from Shareholder		-	5,008,000	-	5,008,000
Balance at 31 March 2024 restated		**49,084,434**	**15,509,170**	**90,602,317**	**155,195,921**
Changes in taxpayers' equity for 2024-25					
Net (loss)/gain on remeasurement of property, plant and equipment	6.2.iii.b	-	-	(9,811,134)	(9,811,134)
Transfers between reserves		-	140,073	(140,073)	-
Net comprehensive expenditure after taxation for the year		-	(3,290,277)	-	(3,290,277)

	Note	Capital contributions £000	Retained earnings £000	Revaluation reserve £000	Total equity £000
Total recognised income and expenditure for the year ending 31 March 2025		**49,084,434**	**12,358,966**	**80,651,110**	**142,094,510**
Funding from Shareholder		-	5,296,000	-	5,296,000
Balance at 31 March 2025		**49,084,434**	**17,654,966**	**80,651,110**	**147,390,510**

Notes to the financial statements

1. Significant changes in the current period

Since 2015, our annual revaluation adjustments under IAS 16 were incorrectly classified as capital contributions instead of being recorded against retained earnings. This oversight misallocated £1.7 billion within equity, even though total equity remained unchanged. We have now restated the prior year's balance to correctly reflect the makeup of equity in line with IFRS requirements. Further details are provided in note 20.

We have restated the prior year cash flow statement to correctly reclassify £81,993,000 cash outflows for the use of capital provisions from operating activities to investing activities.

Otherwise there were no significant events or transactions that particularly affected the financial position and performance of the company during the reporting period. For a review of the company's performance and financial position please see the financial summary on pages 11 to 19.

To understand how our funding ties into our financial accounts see note 23.

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
- contibutions for administrative costs associated with third party projects
- other income relating to income from short-term lettings, income from vehicle recoveries on the network, grant income and Memorandum of Understanding income received from government departments for the use of office space

	Year to 31 March 2025	Year to 31 March 2024
	£000	£000
Operating income analysed by classification and activity is as follows:		
Recoveries from third parties for damage to the SRN	(22,329)	(22,356)
Contribution to road schemes	(5,429)	(12,775)
Project administration contribution	(8,850)	(5,167)
Other income	(20,367)	(22,942)
Total operating income	**(56,975)**	**(63,240)**

The revenue recognition principles for each of the major revenue streams are outlined below and, while the company does not have customers in the traditional sense, it has applied the principles of IFRS 15 (revenue recognition) where appropriate.

Recovery from third parties for damage to the SRN: The company considers that incidents resulting in damage to the SRN give rise to a contingent asset under IAS 37. At the point of the incident, while a reimbursement from the responsible party is possible, it is not yet considered certain, and therefore no asset is recognised.

A receivable and corresponding income are recognised only when it becomes virtually certain that reimbursement will be received, typically when the responsible party's insurer confirms liability and agrees to settle the claim. At this stage, the criteria for asset recognition under IAS 37 are met, and the contingent asset is reclassified as a recognised receivable.

Contribution to road schemes: This relates to contributions to projects from third parties. Contributions are received from developers or local authorities who require us to tailor our schemes in line with the needs of their own development projects. Revenue fluctuates dependent upon the number and size of developments taking place alongside our programme and is apportioned based upon the percentage of construction completed. This aligns with accounting standards which require income to be systematically recognised over a period to match it with related costs.

Project administration contribution: These relate to contributions to schemes from third parties under Section 274/278 contracts (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 15 section 35(b), whereby revenue is recognised over time as the asset is created or enhanced.

Other income: This relates to various less material revenue streams including: income relating to vehicle recovery; short term property lettings; grant income and income from Memorandum of Understanding agreements with government departments. Income is recognised in the period in which the relevant performance obligations are satisfied.

Operating income is stated net of recoverable VAT and is measured at the fair value of the consideration received or receivable.

3. Staff costs

			Year to 31 March 2025	Year to 31 March 2024
	Permanent staff	Other	Total	Total
	£000	£000	£000	£000
Wages and salaries	327,815	3,679	331,494	310,085
Social security costs	35,685	-	35,685	30,904
Other pension costs	45,189	-	45,189	41,949
Total gross costs	**408,689**	**3,679**	**412,368**	**382,938**
Capitalised staff costs	(215,927)	(1,961)	(217,888)	(204,364)
Less recoveries in respect of outward secondments	(73)	-	(73)	(145)
Total net costs	**192,689**	**1,718**	**194,407**	**178,429**

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 risen by £29 million (8%), which is driven by increases in social security costs, pension contributions and the annual pay award.

During the year ended 31 March 2025, the number of full-time equivalent (FTE) employees decreased slightly from 6,865 at the beginning of the year to 6,839 at year-end.

The average FTE for the year was 6,866, which is marginally higher than both the opening and closing positions. This reflects the cyclical nature of Early Talent recruitment, which typically peaks in August. At that point, a new cohort of graduates and apprentices joins the organisation, temporarily increasing headcount. Over the following months, individuals from previous Early Talent intakes complete their programmes, with some choosing to leave National Highways, contributing to the year-end reduction.

Expenditure relating to Director remuneration can be found within the remuneration report on page 165.

Performance-related bonuses

At year-end, each employee's performance has not been formally assessed and consequently the pay increases and bonus payments for the year to 31 March are not yet known. However, the work has been completed and therefore a liability is created. The value of the bonuses to be paid is estimated and accrued based on all information that is available including: company performance forecasts; previous employee performances; and performance-related pay scheme details. This is in accordance with accounting standard IAS 19 (employee benefits).

Holiday pay

Employees of the company have different holiday leave year-end dates based on their date of employment. As leave is used during the year at different times compared to a straight line accrual, at 31 March there is an element of leave that is owed either by the company to employees or owed by employees to the company. The cost of leave earned but not taken by employees is recognised in the financial statements. National Highways operates a holiday trading policy which allows employees to 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 voluntary redundancy. Amounts payable are charged on an accruals basis to staff costs in net expenditure when the company is formally committed to ending an employment contract.

During the year 52 departures were agreed at a cost of £2.4 million. 16 of these departures followed a restructure of National Highways' senior positions and accounts for £2.2 million of the total.

4. Other expenditure

	Note	Year to 31 March 2025 £000	Year to 31 March 2024 £000
Information technology		67,360	71,813
Research and development expenditure		9,317	11,212
Rates and building costs		29,411	29,684
Provisions expenditure	7.4	3,684	33,913
Short term leases		2,985	3,144
Interest under IFRS 16	7.5.1	1,007	1,638
Travel and subsistence		4,155	3,604
Traffic management vehicle costs		4,856	5,119
Recruitment and training		5,519	7,693
Consultancy		3,566	2,471
Communication		(199)	56
Stationery		925	775
Other		13,434	9,667
Total		**146,020**	**180,789**

The majority of our expenditure on information technology relates to software purchases, hardware and software maintenance. This has decreased slightly on last year (6%).

Provision expenditure has decreased, largely due to a lower liability being recognised for new red claim cases compared to the previous year.

Excluding VAT, the auditor fee of the Comptroller and Auditor General for the year ending 31 March 2025 is £429,650 (2023–24 £355,000); and Dartford-Thurrock River Crossing Charging Scheme is approximately £90,000 (2023–24 £92,500). This amount is included in 'Other' above.

Expenditure on research is not capitalised. Development expenditure that does not meet criteria for capitalisation is also treated as an expense and shown in net expenditure in the year in which it is incurred.

5. Corporation tax

From a corporation tax perspective, the company is not trading with a view to profit. The contributions received from the Department for Transport (DfT) in relation to the company's principal activity of managing the SRN are not chargeable to corporation tax.

The company is only liable for corporation tax in relation to income earned from business activities. Business activities for the company are non-statutory obligations where the company is in competition with other providers. Income from business activities does not include the sale of properties purchased as a part of road schemes.

National Highways made a small taxable income this year which was offset by expenditure to create a loss making position.

	Year to 31 March 2025	Year to 31 March 2024
	£000	£000
a) Analysis of the tax charge/(credit)		
Current taxation	-	-
UK corporation tax	-	-
Adjustments in respect of prior years	-	-
b) Factors affecting the tax (credit)/charge for the year		
As National Highways has made a loss there is no corporation tax payable		
The differences are explained below:		
Net expenditure on ordinary activities	(3,290,277)	(3,495,788)
Net expenditure on ordinary activities multiplied by standard rate of corporation tax in the UK	(625,153)	(664,200)
Effect of:		
Income and expenditure not subject to corporation tax	625,153	664,200
Non taxable grant funding		

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in net expenditure except to the extent that it relates to items recognised in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the current taxable income or loss for the year, using tax rates enacted at the balance sheet date and any adjustment to tax payable in relation to previous years.

Current corporation tax rates came into effect from 1 April 2023. There is no longer a single corporation tax rate. Companies with profits above £250,000 are charged at a main rate of 25%. Companies with profits between £50,000 and £250,000 are charged at the main rate but see this reduced by marginal relief. A lower charge of 19% is used for companies with profits of £50,000 or less.

The company has no deferred tax as business activity is minimal.

