OFFICE OF RAIL AND ROAD



Annual report and accounts 2025-26

July 2026

HC 437

Office of Rail and Road
Annual report and accounts 2025-26

For the period 1 April 2025 to 31 March 2026

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This is part of a series of departmental publications which, along with the Main Estimates 2026-27 and the document Public Expenditure: Statistical Analyses 2026, presents the Government's outturn for 2025-26 and planned expenditure for 2026-27.



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Preface

About this annual report and accounts

This document integrates performance and financial data to help readers gain a better understanding of the work of the Office of Rail and Road (ORR). It covers the activities of ORR from 1 April 2025 to 31 March 2026 and is split into three main sections:

The **performance report** includes a summary of progress achieved in 2025-26 in delivering our strategic objectives and service standards **(the performance overview)**, followed by a fuller review of delivery of our strategic objectives **(the performance analysis)**.

The **accountability report** is split into three sub-sections and includes:

- **A corporate governance report**, which includes the directors' report, the statement of Accounting Officer's responsibilities and a governance statement;
- **A remuneration and staff report**, which includes pay and benefits received by executive and non-executive board members and details of staff numbers and cost; and
- **A Parliamentary accountability and audit report**, which allows readers to understand ORR's expenditure against the money provided to it by Parliament by examining the statement of outturn against Parliamentary Supply and includes a copy of the audit certificate and report made to Parliament by the head of the National Audit Office, setting out his opinion on the financial statements.

The **financial statements** show ORR's income and expenditure for the financial year, the financial position of ORR as of 31 March 2026, and additional information designed to enable readers to understand these results.

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Chief Executive's report

The effective operation of our rail and strategic road networks is fundamental to national life, supporting economic growth and connecting people and communities. ORR protects the interests of current and future users by ensuring the safety, value and performance of these networks.



Feras Alshaker,
Chief Executive and Accounting Officer

In carrying out this role, it has been another busy year across our functions. We have delivered all business plan commitments within our control, while responding flexibly to additional priorities where required. This has taken place against a backdrop of significant transformation in the rail sector.

The transition to Great British Railways (GBR) represents the most substantial structural shift in a generation. Over the year, we continued to work closely with government and industry to shape the development of the new framework, including helping to ensure that GBR is able to operate safely when it is established in autumn 2027.

We have supported the UK Government's growth agenda, including through our work to improve the rail investment framework by removing barriers to third-party investment in the railway. In addition, we assisted the Department for Transport in developing the regulatory framework for the new Lower Thames Crossing, a nationally significant scheme intended to reduce congestion on the strategic road network and support economic growth.

We responded to the UK Government's regulatory reform programme, introducing new service standards and commitments to speed up key processes. We also engaged with key stakeholders and reduced the burden of regulation.

Sustained vigilance to keep the GB rail network safe remains vital. A key intervention this year was to require the industry to strengthen its control of overspeeding risk, following a number of incidents with the potential for catastrophic outcomes. We will continue to monitor progress closely and take action where necessary.

We supported the Carmont fatal accident inquiry, which is examining the full circumstances surrounding the tragic deaths of three people following the derailment of a train in Aberdeenshire in 2020. We gave evidence at the final hearing in March and, once the Sheriff's report is published, will consider its findings carefully and take forward any relevant lessons.

One of our core roles is to monitor railway companies to ensure they meet their obligations to passengers and to step in where they do not.

This year we strengthened our oversight of operators' provision of passenger assistance. While most assistance is delivered successfully, failures can have serious consequences for those who rely on it when travelling. We introduced a new framework to compare operators' performance and identify good practice, providing a stronger basis for targeted intervention. Our work secured action plans from two of the poorest performers – South Western Railway and West Midlands Trains.

A third – Northern Trains – committed to making improvements and providing a package of reparations to passengers after we found it had breached its licence.

