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Director, Planning and Performance

Paul McMahon

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By email

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Dear Paul

Tackling complexity and reducing regulatory burden

As set out in [HMT's policy paper](#) of 31 March 2025 we recognise the need to reduce the administrative burden of regulation by the end of the current Parliament. I am writing to you to set out ORR's initial plan to respond to this commission in respect of Network Rail (NR).

We will identify and implement opportunities to increase the effectiveness and efficiency of how the railway delivers for its stakeholders, so that discussion on regulation is focused on the benefits of the system. In using resources in ways that add most value, we will ensure that ORR is still able to fulfil its duties as independent regulator for rail in Great Britain; protecting the interests of passengers, freight users, and taxpayers. This will also promote further growth and investment being driven or facilitated by the rail network.

Progress to date

Prior to this commission, we had already initiated several activities focused on improving effectiveness and efficiency. These include:

- initial work to assess the data and reports provided by NR to ORR;
- streamlining the business planning reforecast (RF) process, specifically engagement and evidence submissions; and
- streamlining ORR and NR annual reporting, in particular Network Rail's regulatory financial statements and ORR's Annual Assessment of Network Rail 2024-25.



We are committed to ensuring our engagement and work with NR continues to be evidence based and supports regulatory best practice.

We welcome the positive input from NR so far, including the list of ideas that were proactively supplied, and we look forward to continuing to work with you on this subject.

Reducing the administrative burden

As part of this review, we are looking at where our interactions can be carried out more efficiently. At this early stage we have identified a number of opportunities with potential to drive improvement. We have categorised these into: quick wins, medium and longer-term, and those requiring legislative change. We provide further description of these categories, and the opportunities we have so far identified within them, in the *Annex* to this letter.

The opportunities listed in the Annex are non-exhaustive, and it is likely we will identify further areas worthy of discussion through interaction with NR. The implementation of medium and longer-term opportunities will need to be phased due to the complexity of the matters involved, and we note that full assessment of opportunities may highlight some areas that we may not be able to progress.

Review of our Service Standards

In addition to the work set out above, we are also committed to reviewing our set of Service Standards that face the rail industry. The standards are set out in our Business Plan and we will be engaging with the rail industry to ensure that our standards are both relevant and challenging. We will also explore whether there is any scope for bringing in further standards or key performance indicators to drive ORR performance and mitigate any burden on our regulated entities.

We are already in discussion with NR colleagues to explore the relevant standards (as not all our current standards relate to NR activity). We will continue to work with you and industry parties over summer and will report separately on our Service Standards by the end of September 2025.

Next steps

We welcome your team's ongoing engagement in this process, and we look forward to continuing to work with you on this valuable exercise.

For the 'quick wins', we plan to progress and complete the work by 31 October 2025.

For each of the medium and longer-term opportunities, we will work jointly with you to further develop the scope and timescales for implementation and undertake appropriate stakeholder engagement. Indicatively, this scoping phase should



complete by 31 December 2025, allowing for successful implementation before the end of the Parliament.

We look forward to discussing these with you during the next phase of work.

Yours sincerely

Feras Alshaker

ANNEX - Reducing the administrative burden

We continue to refine our approach to providing valuable and effective regulation and identified important examples in our letter where the administrative burden of regulation has already been reduced.

ORR's work on this commission has identified some further opportunities that will be progressed, and others that merit further consideration. After detailed assessment there may be some opportunities listed - primarily medium and longer-term - that may not be progressed as part of this programme.

We note that the way in which ORR discharges its role as health and safety regulator for the sector is not in scope for this review, but we will consider the efficiency of related administrative activities. Our recent report on "[Assessing the costs and benefits of health and safety interventions in rail](#)" provides recommendations that will support improvements in the use of collective resources in this area, and both ORR and NR have already committed to these. There may be other emergent examples.

Initial opportunities list

We have identified the following themes and opportunities to be considered. This list is not exhaustive and will continue to be augmented and refined:

- 1) **Quick wins** - initiatives that are in progress or can be implemented quickly (by October 2025).

We have jointly agreed to undertake some 'spring cleaning' over the coming months, with a specific focus on reviewing the following areas:

- Independent Reporter documents and pipeline of work;
 - engagement on Managing Change cases;
 - Service Level Agreement (SLA) and engagement for authorisations;
 - lead points of contact across our organisations;
 - removal of the requirement to submit a directors' statement on sufficiency of resources in CP7;
 - data reports and requests that can be sourced or compiled in a more efficient way;
 - annual or regular reports that can be streamlined or discontinued; and
 - evidence submissions and engagement for the business planning reforecast (RF) process.
- 2) **Medium-term** opportunities – that can be fully scoped out, indicatively by the end of 2025, and progressively implemented:
 - evidence submissions and engagement for ORR's periodic review; and

- review of meetings, including structure and frequency, looking for opportunities to streamline and avoid duplication (n.b. some benefits expected to accrue more quickly).

3) **Longer-term** opportunities – that will need more time to assess, to ensure that ORR continues to discharge its duties:

- greater sharing of and engagement in NR's assurance work and internal audit reports to build confidence and understanding to reduce / remove the number of Independent Reporter reviews / Targeted Assurance Reviews undertaken (n.b. some benefits expected to accrue more quickly); and
- the balance of ORR's interaction with NR's central and regional functions and how NR communicates internally to facilitate this.

All initiatives will be further developed and assessed and, if taken forward, implemented by the end of the current Parliament.

4) **Legislative change** – initiatives that require a change in legislation and wider industry stakeholder engagement to be progressed or implemented.

Rail reform during this Parliament will fundamentally change some of the activities we undertake and the nature of our interaction with NR and in future Great British Railways (GBR). Opportunities in this category are subject to change as the detail of rail reform emerges.

We will consider whether there is scope to address the following:

- remove the administrative requirements in Railways and Other Guided Transport Systems (Safety) Regulations (ROGS) to submit annual safety reports to ORR;
- processes around "General Approvals" for track access contract changes and related issues; and
- responsibilities and obligations arising from interoperability regulations.