6. Non-financial assets and liabilities

This note provides information about the company's non-financial assets and liabilities. This covers:

- 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-network 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

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	**176,141,083**	**272,630**	**279,377**	**155,893**	**192,258**	**212,026**	**10,553**	**112,475**	**177,376,295**
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	(10,504,775)	-	190,174	5,118	8,265	2,989	177	-	(10,298,052)
Impairment – charged to SoCNE	(422,830)	(5,170)	(111)	-	-	-	-	-	(428,111)
Impairment – charged to revaluation reserve	-	-	(67)	-	-	-	-	-	(67)
Transfers of AUC	(7,192)	(24,332)	6,249	114	1,166	17,502	6,493	-	-
Reclassification	4,480	(178,722)	(3,852)	-	(2,779)	-	-	-	(180,873)
At 31 March 2025	**168,761,500**	**127,902**	**470,912**	**160,879**	**198,185**	**216,652**	**17,223**	**129,136**	**170,082,389**
Depreciation and impairment									
At 1 April 2024	**19,737,521**	**-**	**-**	**65,798**	**-**	**102,545**	**9,628**	**59,290**	**19,974,782**
Charged in year	1,299,443	-	-	4,793	-	20,722	1,061	19,381	1,345,400
Disposals	(10,550)	-	-	(197)	-	(15,423)	-	(4,485)	(30,655)
Revaluation	(490,023)	-	-	1,192	-	1,671	174	-	(486,985)
At 31 March 2025	**20,536,391**	**-**	**-**	**71,586**	**-**	**109,515**	**10,863**	**74,186**	**20,802,542**
Net book value									
At 1 April 2024	156,403,562	272,630	279,377	90,095	192,258	109,481	925	53,185	157,401,513
At 31 March 2025	**148,225,109**	**127,902**	**470,912**	**89,293**	**198,185**	**107,137**	**6,360**	**54,950**	**149,279,847**

2023-24

	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 2023	**175,040,498**	**248,526**	**283,022**	**125,947**	**158,754**	**251,809**	**10,592**	**104,600**	**176,223,748**
Capital additions	3,382,440	194,458	-	-	-	-	-	8,265	3,585,163
Disposals	(469,604)	-	(191)	(781)	(171)	(50,344)	-	(390)	(521,481)
Revaluation	(1,715,987)	962	14,874	1,293	14,232	4,566	-	-	(1,680,060)
Impairment – charged to SoCNE	(62,049)	(117,379)	(8,596)	-	(3,155)	-	(39)	-	(191,218)
Impairment – charged to revaluation reserve	-	-	(16,082)	-	(6,019)	-	-	-	(22,101)
Reclassification	(34,215)	(53,937)	6,350	29,434	28,617	5,995	-	-	(17,756)
At 31 March 2024	**176,141,083**	**272,630**	**279,377**	**155,893**	**192,258**	**212,026**	**10,553**	**112,475**	**177,376,295**
Depreciation and impairment									
At 1 April 2023	**18,956,650**	**-**	**-**	**59,681**	**-**	**130,602**	**8,904**	**35,661**	**19,191,498**
Charged in year	1,449,830	-	-	6,350	-	19,554	758	23,817	1,500,309
Disposals	(46,359)	-	-	(508)	-	(49,783)	-	(188)	(96,838)
Revaluation	(622,600)	-	-	275	-	2,172	-	-	(620,153)
Impairment – charged to SoCNE	-	-	-	-	-	-	(34)	-	(34)
Impairment – charged to revaluation reserve	-	-	-	-	-	-	-	-	-
At 31 March 2024	**19,737,521**	**-**	**-**	**65,798**	**-**	**102,545**	**9,628**	**59,290**	**19,974,782**
Net book value									
At 1 April 2023	156,083,848	248,526	283,022	66,266	158,754	121,207	1,688	68,939	157,032,250
At 31 March 2024	**156,403,562**	**272,630**	**279,377**	**90,095**	**192,258**	**109,481**	**925**	**53,185**	**157,401,513**

6.2. SRN

	Roads	Land	Structures	Technology	AUC	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2024	**102,847,752**	**16,013,884**	**49,406,830**	**4,625,051**	**3,247,566**	**176,141,083**
Reclassifications	-	-	-	-	4,480	4,480
Capital additions	784,727	-	308,780	-	2,491,028	3,584,536
Revaluation	(8,715,013)	(2,908,868)	2,432,298	379,771	(1,692,963)	(10,504,775)
Disposal and derecognition	(4,902)	(67)	(28,833)	-	-	(33,802)
Impairment	-	-	-	-	(422,831)	(422,831)
Transfer of AUC	219,768	24,885	178,173	79,822	(509,839)	(7,191)
At 31 March 2025	**95,132,332**	**13,129,834**	**52,297,248**	**5,084,644**	**3,117,441**	**168,761,499**
Accumulated depreciation						
At 1 April 2024	4,968,931	-	11,933,344	2,835,247	-	19,737,522
Charged in year	883,905	-	246,846	168,692	-	1,299,443
Revaluation	(958,283)	-	312,755	155,505	-	(490,023)
Disposal and derecognition	(372)	-	(10,178)	-	-	(10,550)
At 31 March 2025	**4,894,181**	**-**	**12,482,767**	**3,159,444**	**-**	**20,536,392**
Net book value						
At 1 April 2024	97,878,821	16,013,884	37,473,486	1,789,804	3,247,566	156,403,561
At 31 March 2025	**90,238,151**	**13,129,834**	**39,814,481**	**1,925,200**	**3,117,441**	**148,225,107**

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 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 depreciated replacement cost 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.

National Highways undertakes a full valuation of each of the high-level SRN elements (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 modelling and statistics. The five-yearly valuation, known as a quinquennial review (QQR), is undertaken in accordance with the general principles of the Appraisal and valuation manual (Red Book) of the Royal Institution of Chartered Surveyors (RICS).[30]

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 Roads and Lands was undertaken in 2024–25. This review implemented updates to our roads and land rates to reflect the current market, changes to how we derive our land volumes for valuation and smaller updates to how our depreciation is calculated and 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 special structures, structures and roadside technology are due in March 2026, March 2028 and March 2029 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 any benefits users of these statements would get.

30 The Red Book contains global mandatory rules, best practice guidance and related commentary for all cost estimators undertaking asset valuations and is clear that valuations for inclusion in financial statements must comply strictly with the financial reporting standards adopted by the company.

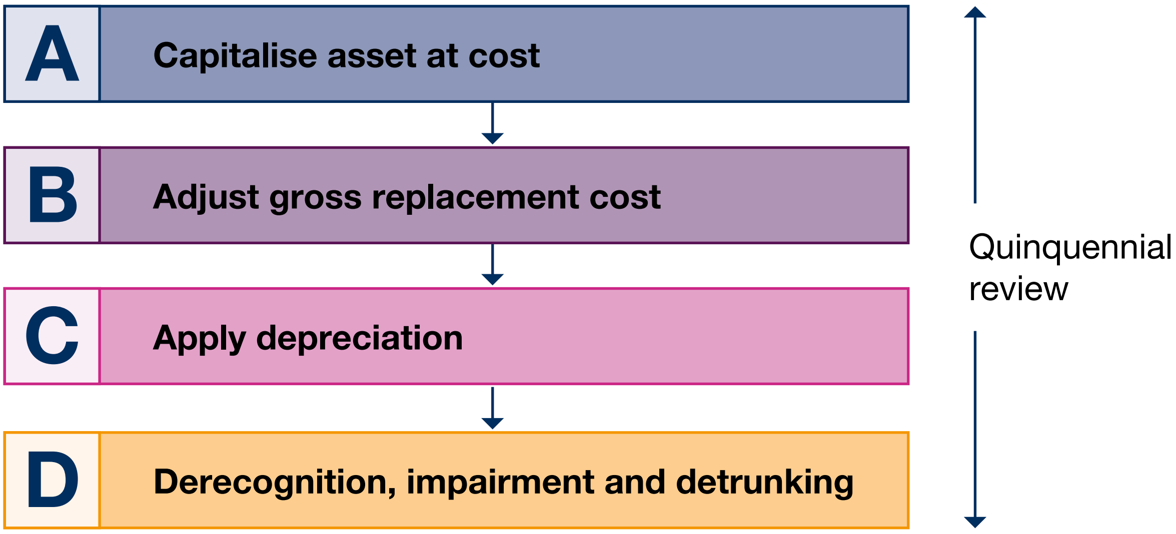
ii) Standard costing rates:

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. Following changes adopted during the 2024-25 QQR parcels of land are now established using the companies 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, as the company is entitled to use this land in perpetuity, 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, such as the Dartford Thurrock River Crossing, 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 is used to inform the valuation. Special structures have a net value of approximately £4 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:



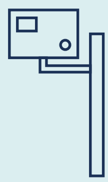
A

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

The company has invested £2,491 million (2023-24 £2,251 million) on capital enhancements in the period. This includes investment in major projects, delivery of the Designated Funds programme and delivering safety and congestion relief schemes.

In addition, we have invested £1,094 million (2023-24 £826.9 million) in capital renewal schemes. Renewal schemes replace the service potential of the SRN, and expenditure is therefore deemed capital expenditure.