We continued to monitor Network Rail's Wales and Western region following our 2024 enforcement action. The changes we required it to make have led to a significant improvement in performance, with passengers experiencing more reliable journeys. While there is more to be done, sufficient progress has been made to allow us to close our formal enforcement action.

A key part of our work is the sustained scrutiny and challenge we provide to National Highways and Network Rail to ensure they use their funding effectively to deliver value for taxpayers. During the year, we reported that National Highways had exceeded its efficiency targets over the most recent five-year road period. Network Rail has also exceeded its efficiency targets for the seventh consecutive year. These are significant achievements by both organisations, supported by our ongoing oversight.

In this context, it is important that we hold ourselves to the same standards we expect of others. We continue to modernise how we work and the service we provide. During the year, ORR rolled out a new Train Driver Licensing Portal, making our processes more efficient while reducing administrative burdens for operators. We have also begun to make greater use of artificial intelligence where it adds value. This includes an in-house tool that supports the analysis of complex data, strengthening the evidence base for our regulatory decisions.

This foreword provides only a brief snapshot of our work over the year. The remainder of this annual report sets out our activities in more detail, including the day-to-day work that often goes unnoticed, such as the authorisation of rail infrastructure, health and safety inspections, and the professional back-office support that underpins all our regulatory activities.

Looking ahead, we will remain focused on our core regulatory role while continuing to support the establishment of Great British Railways and delivery of UK Government growth priorities.

Feras Alshaker
Chief Executive and Accounting Officer

3 July 2026



Chair's report

This has been a year of significant change for the rail and road sectors, and one in which the Office of Rail and Road has played an important role in supporting the system through a period of reform, constraint and uncertainty.



Declan Collier, Chair

ORR's purpose is to protect the interests of current and future users. Over the past year, we have continued to do so by providing independent, evidence-based oversight and by taking clear, informed decisions that balance short-term pressures with long-term outcomes for passengers, freight customers, road users and taxpayers.

The wider fiscal context for the UK remains constrained, and the rail and road sectors continue to operate under significant financial pressure. The conflict in the Middle East has contributed to higher energy prices and other input costs, putting further strain on the sectors we regulate. Against this backdrop, the UK Government has challenged regulators to do more to support economic growth.

Our decision in October to award access to Temple Mills International depot to Virgin Trains was important in this regard. It paves the way for competition on international passenger services and significant investment, supporting economic growth. Alongside this, our role in providing advice to government on National Highways' business plan helped provide a more stable and deliverable basis for the company's activities and its supply chain in the third road period.

Alongside our core regulatory work, we also progressed a number of wider initiatives aimed at improving outcomes for passengers. This included publishing our findings from our review of revenue protection practices, which sought to strike a fair and proportionate balance between tackling deliberate fare evasion and protecting passengers from being unfairly penalised. The Secretary of State accepted our recommendations in full and published a comprehensive response in March 2026. The response sets out concrete steps being taken, including measures to simplify the ticket-buying process and support clearer, more transparent ticketing for passengers.

The introduction of the Railways Bill in Parliament in the autumn was a significant milestone. This provided important clarity on aspects of the future structure of the railway and its regulatory framework, including a broader role for ORR in relation to Great British Railways. However, key elements remain to be finalised. We therefore engaged closely with stakeholders to explain our prospective role and to inform our approach. We also continued to provide independent advice to government as policy developed.

Looking ahead, the oversight role we are expected to take on in relation to Great British Railways will require us to work differently. Alongside this, we have been asked to take on significant new responsibilities in relation to the Lower Thames Crossing and to provide oversight of Transport for London's capital programme. ORR is therefore undertaking a transformation programme to ensure it has the capabilities, ways of working and culture required to operate effectively across this broader remit. This includes strengthening our ability to operate in an agile, flexible and innovative way – as a modern regulator should do. The Board has established a Transformation Committee to provide oversight of this programme and its delivery.