Renewal schemes are usually small (less than £10 million) and usually completed within 6 to 18 months. The most significant additions during the period included the M27 junctions 5-7 concrete overlay (£44.5 million) and the M1 junction 43-48 concrete central barrier construction project (£34.9 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.[31] 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, the company applies an annual greenfield revaluation adjustment to AUC to bring it back to its depreciated replacement cost.

The company applies revaluation percentages, 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.

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.

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 a 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 has been updated as part of this years QQR.

Indexation – Indices are applied in the years between QQRs to ensure the final valuation is at depreciated replacement cost.

31 VAT is non-recoverable on 'greenfield' site expenditure so the depreciated replacement cost includes non-recoverable VAT of 20%.

Indexation of the SRN valuation is applied as follows:

Unit cost	Indexation determination
Roads and structures	The Implied Output Price Index (IOPI) - for New Infrastructure Construction 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 by the company 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	The 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 downwards by £10.0 billion (2023-24 £1.1 billion downwards):

- The IOPI for the year has moved upwards from 105.9 to 109.9, an increase of 3.77% resulting in a revaluation upwards of around £4.7 billion. In addition the House Price Index generally increased across the country, with a total upwards revaluation of land of £0.4 billion.
- 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 £1.0 billion.
- During the year to 31 March 2025, the valuation of the asset increased £0.2 billion through dimensional variance. 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.
- During the 2024-25 financial year, a full revaluation of Land and Roads was carried out which revalued the network downwards by £14.9 billion. The key changes made during the QQR included:
  - **Road rates:** Updated road rates were developed by our valuation partner, who reviewed actual cost data from major road schemes completed since the last road rate review. A review of all completed schemes in this period identified six schemes that had sufficiently relevant and reliable data on construction costs to be used in the development of these new rates.

The construction costs of schemes may not always represent the typical greenfield site assumption which is the basis for the calculation of the gross replacement cost. Therefore, often subjective, valuation judgements, assumptions and adjustments are made by our valuers in calculating the final rates.

The update to road rates has led to around a 14% decrease in rate for each road design type. The main drivers for this were reduced project overhead costs in the latest schemes, as well as a change in methodology around how all 33 road rates are extrapolated from the projects reviewed.

- **Land rates:** Up to date land rates were provided by the Valuation Office Agency's District Valuer Services (DVS) team. The rates are based on current market information from recent sales and are valued to reflect typical urban and rural values for each location. As the value of land can vary within an area, the valuer's judgement has been used to determine what constitutes a typical parcel of land within each area.

  The new urban land rates have been provided at upper tier local authority level rather than at the sub regional level we had previously. This provides more accuracy, ensuring we value our land take at a more granular level with more relevance to where the land is located.

  The impact of that change, as well as a fall in land values, was around a 20% reduction in the valuation of land.

- **Preparation and supervision and lands compensation:** A preparation and supervision uplift is required to cover the cost of preparatory works and supervision costs which are not specific to the cost of construction and as such is not factored in to the road rates.

  Likewise, the lands compensation uplift covers additional lands costs outside of the actual purchase cost of land that make up costs in a scheme. This mainly covers compensation but includes legal costs, surveyors etc.

  The preparation and supervision and lands compensation percentages were updated to include the costs of the new basket of schemes used to calculate rates. A long-term average has been used for these percentages, aggregating the data from previous QQRs as well as the latest information as it was considered this best reflects the varied nature of the schemes delivered by the company and will provide a more accurate uplift.

  The preparation and supervision uplift has increased from 40.82% to 44.56%.

  The lands compensation uplift has reduced from 69.00% to 58.24%.

- **Depreciation:** The main change to our depreciation methodology relates to an increase in the percentage of the road infrastructure that is considered depreciable. Following a review of the modern structure of roads and the renewable elements within them, we have recalculated the depreciable portion of these assets. As a result, the percentage of the road deemed depreciable has increased from 17.55% to 21.00%. This adjustment reflects a more accurate representation of the asset's useful life and the components subject to wear and renewal, ensuring our depreciation approach aligns more closely with the current condition and composition of road infrastructure.

- The costs of central reservation barriers are included in the rates for pavements. In line with the current technical standard for barriers, these have been valued on the basis that they are constructed from concrete. This does not reflect the true composition of the network where c15% of current central reservations are concrete with the remainder being constructed from metal or wire. As there is a significant difference between concrete and the other forms of central reservation designs, both physically, and in build and future maintenance costs, it has been deemed appropriate under the RICS guidance to make a 'technical valuation' adjustment. The adjustment has been decreased by £2.3 billion to reflect a revised and lower cost estimate for the difference in barrier construction costs calculated as part of this years QQR, as well as reflecting any adjustment in the mix.
- 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 standard revaluation percentages for construction projects lasting more than one year, based upon projects constructed over the previous 10 years.

For the year to 31 March 2025 there was £1.7 billion of upwards valuation adjustments (2023-24 £1.3 billion).

The table below covers the net movement on revaluation:

Net gain / (loss) on remeasurement of property, plant and equipment recognised in other comprehensive expenditure

	SRN	SRN AUC	NNFA AUC	NNFA – Other	Total
	£000	£000	£000	£000	£000
Revaluation QQR	(14,895,384)	-	-	-	(14,895,384)
Revaluation – indexation	4,075,590	-	-	25,557	4,101,147
Technical valuation adjustment	-	(1,692,963)	-	178,062	(1,514,901)
Revaluation – value adjustment	211,838	-	-	-	211,838
Revaluation – dimensional variance	2,286,167	-	-	-	2,286,167
	(8,321,789)	**(1,692,963)**	**0**	**203,619**	**(9,811,133)**

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 non renewable elements of roads and structures 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

Following an in year review 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 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 principal inspections take place every six years, with general inspections up to every two 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.

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 (as with roads), and these elements have been assessed to make up between 52.41% to 87.35% of a structure's gross replacement cost 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 2025 was £1.3 billion (2023-24 £1.4 billion). This consists of:

i) **Pavement depreciation** – This relates to the decrease in the economic value of the road surface, which was £883.9 million (2023-24: £874.5 million). It was made up of:

- renewals spend of £784.7 million (2023-24: £833.1 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 £99.2 million (2023-24: charge of £41.4 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 £246.9 million (2023-24: £431.2 million). It is made up of:

- renewals spend of £308.8 million (2023-24: £267.2 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 (£61.9) million (2023-24: £164.0 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 £168.7 million (2023-24: £144.4 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: Impairment 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 a number of schemes in year, the impairment of the AUC balances has taken place for these schemes totalling £423 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 property, plant and equipment notes as additions and disposals at the point that the asset is added or removed from the SRN. There were no significant detrunkings in year.

Derecognition and disposals in the period

Derecognition for the period from the SRN asset was £23.3 million (2023-24 £423.2 million).

This is made up of £14.2 million of demolished structural assets and some minor and legacy detrunkings of £9.1 million. The Statement of Comprehensive Net Expenditure presents the overall loss from derecognition and disposals, which includes a profit of £2.4 million made on the disposal of non-SRN assets (2023-24 £1.4 million profit).

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	£2,000.00
IT equipment	£2,000.00
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 motorway service areas was done as at March 2025. Further revaluations are due for motorway maintenance compounds, regional control centres and the National Traffic Operations Centre at March 2026. Surplus properties including dwellings will next be revalued in March 2029.

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 (AUC): 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 (non-surplus)	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 asset balances

Land: Land consists of surplus land and land reserved for current and future road schemes. As at 31 March 2025, this includes motorway service areas land of £305.8 million (2023-24 £121.5 million), Dartford commercial land of £49.8 million (2023-24 £47.7 million), and motorway maintenance compounds land of £46.2 million (2023-24 £44.2 million).

Buildings: As at 31 March 2025, the net value of buildings includes motorway maintenance compounds of £67.0million (2023-24 £66.9 million), regional control centres of £8.8 million (2023-24 £9.0 million), and commercial buildings at Dartford of £6.3 million (2023–24 £6.4 million).

Dwellings: As at 31 March 2025, the value of dwellings is £198.2 million (2023-24 £192.3 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 2025	31 March 2024
	£m	£m
Lower Thames Crossing	72.7	76.1
A27 Arundel bypass	22.1	20.5
A12 Chelmsford - A120 widening	16.8	15
M42 J3A7 widening	15.6	14.5
A6M Stockport North/South bypass	12.5	11.8

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

Following a change in accounting policy, the company now recognises intangible assets under development (AUD) costs separately within Note 6.4. £174.2 million was reclassified from AUC to AUD on inception of this policy. As part of this review a further £4.5 million was also reclassified to SRN AUC.

Separately, the company has transferred £24.3 million (2023-24 £76.25 million) of completed projects from non-network AUC to non-network assets. In addition, a further £7.2 million of land and dwellings acquired as part of SRN schemes has been transferred as it is either surplus or for future use.

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. Licences over £2,000 are treated as intangible assets. Costs below this are expensed as they are incurred.

			Year to 31 March 2025	Year to 31 March 2024
	Intangibles	AUD	Total	Total
	£000	£000	£000	£000
Cost or valuation				
Opening balance	**121,027**	**-**	**121,027**	**105,013**
Additions	-	81,287	81,287	-
Reclassifications	-	174,242	174,242	18,454
Disposals and derecognition	(769)	-	(769)	(2,440)
Transfer from AUC/AUD	94,941	(94,941)	-	-
Impairment	-	(1,484)	(1,484)	-
Closing balance	**215,199**	**159,104**	**374,303**	**121,027**
Amortisation				
Opening balance	**77,565**	**-**	**77,565**	**71,878**
Charged in year	17,338	-	17,338	8,126
Disposals and derecognition	(769)	-	(769)	(2,440)
Reclassifications	-	-	-	-
Closing balance	**94,134**	**-**	**94,134**	**77,564**
Net book value	**121,065**	**159,104**	**280,169**	**43,463**

The most significant in-house assets by cost value are: Common Highways Agency Rijkswaterstaat Model (CHARM), an advanced traffic management system which was transferred in year at a cost value of £71.9 million, and National Roads Telecommunication Services (NRTS2), valued at £25.2 million (2023–24 £20.2 million).

i) Assets under development

Following a change in accounting policy, the company now recognises intangible AUD costs separately within note 6.4. £174.2 million was reclassified from AUC to AUD on inception of this policy.

Separately, the company has transferred £94.9 million of completed projects from AUD to intangible assets.

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 where material.

	Land and buildings	Dwellings	Total
	£000	£000	£000
At 1 April 2023	3,068	7,648	10,716
Disposals	(152)	(2,194)	(2,346)
Impairment - charged to SoCNE	(157)	37	(120)
Reclassifications	(486)	(212)	(698)
At 31 March 2024	**2,273**	**5,279**	**7,552**
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 from property, plant and equipment	3,852	2,779	6,631
At 31 March 2025	**4,299**	**5,640**	**9,939**

Disposals in the year ended 31 March 2025 included the following sales:

- Meadow Way, Maidenhead, Berkshire (£0.8 million)
- Adlington Industrial Estate, Poynton, Cheshire (£0.5 million)
- Land at A303, Chard, Somerset (£0.5 million)
- Land at A46, Tormarton, South Gloucestershire (£0.5 million)
- Land at A405, St Albans, Hertfordshire (£0.5 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 2025	31 March 2024
	£000	£000
Communication/electrical equipment for the SRN	62,880	43,393
Salt	15,198	15,662
Other	192	522
	78,270	**59,577**

The inventory balance is composed of 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.

The communication/electrical equipment inventory includes variable messaging signs which are extensively used on our schemes.

The company's 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. The salt is stored to protect it from leaching from rainfall. However, over time salt deteriorates and therefore the company's policy is to re-measure the holding each year, to reflect any loss from deterioration.

Inventory increased by £18.4 million due to investment in operational technology in preparation for the rollout of a renewals programme.

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 associated with the financial instruments is discussed in note 9. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned below.

7.1. Cash

	Year to 31 March 2025	Year to 31 March 2024
	£000	£000
Balance as at start of the period	**1,700**	**(28,025)**
Net change in cash	77,927	29,725
Balance as at end of the year	**79,627**	**1,700**
The following balances were held at:		
Commercial banks	1,265	9,091
Government Banking Service	78,362	(7,391)
	79,627	**1,700**

Cash figure comprises bank balances held with the Government Banking Service and commercial bank accounts.

Our 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 2025	31 March 2024
	£000	£000
Amounts falling due within one year		
Trade receivables		
Receivable from contracts with other customers	6,724	8,703
Receivable from contracts with local authorities	474	212
Receivable from agreements with government	568	311
Deposits and advances	126,966	132,014
VAT	146,767	132,097
Prepayments and accrued income		
Receivable from contracts with other customers	2,857	7,524
Receivable from contracts with local authorities	2,756	94
Receivable from agreements with government	2,827	1,612
Other receivables	44,724	40,098
	334,663	**322,665**
Amounts falling due after more than one year		
Prepayments and accrued income	3,747	5,330
	3,747	**5,330**
Total receivables	**338,410**	**327,995**

i) **Trade receivables** are amounts due from customers for goods sold or services performed in the ordinary course of business. These can include third party claims, third party projects (Section 278), former tenants and employee overpayments.

ii) **Deposits and advances** primarily relate to advances to third parties for project related prepayments such as payments to statutory undertakers.[32] The largest of which relate to: A12 Chelmsford to A120 Widening, A57 Link Road and A38 Derby junctions which are £8.3 million, £8.1 million and £5.5 million respectively.

iii) **VAT** relates to the amount of VAT paid to HM Revenue and Customs (HMRC) that can be recovered in accordance with legislation.

iv) **Prepayment and accrued income** balances includes third party contributions to schemes, minor occupier income, and property prepayments for offices, depots and buildings used by the company.

iv) **Other receivables** includes unbilled amounts payable to the company through contract performance mechanisms and final account closure.

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 253.

32 Statutory undertaker is a legal term used to describe those organisations and agencies that have certain legal rights and obligations when carrying out particular development and infrastructure work. Typically, they are utilities and telecoms companies.

7.3. Trade and other payables

		31 March 2025	31 March 2024
	Note	£000	£000
Amounts falling due within one year			
Taxation and social security		13,453	8,040
Trade payables		54,464	95,885
Accruals		770,786	689,475
Deferred income			
Receivable from contracts with other customers		20,425	24,910
Receivable from contracts with local authorities		18,870	21,677
Receivable from agreements with government		5,105	3,092
Capital element under on balance sheet PFI contracts	7.5.2	110,977	104,246
Future lease commitments	7.5.1	9,931	11,243
Other payables		65,225	63,147
		1,069,236	**1,021,715**
Amounts falling after more than one year			
Capital element under on balance sheet PFI contracts	7.5.2	860,463	971,440
Future lease commitments	7.5.1	43,470	37,076
Deferred income		37,192	34,816
Retentions		202	202
		941,327	**1,043,534**
Total payables		**2,010,563**	**2,065,249**

i) **Taxation and social security** covers employer liabilities such as income tax and national insurance and corporation tax commitments.

ii) **Trade payables** are amounts owed to suppliers for goods or services provided to the company.

iii) **Accruals** recognise expenses that have been consumed that have not been paid for. Accruals are needed to ensure that all expenses 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. During the year, the company introduced a de minimis threshold of £10,000 for accruals. The change improves efficiency and reduces estimation risk, with no material impact on the financial statements.

iv) **Deferred income** occurs when a company has received income in advance of it being earned, it is deferred until it has been earned. This can include scheme contributions and rent in advance from minority occupiers.

v) **Capital element under on balance sheet PFI contracts** reflects the outstanding capital liabilities in relation to longstanding service concession arrangements with private sector entities.

vi) **Future lease commitments** relates predominantly to buildings used by the company.

vii) **Other payables** primarily represent balances held in Dart Charge customer accounts. These amounts are payable to the Department for Transport as the company does not have the right to recognise or retain any income collected through the scheme.

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 2023	405,804	-	1,610	11,864	419,278
Provided in the year	337,220	-	203	33,464	370,887
Provisions not required written back	(121,282)	-	-	(400)	(121,682)
Provisions utilised in the year	(82,264)	-	-	(5,589)	(87,854)
At 31 March 2024	**539,478**	**-**	**1,813**	**39,339**	**580,629**
At 1 April 2024	539,477	-	1,813	39,339	580,630
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	**616,959**	**5,621**	**2,675**	**39,935**	**665,188**

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	246,783	5,621	322	37,325	290,051
Later than one year and not later than five years	370,175	-	1,443	2,388	374,006
Later than five years	-	-	909	222	1,131
	616,958	**5,621**	**2,674**	**39,935**	**665,188**

Land and property acquisition: These provisions relate principally to the estimated cost of planning blight, discretionary and compulsory acquisition of property and compensation for property owners arising from physical construction of a road scheme.

Planning blight occurs when the value of a property is substantially reduced because of a proposal to carry out works. We are liable for, and have the ability to, purchase affected property and recognise the liability arising from the requirement to purchase blighted properties at the point of the preferred route announcement (PRA).

Parliament has given us the ability to purchase land so that we can carry out infrastructure developments that are in the public interest. Our policy is to recognise the liability for these compulsory purchases at the point a Development Consent Order or Compulsory Purchase Order is made.

Compensation can be claimed by people who own and also occupy property that has reduced in value by physical factors caused by the use of a new or altered road. The liability can arise from noise, smell, lighting etc. and we provide for this compensation (known as Part 1 claims) at the commencement of construction.

At the 31 March 2025 we held £82 million of blight provisions, £509 million acquisition provisions, and £26 million relating to Part 1 claims.

It may take several years from the announcement of a scheme to completion of the road and final settlement of all liabilities. Our estimates are subject to uncertainty through scoping changes and macroeconomic factors such as inflation and the supply of funding available.

Leased assets: These provisions relate to the anticipated costs of restoring leased buildings to their original condition upon the end of the lease agreements.

Other: Other provisions include those to third parties who have suffered damage or injury as a result of the road network being damaged and are entitled to submit a claim to the company for compensation. A provision is made which estimates the value of claims received as at 31 March 2025 that will require settlement by the company.