It is also vital that the Board itself remains effective in this changing context. This year we commissioned an independent Board effectiveness review, which included input from stakeholders across the rail and road sectors and government. This confirmed that the Board is operating effectively, while also identifying areas for further development as our role evolves.

There were a number of changes to Board membership during the year. Justin McCracken stepped down from the Board after 11 years, and I thank him for his valuable contribution over that time. In November, Ann Metherall and Lindsey Fussell joined the Board. They bring valuable experience in consumer policy, regulation and engineering, strengthening the Board's collective capability during this period of change.

At executive level, John Larkinson retired as Chief Executive in April 2026. I pay tribute to John for his outstanding leadership over the past seven years.

Looking ahead, ORR will play an important role in helping enable a rail and road system that is safe, efficient, resilient and focused on the needs of its users. In a period of continued reform and uncertainty, our responsibility is not only to provide robust oversight, but to bring clarity, challenge and insight to the choices that will define the system for years to come.

Lastly, I would like to thank all ORR colleagues for their professionalism, expertise and commitment over the past year. Their work underpins everything we achieve, and will be critical as we continue to support the system through the next phase of change.



Performance report



Performance overview

The performance overview provides a short summary of the annual report and accounts

Our purpose

To protect the interests of rail and road users, improving the safety, value and performance of railways and roads, today and in the future.

Our values

We are part of the Civil Service and its code underpins our values, which are:

Inclusive

Professional

Ambitious

Collaborative



Our strategic objectives



A safer railway

ORR is the health and safety regulator for all of Britain's rail industry. Our strategic objective is to enforce the law and ensure that the industry delivers continuous improvement in the health and safety of passengers, the workforce and public, by achieving excellence in health and safety culture, management and risk control.



Better rail customer service

We have a key role to improve the rail passenger experience in the consumer areas for which we have regulatory responsibility and take prompt and effective action to improve the service that passengers receive where it is required.



Value for money from the railway

We support the delivery of an efficient, high-performing rail service that provides value for money for passengers, freight customers, governments, and taxpayers. We also regulate other significant elements of the national rail infrastructure, including London St. Pancras Highspeed and the UK portion of the Channel Tunnel.



Better highways

National Highways operates the strategic road network, managing motorways and major roads in England. Our role is to hold it to account for its performance and delivery, driving value for the taxpayer.

Who we are and how we work

The Office of Rail and Road (ORR) is an independent, non-ministerial UK government department, established by and accountable directly to Parliament. We protect the interests of current and future rail and road users, overseeing the safety, value and performance of the railways and the performance and efficiency of England's strategic road network.

We regulate Network Rail, including setting the targets it is expected to achieve, and report regularly on its performance. We regulate health and safety standards and compliance across the whole rail industry. We oversee competition and consumer rights issues – driving a better deal for rail passengers and taxpayers. We also regulate the London St. Pancras Highspeed link to the Channel Tunnel.

We hold National Highways to account on its commitments to improve the performance and efficiency of England's strategic road network.

As an independent regulator, we operate within the framework set by UK legislation and are accountable through Parliament and the courts.

ORR comprises a governing board appointed by the Secretary of State for Transport and over 370 professionals including engineering, railway safety, legal, economics and competition, operating from six offices across the country.

Organisational structure

The diagram below shows how we are structured. Each directorate is headed by a director. Within each directorate, there are typically several teams.

Railway Safety	Strategy, Policy and Reform	Economics, Finance and Markets	Planning and Performance
Legal	Corporate Operations	Communications	Private Office

The focus of each of the directorates in 2025-26 was as follows:

Railway Safety – ensuring duty holders across Britain's rail industry manage health and safety risks effectively and meet their statutory duties.

Strategy, Policy and Reform – strategic direction of ORR and our role in rail reform; issues around access to the rail network, the licensing of rail operators, international policy, and our role in protecting rail passengers by monitoring and enforcing passenger-facing licence conditions as well as consumer law.