Provisions provided in-year and not written back reconciles as follows:

	Year to 31 March 2025	Year to 31 March 2024
	£000	£000
Provisions provided in-year	271,982	370,887
Less provisions written back	(126,629)	(121,682)
Net provisions expenditure	**145,353**	**249,205**
Split as follows:		
Resource expenditure	3,165	33,234
Capital expenditure	141,328	215,768
Leased asset expenditure	860	203
	145,353	**249,205**
Provision for slow moving stock	519	678
Total provision charge to the SoCNE	3,165	33,235
	3,684	**33,913**

7.5. Financial instruments

7.5.1. Commitments under leases

	31 March 2025	31 March 2024
	£000	£000
Lease liabilities		
Balance as at start of year	**48,319**	**62,474**
Additions in year	20,250	7,944
Liability (deletions)	(28)	(104)
Repayment of lease liability	(16,147)	(23,633)
Interest on leases	1,007	1,638
Balance as at end of year	**53,401**	**48,319**

	31 March 2025	31 March 2024
	£000	£000
Amounts falling due		
No later than one year	9,931	11,243
Later than one year and not later than five years	27,150	25,706
Later than five years	16,320	11,370
	53,401	**48,319**

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 therefore advised by, and aligned to, the 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.

In the year-ended March 2020, the company adopted the practical expedient to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application for transitioned leases.

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 to develop, build, finance, operate and maintain infrastructure and deliver services directly or indirectly to the public. The company controls or regulates the services provided, and controls any significant residual interest in the infrastructure.

The company recognises the infrastructure associated with service concessions as part of the SRN and recognises the related liability. 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.

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	9.6	92.5
A19 Dishforth to Tyne Tunnel DBFO	31/03/1999	28	47.8	6.4	106.6
A30/A35 Exeter to Bere Regis	31/03/2000	26	135.1	9.6	10
A1 (M) Alconbury to Peterborough	31/03/1999	27	192.3	13.5	14
A419/A417 Swindon to Gloucester	31/03/1998	28	104.6	7.3	9.5
A50/A564 Stoke to Derby Link	31/03/1998	29	37.3	5	16
M1-A1 Yorkshire link	31/03/1998	28	395.4	27.4	2.7
A69 Carlisle to Newcastle	31/03/1998	28	19.6	1.4	12.5
A1(M) Darrington to Dishforth	01/03/2006	31	236.4	134.9	403.7
A249 Iwade to Queenborough	01/03/2007	28	92.8	48.7	84
M25 London Orbital Motorway contract	01/04/2010	30	931.4	707.6	5,926.3
Total			**2,263.9**	**971.4**	**6,677.8**

Recognised fair value measurements

For PFI obligations not carried at fair value, there is no active market for them, and it is not possible to make a reliable estimate of fair value. The company has no intention of disposing of these obligations. Accordingly, it has not disclosed a fair value for these obligations. For other financial assets and liabilities, the carrying value is a reasonable approximation of fair value.

Imputed finance lease charges under on balance sheet PFI contracts comprise:

	31 March 2025	31 March 2024
	£000	£000
Not later than one year	181,982	181,982
Later than one year and not later than five years	442,319	516,588
Later than five years	915,074	1,022,788
	1,539,375	**1,721,358**
Less interest element	(567,935)	(645,672)
	971,440	**1,075,686**

Capital element under on balance sheet PFI contracts comprise:

	31 March 2025	31 March 2024
	£000	£000
Not later than one year	110,977	104,246
Later than one year and not later than five years	209,248	265,293
Later than five years	651,215	706,147
	971,440	**1,075,686**

The total amount charged in respect of the repayment of the capital element of the PFI transactions for the period to 31 March 2025 was £104.2 million (2023-24 £97.9 million).

Interest element under on balance sheet PFI contracts comprise:

	31 March 2025	31 March 2024
	£000	£000
Not later than one year	71,005	77,736
Later than one year and not later than five years	233,071	251,295
Later than five years	263,859	316,641
	567,935	**645,672**

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 2025 was £77.7 million (2023-24 £84.1 million).

7.5.3. Details of the minimum PFI service charge to Statement of Comprehensive Net Expenditure:

	31 March 2025	31 March 2024
	£000	£000
Not later than one year	538,098	521,111
Later than one year and not later than five years	1,672,789	1,800,015
Later than five years	4,466,920	4,930,933
	6,677,807	**7,252,059**

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 of on balance sheet PFI transactions for the period to 31 March 2025 was £501.4 million (2023-24 £436.9 million).

8. Equity and reserves

	31 March 2025	31 March 2024
	£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 funds annually in the form of a cash contribution, on behalf of the Secretary of State for Transport as the sole Shareholder of the company. The funds received are used to finance expenditure that supports the objectives of the company in accordance with the company's licensing terms. These funds are allocated to the retained earnings reserve, along with the company's net expenditure. At the start 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 road).

In accordance with generally accepted practice in respect of common control transactions, the net assets from this transfer were credited at book value to the revaluation reserve to the extent of the revaluation surplus available in the Highways Agency at the point of transfer; and for the balance, to a capital contributions reserve. Intra-reserve transfers relating to revaluation are posted against retained earnings in accordance with IAS16.

All reserves are non-distributable other than to the Secretary of State for Transport within the legislative framework and as defined by the Companies Act 2006.

Risk

Accounting judgements and estimates

9. Critical accounting judgement and key sources of 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.

When developing costing rates for the SRN, we employ comprehensive valuation judgments, incorporating our instant build and greenfield assumptions. These assumptions require us to calculate the gross value of a modern equivalent SRN as if it were constructed in a single phase on undeveloped land. Although this approach is in line with FReM and RICS valuation standards, its adoption will significantly impact our overall SRN valuation.

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 £14.5 billion net.

Useful economic life

The company makes assumptions about both the period of time which various elements of the SRN will provide service potential and which elements of those assets are renewable. These estimates are made using historic trends and expert knowledge.

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 SRN's 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 Office for National Statistics 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.

In March 2025, the Office for National Statistics announced that they had identified errors in the calculation of their Producer Price Inflation (PPI) and Services Producer Price Inflation (SPPI) indices from which IOPI is partly derived. The announcement noted that the problem affects the years from 2008 onwards, with the main impacts in 2022 and 2023. No further information was provided and therefore it is impractical to estimate the impact on the SRN valuation. While we should not anticipate significant changes to the 2024-25 indices applied to the SRN, it is noted that due to the sensitivity of the SRN valuation, a revision of IOPI by just 0.66 points (0.6%) per year will create a material movement in the valuation of £1.5 billion.

The network valuation is sensitive to indices. An increase in the IOPI of 10 percentage points would impact the valuation of the network by £12.0 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 its 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 cost of work done is greater than the invoiced amount, a property, plant and equipment addition and a corresponding accrual (note 7.3) are recognised on the basis of expected amounts required to settle contractual obligations. Cost of work done 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 Compulsory Purchase Order or a Development Consent Order, 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 Headings: COS Heading 6 - alteration, repair and maintenance of road schemes.[33] 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.

33 COS headings refer to tax directions issued by HMRC to allow for VAT recovery on some Contracted Out Services (COS). Government organisations have been encouraged to contract out services to the private sector which would have traditionally been performed in-house. Many of these services are subject to VAT and, where they are acquired for 'non-business' purposes, the non-reclaimable VAT could act as a disincentive to contracting-out. COS headings exist to remove any disincentive.

10. Financial instruments and risk

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 counterparties fail to fulfil their contractual obligations to the company. Some of the company's customers and counterparties are other public-sector organisations. No credit risk arises from these organisations since the receivables are backed by the government. For those customers and counterparties 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 2025	31 March 2024
	£000	£000
Ageing of financial assets		
Neither past due nor impaired	335,381	325,641
Past due 1-30 days	551	946
Past due 31-60 days	1,209	149
Past due 61-90 days	54	189
Past due >90 days	1,215	1,071
	338,410	**327,996**

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 **Road investment strategy**.

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 2025	31 March 2024
	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	838,702	-	-	838,702	793,400
Future lease commitments	9,931	27,150	16,320	53,401	48,319
PFI commitments	720,080	2,115,108	5,381,994	8,217,182	8,973,417
Other non-interest bearing liabilities	109,626	37,394	-	147,020	147,844
	1,678,339	**2,179,652**	**5,398,314**	**9,256,305**	**9,962,980**

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 judgement

Financial instrument

Category	Instrument	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
Strategic road network (property, plant and equipment)	Modern equivalent	Level 3	Uses depreciated replacement cost 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 (SoFP) as at 31 March 2025 shows net current liabilities of £852.3 million.

The company's liabilities due to be settled after 31 March 2025 will be paid for through funding from the company's sponsoring department, the DfT.

The Directors have a reasonable expectation that the company has adequate resources to operate for the foreseeable future. The financial statements are therefore prepared on a going concern basis.