Economics, Finance and Markets – preparation and delivery of funding period reviews; monitoring and reporting on Network Rail's financial performance and efficiency; cross-industry financial and economic analysis; competition work including market studies and casework.

Planning and Performance – holding Network Rail to account for its performance and its stewardship of the national railway network infrastructure; holding to account London St. Pancras Highspeed, the company which operates the line between St Pancras and the Channel Tunnel; production of rail statistics; monitoring whether the Government's Road Investment strategy is being delivered in our role overseeing National Highways and its management of the strategic road network.

Corporate Operations – finance, procurement, HR and organisational development, IT, facilities, estates.

Communications – explaining ORR's role, decisions and impact and supporting transparency, accountability and confidence among stakeholders and the public.

Legal – providing legal services to the ORR.

Private Office – providing day-to-day support to the Chief Executive and Chair, and enabling the effective functioning of the Board and wider governance framework.



2025-26 overview

April

- We concluded the final industry engagement, evidence gathering and analysis phase in the development of our Revenue Protection Review report.
- We launched our deep dive into the Rail Network Investment Framework, as part of a commitment to support the Government's new approach to ensure regulators and regulation supports growth.

May

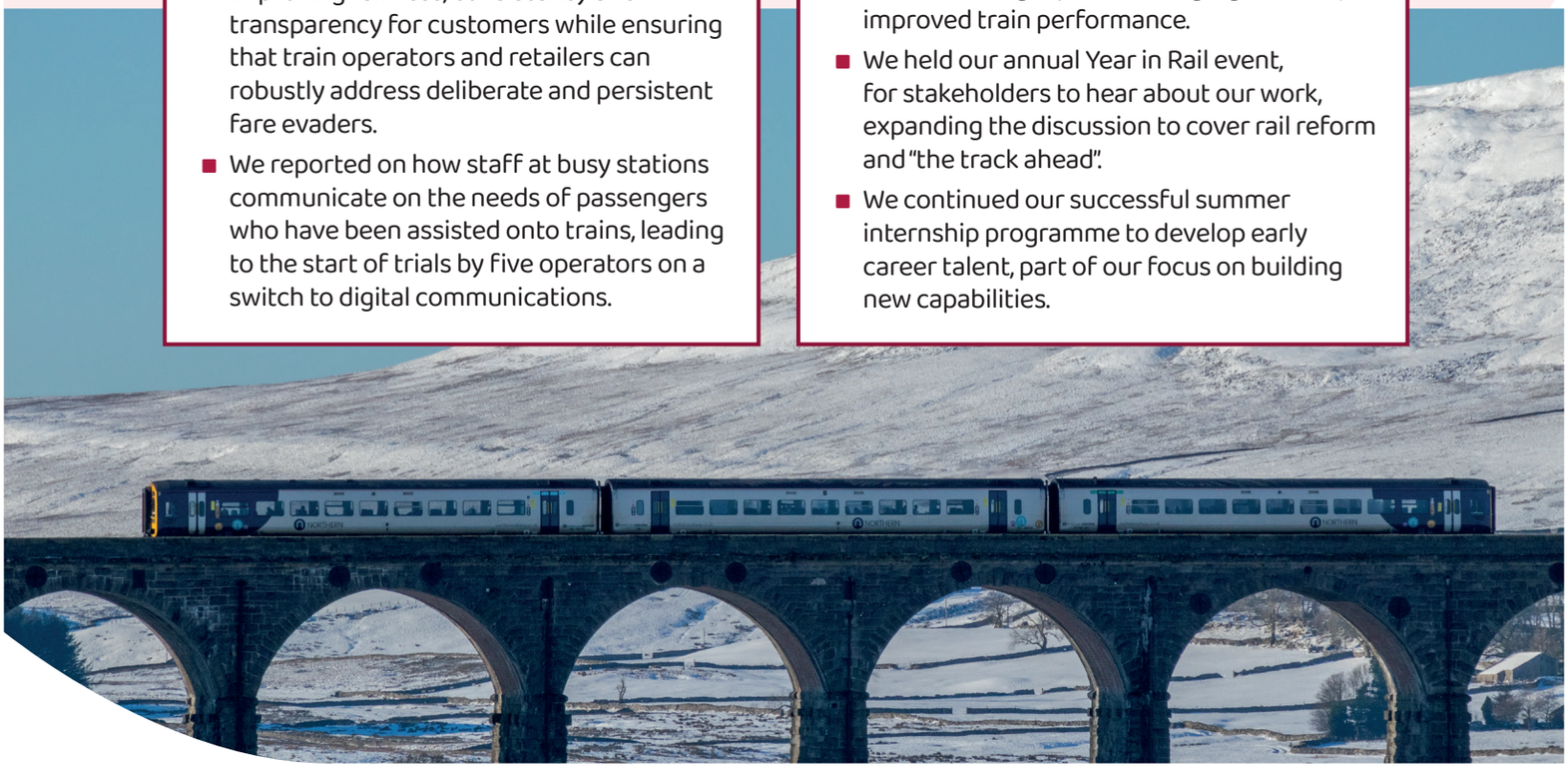
- We published an updated level crossings Strategic Risk Chapter, followed by a targeted national inspection campaign focusing on safety at mainline passive level crossings.
- We recommended improvements to how industry enforces revenue protection, improving fairness, consistency and transparency for customers while ensuring that train operators and retailers can robustly address deliberate and persistent fare evaders.
- We reported on how staff at busy stations communicate on the needs of passengers who have been assisted onto trains, leading to the start of trials by five operators on a switch to digital communications.