In forming this view the Directors/management have:

1. reviewed the company's future funding commitments received from government through the publication of the interim settlement, which sets out the funding that the company will receive for 2025-26, and the intention to set a new multi-year **Road investment strategy**
2. kept the DFT fully aware of commitments made, which stretch beyond the second road period
3. reviewed internal budgets, plans and cash flow forecasts

Unrecognised items

The following items are disclosed in the accounts but not recognised in the financial statements.

12. Contingent liabilities disclosed under IAS 37

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. Unless their likelihood is considered to be remote, the company discloses them as contingent liabilities.

Under IAS 37 contingent liabilities are not recognised in the Statement of Financial Position but are required to be disclosed in a note to the accounts.

	31 March 2025	31 March 2024
	£000	£000
Contingent liabilities	21,514	16,877
	21,514	**16,877**

Contingent liabilities include partial claims from third parties who have suffered damage or injury as a result of the SRN being damaged, and arbitration cases in respect of contractual claims. These claims are estimated based on prior years' experience.

The historic estate assets which are held by the Secretary of State for Transport, together with any related contingent liabilities, are included in the DfT's accounts.

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. These are disclosed in note 12 of the accounts.

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 in designated client money accounts for Design, Build, Finance and Operate (DBFO) retention accounts. These are set up as joint accounts, with National Highways and each DBFO both on the mandate.

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 2025, the total balance in these joint accounts amounted to £39.3 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 2025	31 March 2024
	£000	£000
Bank accounts	47,370	8,652
	47,370	**8,652**

15. Capital commitments

	31 March 2025	31 March 2024
	£000	£000
Contracted capital commitments not otherwise included in these accounts:		
Property, plant and equipment	1,453,016	1,894,203

The company's capital commitments as at 31 March 2025 include the following significant project commitments:

£522 million relating to A428 Black Cat to Caxton Gibbet – This billion pound scheme will improve journeys between Milton Keynes and Cambridge, bringing communities together and supporting long term growth in the region, including a new 10-mile dual carriageway and a number of junction improvements.

£248 million relating to A417 Air Balloon missing link – A landscape-led highways scheme that will deliver a safe and resilient free-flowing road while conserving the special character of the Cotswolds. The scheme will improve the connection between two dual carriageway sections of the A417 at Brockworth and Cowley.

£192 million relating to A47 North Tuddenham to Easton improvements – We are upgrading the A47 between North Tuddenham and Easton in Norfolk to a dual carriageway. This will complete the dual carriageway between Norwich and Dereham, supporting economic growth and easing congestion in the area.

£74 million relating to A47 Blofield to North Burlingham – We are upgrading the A47 between Blofield and North Burlingham to dual carriageway to ease congestion and support economic growth in the area.

£60 million relating to M25 junction 10 – Upgrading the junction with the A3 Wisley interchange to reduce congestion, improve safety and create more reliable journeys.

16. Events after the reporting period

Following the June 2025 Spending review, the government took the decision to cancel two of the company's planned schemes: the A12 to A120 widening scheme and the A47 Wansford to Sutton dualling scheme, citing affordability constraints.

This has been treated as a post-balance sheet event under IAS 10. As the announcements occurred after the reporting period and the conditions leading to cancellation did not exist at the balance sheet date, the event is classified as non-adjusting.

The company expects to recognise a write-off of approximately £250 million in the 2025-26 financial statements in relation to capital costs incurred on these schemes up to the end of 2024-25.

International Accounting Standards require the company to disclose the date on which the accounts 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 DfT which is regarded as a controlling related party. The company's primary source of funding is through DfT, based on approved expenditure that is voted on by Parliament. The total amount of funding received from DfT for the year ended 31 March 2025 amounted to £5.3 billion (2023–24 £5.0 billion). During the year, the company had a number of other transactions with DfT, amounting to £0.03 million (2023-24 £0.85 million). In addition, the company had transactions with other government departments, agencies and local authorities.

Key management 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 2025	31 March 2024
Total number of losses		
Constructive losses	9	1
Bookkeeping/cash losses	1	1
Claims abandoned	3,063	2,697
Store losses	3,564	2,875
Total	**6,637**	**5,574**

	31 March 2025	31 March 2024
	£000	£000
Total value of losses		
Constructive losses	472,292	62,049
Bookkeeping/cash losses	5	-
Claims abandoned	5,990	4,901
Store losses	14,542	12,392
Total	**492,829**	**79,342**

Details of cases over £300,000

Constructive losses

During the course of the year, the Chancellor cancelled eight road schemes, including the A303 Amesbury to Berwick Down project, citing affordability and value for money considerations. A total of £461.4 million had been spent on these schemes, with a further £10.5 million expected to be spent in the year 2025-26. Since no asset was created, the costs incurred were written off as a £471.9 million loss.

A breakdown of the loss by schemes, and the status of the schemes at the time of cancellation, are provided within the table below:

Cancelled project	Loss (£m)	Description
A27 Arundel Bypass	66.7	The A27 bypass scheme was in the Development phase. The project team were designing and advancing the solution through the statutory processes, including surveying work.
A27 Worthing and Lancing Improvements	2.6	Aiming to reduce congestion along the South Coast, the A27 Worthing and Lancing Improvements scheme was in the Options phase, narrowing the options to one that would be taken forward for Development – for example, widening along a specific route.
A303 Amesbury to Berwick Down	224.7	The scheme to upgrade a section of the A303 trunk road in Wiltshire, including a tunnel near Stonehenge, was in the Development phase; the preferred solution was designed and progressed through the required statutory processes, including planning approval.
A5036 Princess Way	17.3	The scheme to create a new road between Switch Island and Princess Way was in the Development phase; the preferred solution was designed and traffic modelling underway.
A1 Morpeth to Ellingham Dualling	67.8	The scheme to improve the A1 from Morpeth to Ellingham was in the Development phase; the preferred solution was designed and progressed through the required statutory processes, including planning approval.
A358 Taunton – Southfields	67.2	The scheme to upgrade the A358 to dual carriageway between Southfields Roundabout on the A303 and the M5 at Taunton was in the Development phase.
M27 Southampton junction 8	13.9	The scheme to improve the M27 junction 8 and Windhover roundabout was in the Development phase.
A47 Great Yarmouth Junction Enhancement	11.7	The scheme to improve junctions on the A47 through Great Yarmouth was in the Development phase. The project team were designing and advancing the solution through the statutory processes, including surveying work.
Total	**471.9**	

The other constructive loss in year relates to the implementation of a business management system. This was cancelled due to prioritisation and resource constraints at a cost of £0.36 million.

Bookkeeping/cash losses

These losses relate to accounting corrections and losses not considered viable or value for money to pursue. There were no bookkeeping 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 were no abandoned claims greater than £300,000 in the period.

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.

(b) Special payments

	31 March 2025	31 March 2024
Total number of special payments		
Ex-gratia payments/compensation	22	118

	31 March 2025	31 March 2024
	£000	£000
Total value of special payments		
Ex-gratia payments/compensation	914	5,015

Most of the special payment value relates to departure packages agreed following the senior-staff restructure, which is disclosed within note 3 on page 205.

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 a 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 counterparty'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. Our provision balances are primarily measured using specialist valuation advice, supported by insights from our past experience and analysis of historical data.

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 asset's carrying amount. 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

Where the time value of money is material, contingent liabilities are stated at discounted amounts.

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. Restatement note – correction of prior period misclassification

Nature and reason for restatement

Since the company's inception in 2015–16, it has recognised an annual adjustment relating to asset revaluations. Under IAS 16, when an asset is revalued, the "excess depreciation" (the difference between the depreciation charge based on the revalued amount and that based on historical cost) may be transferred from the revaluation reserve to retained earnings. In addition, when an asset is disposed in year any accumulated revaluation reserve for that asset should be transferred to retained earnings. However, due to the incorrect application of the standard, the annual adjustment has been erroneously recorded as a capital contribution rather than as an increase to retained earnings. As the value is material to the accounts, the error is classified as a prior period error under IAS 8, and its correction is necessary to ensure that the composition of equity is accurately presented.

Effects on the financial statements

The reclassification does not alter the aggregate total of equity but corrects its composition. Comparative information in the Statement of Financial Position and the Statement of Changes in Taxpayers' Equity, along with related disclosures, has been updated in accordance with IAS 1. This correction also aligns the company's disclosures with the requirements concerning error corrections under IAS 8.

Quantitative impact of the restatement

Based on management's review as of 31 March 2025, the cumulative effect of the misclassification is as follows:

- Capital contributions have been overstated by £1.7 billion.
- Retained earnings have been understated by £1.7 billion.
- Total taxpayer equity remains correctly stated.

These adjustments have been applied retrospectively to all prior periods presented, with the cumulative effect reflected in the opening balances of the Statement of Financial Position.

Corrective actions

To prevent future occurrences, the company is enhancing its internal controls and updating its accounting procedures. New processes will be established to ensure that future transfers from the revaluation reserve are properly recorded in retained earnings in compliance with IAS 16.

Statement of Financial Position

	Year to 31 March 2024	Year to 31 March 2024 Restated	Adjustment
	£000	£000	£000
Taxpayer equity			
Share capital	-	-	-
Capital contribution	50,750,661	49,084,434	(1,666,227)
Retained earnings	13,842,943	15,509,170	1,666,227
Revaluation reserve	90,602,317	90,602,317	-
Total	**155,195,921**	**155,195,921**	**-**

21. New and amended standards

The following new or amended standards and interpretations have been issued by the International Accounting Standards Board (IASB) but are not yet effective and have not been early adopted by the company as at the 31 March 2025.

IAS 21 – Amendments on lack of exchangeability

Effective date: 1 January 2025.

These amendments clarify the accounting when a currency is not exchangeable.

Expected impact: The company is not impacted by these amendments.

IFRS 7 and IFRS 9 – Amendments on financial instruments with environmental, social and governance-linked features

Effective date: 1 January 2026.

These amendments address classification and measurement of financial instruments with environmental, social and governance-linked features.

Expected impact: The company is not expected to be impacted by these amendments.

IFRS 18 – Presentation and disclosure in financial statements

Effective date: 1 January 2027.

Introduces a new structure for primary financial statements and enhanced disclosures.

Expected impact: The company expects to make presentation changes but does not anticipate a material impact on recognition or measurement.

Annual improvements to IFRS

Effective date: 1 January 2026.

Includes minor amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7.

Expected impact: These are not expected to have a significant impact on the financial statements.

The company will apply these standards when they become effective and is continuing to evaluate their full impact.

22. Changes in accounting policy

To reflect our growing investment in intangible assets we have revised our accounting policy to introduce an assets under development classification. This policy recognises these assets as intangibles from project inception rather than at completion and has allowed for a £174 million reclassification of assets from property, plant and equipment to intangible on the balance sheet.

During the year, the company amended its accounting policy for accruals by introducing a de minimis threshold of £10,000. Individual items of work below this threshold are no longer accrued. The change was implemented to improve processing efficiency and reduce the potential for immaterial estimation errors.

This threshold applies to large percentage of accrual transactions by volume, but represents an extremely low percentage of the total accrual value. The impact of this policy change is not material to the financial statements. In the financial year 2023-24, accruals below £10,000 made up nearly half of all items by volume but totalled just £10.5 million which was around 2% of the overall accrual balance.

23. How our financial statements tie to our funding

As a publicly-owned body, the company obtains funding through the government estimates process and our financial performance feeds into the whole government accounts (WGA).

There are some discrepancies between the accounting treatment for financial accounting purposes (under IFRS) and for budgetary purposes (under FReM). These mean that we are required to reconcile our financial statement results to the WGA budgetary totals. There are however some outstanding misalignments and those relevant to the company are set out below:

Capital income – Income that counts as capital transfers in the national accounts, such as a third party payment to finance the construction of an asset, passes through capital budgets. This income remains in the Statement of Comprehensive Net Expenditure for financial accounting purposes.

Research and development – This expenditure that meets the criteria under the national accounts, recorded as capital in budgets. This differs to the treatment in the financial accounts, where research expenditure is usually expensed in the Statement of Comprehensive Net Expenditure.

To reflect the inconsistencies in accounting treatment, we produce a segmental report, see note 23.1. This provides a visual reconciliation between our financial position from a budgeting (FReM) perspective to our statutory financial statements.

In the interests of ensuring that our annual report is aligned to the requirements of our stakeholders, much of the financial review (see page 11) aligns to our funding allowance and not directly to the financial statements.

23.1. Segmental report

The segmental report shown below provides a reconciliation between our financial position from a funding perspective to our statutory financial statements.

Notes:

- **Operating segments** are business activities that are regularly reviewed by the company's Board and senior management for decision-making purposes.
- **Expenditure in the financial statements** is split between capital and resource expenditure.
- **Asset renewals** are a programme of SRN renewals expenditure to ensure the infrastructure continues to deliver according to the service potential, including a significant resurfacing programme.
- **Asset improvements** include an agreed programme of major improvements expenditure, which contributes significantly to increasing capacity and removing bottlenecks.
- **Maintenance expenditure** relates to lump sum duties including winter maintenance, pot hole repairs, drainage clearing and grass cutting.
- **Operating expenditure** includes the costs of strengthening the company's SRN management function, maximising SRN availability and reducing the impact of incidents and recurrent congestion.
- **Corporate support expenditure** includes the resources to help deliver the programme, such as staff costs, IT and research and development.

						Year to 31 March 2025
	Resource expenditure	Resource income	Resource total	Capital expenditure	Capital income	Capital total
	£000	£000	£000	£000	£000	£000
Total by segment						
Asset renewals	-	-	-	1,241,433	-	1,241,433
Asset improvements	-	-	-	1,800,226	(6,246)	1,793,980
Traffic management	-	-	-	4,426	-	4,426
Other	38,443	-	38,443	628,515	-	628,515
Operations and maintenance	514,989	(41,633)	473,356	-	-	-
Roads PFI	598,698	-	598,698	-	-	-
Corporate support	270,463	(6,985)	263,478	-	-	-
Business services	37,038	(980)	36,058	-	-	-
Protocols	59,947	(650)	59,297	-	-	-
	1,519,578	**(50,248)**	**1,469,330**	**3,674,600**	**(6,246)**	**3,668,354**
Unallocated costs:						
Depreciation and write downs	1,818,478	(52)	1,818,426	-	-	-
Resource utilisation	(2,931)	-	(2,931)	-	-	-
New provisions	2,423	-	2,423	143,035	-	143,035
Other	(42)	-	(42)	(57,868)	-	(57,868)
(FReM) Total	**3,337,506**	**(50,300)**	**3,287,206**	**3,759,767**	**(6,246)**	**3,753,521**
Budget to accounts reconciliation						
Capital income in resource transfer	-	(6,246)	(6,246)	-	6,246	6,246
R&D capital transfer	9,317	-	9,317	(9,317)	-	(9,317)
Other	-	-	-	-	-	-
Segmental total per accounts	**3,346,823**	**(56,546)**	**3,290,277**	**3,750,450**	**-**	**3,750,450**

	Year to 31 March 2024					
	Resource expenditure	Resource income	Resource total	Capital expenditure	Capital income	Capital total
	£000	£000	£000	£000	£000	£000
Total by segment						
Asset renewals	-	-	-	1,153,129	-	1,153,129
Asset improvements	-	-	-	1,707,240	(14,102)	1,693,138
Traffic management	-	-	-	5,361	-	5,361
Other	-	-	-	596,647	-	596,647
Operations and maintenance	504,603	(39,954)	464,649	-	-	-
Roads PFI	530,717	-	530,717	-	-	-
Corporate support	264,072	(6,048)	258,024	-	-	-
Business services	38,005	(1,988)	36,017	(19)	-	(19)
Protocols	58,734	(959)	57,775	-	-	-
	1,396,131	**(48,949)**	**1,347,182**	**3,462,358**	**(14,102)**	**3,448,256**
Unallocated costs:						
Depreciation and write downs	2,126,240	(591)	2,125,649	-	-	-
Resource utilisation	(5,861)	-	(5,861)	-	-	-
New provisions	31,496	-	31,496	216,009	-	216,009
Other	172	-	172	(81,992)	-	(81,992)
(FReM) Total	**3,548,178**	**(49,540)**	**3,498,638**	**3,596,375**	**(14,102)**	**3,582,273**
Budget to accounts reconciliation						
Capital income in resource transfer	-	(14,102)	(14,102)	-	14,102	14,102
R&D capital transfer	11,212	-	11,212	(11,212)	-	(11,212)
Segmental total per accounts	**3,559,390**	**(63,642)**	**3,495,748**	**3,585,163**	**-**	**3,585,163**

Glossary

Term	Definition
Adaptation reporting power	The adaptation reporting power (ARP) directs organisations with functions of a public nature or statutory undertakers to report on how they are addressing current and future climate impacts.
Additional lane miles	The additional running capacity added to the strategic road network (SRN) following a Major Project (MP) or Operations Directorate (OD) works projects or programmes.
All lane running	All lane running motorways add variable mandatory speed limits to control the speed and smooth the flow of traffic. They increase capacity by permanently converting the hard shoulder into a running lane. These motorways feature emergency areas, which are places to stop in an emergency. To further improve safety, stopped vehicle detection technology is in place on all these motorways.
BU	Biodiversity units, the measurement for biodiversity. The number of BU is based on the area of habitats, their distinctiveness and their condition – changes to these result in a change in BU.
Change control	Change control is the process through which all requests to change the approved baseline of a project, programme or portfolio are captured, evaluated and then approved, rejected or deferred.
CHARM	CHARM is a traffic management system. This provides a single IT platform for our control centres and our national traffic operations centre, as well as improving our systems and supporting infrastructure.
COPA	Case Overview and Prosecutions Application.
CO_2	Carbon dioxide.
CRASH	Collision Recording and Sharing, a centralised system used by some police forces to record road traffic collisions.
Defra	Department for Environment, Food and Rural Affairs.
Designated funds	Our designated funds are ringfenced funds separate to our core work. These help us provide essential wider investment for areas which otherwise would not receive funding.
Delivery plan	Our Delivery plan for the second road period provided the detail of specific funding, activities and projects that were delivered from 2020 to 2025, as well as our performance framework.
DfT	Department for Transport.
DBFO	Design, Build, Finance and Operate contracts, also known as private finance initiatives (PFIs).
DCO	Development Consent Order, which is the means of obtaining permission for developments categorised as nationally significant infrastructure projects.

Term	Definition
Digital roads	Our concept which is based on using connectivity, data and technology to improve the way the strategic road network is designed, built, operated and used.
Driving for Better Business	Our programme to help employers in both the private and public sectors reduce work-related road risk, decrease associated costs and improve compliance with current legislation and guidance.
DVSA	Driver and Vehicle Standards Agency.
EDI	Equality, diversity and inclusion.
Enhancement schemes	Major projects, which range from small to large and complex schemes, which we use to improve the customer experience and capacity of our busiest roads, while also preparing for a digital future.
FBU	Fair, balanced and understandable reporting. The UK Corporate Governance Code requires corporate boards to confirm their annual reports are ‘fair, balanced and understandable’.
FTE	Full time equivalent.
Greening Government Commitments	The Greening Government Commitments set out the actions that UK government departments and their agencies will take to reduce their impacts on the environment.
HGV	Heavy goods vehicle.
Highways England	Our former name. In 2021, we changed our name from Highways England to National Highways.
Home Safe and Well	In June 2019, we launched Home Safe and Well, our integrated approach to health, safety and wellbeing, which underpins everything we do.
iRAP	The International Road Assessment Programme is an objective way of measuring, through a star rating approach, the level of safety that is ‘built in’ to a road.
KPI	Key performance indicator, which is a metric used to define and measure progress towards organisational objectives.
KSI	The number of people killed or seriously injured on our network.
LED	Light-emitting diode, which emits light when an electric current passes through it.
Licence	Our Licence sets out the Secretary of State’s aims, objectives and conditions for our organisation.
$MtCO_2e$	Million tonnes of carbon dioxide equivalent. One tonne is equal to 1,000 kilograms. This unit allows us to compare the potential warming impact of an emission.

Term	Definition
Metric	The individual measurements that we are judged on, that fit within our performance framework.
NAO	National Audit Office. National Highways' appointed external auditor. External audit work is carried out by the NAO on behalf of the Comptroller and Auditor General (C&AG).
Net zero	For National Highways, net zero means cutting greenhouse gas emissions to zero or near zero, rather than taking measures to offset emissions.
NO_2	Nitrogen dioxide.
ORR	Office of Rail and Road. The ORR are our monitor, responsible for monitoring the costs, efficiency and performance of our company.
PAS 2080	PAS 2080 is a global standard for managing infrastructure carbon, aiming to reduce carbon and reduce cost through more intelligent design, construction and use.
PFI	Private finance initiatives, where private firms are contracted to complete and manage public projects. These relate to providers who built roads for us in the past and now maintain them.
Protocols	These are additional services which we carry out on behalf of the Secretary of State, including operating/collecting income on the Dartford River Crossing and managing national salt stores.
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulation (1995).
RIS1, RIS2 and RIS3	These are government's long-term strategies for the strategic road network. RIS1 refers to the **Road investment strategy** for the first road period. RIS2 refers to the **Road investment strategy** for the second road period. RIS3 refers to the **Road investment strategy** for the third road period (currently under development).
RP1, RP2 and RP3	The first, second and third road periods, which are five-year planning cycles. The first road period ran from 2015 to 2020. We are currently in the second road period, which started in 2020 and will run to 2025. The third road period will run from 2026 to 2031 following an interim period for 2025-26.
SBTi	The Science Based Targets initiative is a standard which ensures companies' targets translate into action consistent with achieving net zero by 2050.

Term	Definition
Smart motorway	Smart motorway is a generic term for a section of motorway that uses traffic management methods to increase capacity and reduce congestion in particularly busy areas. These methods include using the hard shoulder as a running lane and using variable speed limits to control the flow of traffic. There are three types of smart motorway: all lane running, dynamic hard shoulder, and controlled.
SMEs	Small and medium-sized enterprises.
Soft estate	Our soft estate refers to the verges, embankments, cuttings and landscaping areas alongside our roads.
Spending review 2021	The previous Chancellor of the Exchequer presented his Autumn budget and Spending review in October 2021, which sets departmental budgets up to 2024-25.
Strategic business plan	Our strategic business plan responds to, and aligns with, government's RIS2. It provides the high-level direction for every part of our company for the second road period.
Strategic road network (SRN)	The SRN comprises the major highways (motorways and some A roads) which link cities, ports and airports and areas of high population in England.
Strategic Roads User Survey TEST	This survey, led by Transport Focus, is used to measure satisfaction among users of the strategic road network. The survey was paused in 2020-21 due to COVID-19 restrictions. We have worked with Transport Focus on an alternative method of data collection: Strategic roads user survey online.
TCFD	The G7's Financial Stability Board created the Task Force on Climate-related Financial Disclosures to improve and increase reporting of climate-related financial information.
tCO_2e	Tonnes of carbon dioxide equivalent, which is the amount of greenhouse gases emitted during a given period.
Transport Focus	Transport Focus are Britain's independent watchdog for transport passengers and road users in the UK.

Useful links

National Highways Annual report and accounts 2024
nationalhighways.co.uk/media/fm1kq1hb/national_highways_ar24.pdf

National Highways Anti-slavery and human trafficking statement
nationalhighways.co.uk/about-us/anti-slavery-and-human-trafficking-statement

National Highways Asset management approach
nationalhighways.co.uk/about-us/our-strategy/asset-management

National Highways Board members
nationalhighways.co.uk/about-us/our-board

National Highways Bus and Coach Plan
nationalhighways.co.uk/our-work/environment/national-highways-bus-and-coach-plan

National Highways Carbon targets
nationalhighways.co.uk/our-work/environment/carbon/national-highways-carbon-targets-officially-backed-by-science

National Highways Customer Service Plan 2025-2026
nationalhighways.co.uk/about-us/customer-service/customer-service-plan-2025-2026

National Highways Customer Service Strategy
nationalhighways.co.uk/media/ujvdftmv/customer-service-strategy-making-a-difference-for-our-customers.pdf

National Highways Delivery plan 2020-2025
nationalhighways.co.uk/media/d4vjch4f/5-year-delivery-plan-2020-2025-final.pdf

National Highways Delivery plan update 2024-2025
nationalhighways.co.uk/media/hxfa55uk/delivery-plan-update-2024-25-final.pdf

National Highways Digital, Data and Technology Strategy 2023-25
nationalhighways.co.uk/our-work/digital-data-and-technology/digital-data-and-technology-strategy

National Highways Efficiency and Inflation Monitoring Manual
nationalhighways.co.uk/media/4oulcjkp/eimm-version-10-1-final_cover-align-with-dp.pdf

National Highways Environmental Sustainability Strategy
nationalhighways.co.uk/our-work/environment/environmental-sustainability-strategy

National Highways Gender Pay Gap Report 2023-24
nationalhighways.co.uk/media/yegiuocw/national-highways-gender-pay-gap-report-2023-24.pdf

National Highways Historical Railways Estate
nationalhighways.co.uk/our-work/historical-railways-estate/about-the-hre

National Highways Lower Thames Crossing
nationalhighways.co.uk/our-roads/lower-thames-crossing

National Highways Net zero highways – Our 2030 / 2040 / 2050 plan
nationalhighways.co.uk/our-work/environment/net-zero-highways

National Highways Social Value Plan: 2022-2024
nationalhighways.co.uk/media/gntnb20v/ccs0622297296-003_social-value-strategy-report_final.pdf

National Highways Strategic Business Plan 2020-2025
nationalhighways.co.uk/media/zw1b1rbt/strategic-business-plan-2020-25.pdf

National Highways Task Force on Climate-related Financial Disclosures report
nationalhighways.co.uk/media/4vmkoskl/national-highways-tcfd-report-2023-v6.pdf

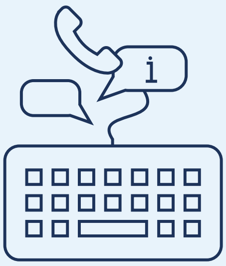
Reported road casualties Great Britain, annual report 2023
www.gov.uk/government/statistics/reported-road-casualties-great-britain-annual-report-2023/reported-road-casualties-great-britain-annual-report-2023

Orange Book (HM Treasury)
www.gov.uk/government/publications/orange-book

Science Based Targets
sciencebasedtargets.org/target-dashboard

Transport decarbonisation plan
www.gov.uk/government/publications/transport-decarbonisation-plan

Get in touch



National Highways
www.nationalhighways.co.uk

Customer contact centre
0300 123 5000
info@nationalhighways.co.uk

Social media
www.instagram.com/nationalhways

www.threads.net/@nationalhways

www.facebook.com/NationalHways

www.linkedin.com/company/national-highways

Correspondence
Customer contact centre
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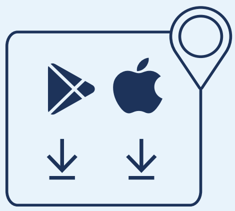
1 Walnut Tree Close, Guildford,
Surrey, GU1 4LZ



App
Live traffic information, available from Google Play or App Store.

National Highways job number: CRE25_0438

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