June

- We convened a roundtable with senior rail industry leaders and the four main unions on welfare provision for railway workers, to understand the main issues and bring about necessary improvements.

July

- We published our annual report of health and safety on Great Britain's railways, concluding that the network remains one of the safest in Europe but must retain a relentless focus on safety throughout rail reform.
- We published our annual assessment of Network Rail, concluding that the company is delivering efficiently but that financial constraints require careful management.
- As part of our control period 7 (CP7) train performance reset, we consulted on the passenger train performance targets for the remaining three years of the control period (2026-2029).
- We published our annual report on London St. Pancras Highspeed, finding significantly improved train performance.
- We held our annual Year in Rail event, for stakeholders to hear about our work, expanding the discussion to cover rail reform and "the track ahead".
- We continued our successful summer internship programme to develop early career talent, part of our focus on building new capabilities.



August

- We published our provisional findings from our review of the Transparency Order, that was put in place by the Competition Commission in the franchised passenger rolling stock leasing market.
- We continued to monitor progress in Network Rail's Wales & Western region, as it continued to make improvements to train performance following our licence breach investigation in the previous year.

September

- We closed out our investigation into National Highways' performance and capability, finding that the company had come into compliance with its licence, following substantial implementation of its improvement plan.
- We launched a new online portal to modernise train driver licensing processes, support anticipated increases in application volumes, reduce administrative burden for operators, and prepare for forthcoming policy changes. While initial implementation created delivery pressures, resilience has since been strengthened and performance is improving.
- We issued our annual market monitoring report on open access services, giving an overview of the trends in passenger outcomes, service growth and revenues and comparing these outcomes to those for contracted passenger services.

October

- We undertook a strategic intervention on overspeeding, following several significant incidents on the rail network. We convened sector stakeholders to better understand risk and set short-, medium- and long-term actions to deliver necessary improvements.
- We approved Virgin Trains' application for access to Temple Mills International depot, opening the door to future international train services through the Channel Tunnel and unlocking up to £700 million in private sector investment.
- As part of our early careers programme, we ran the first of three business insight days to promote career opportunities for young people and those from disadvantaged backgrounds.
- We published new streamlined guidance for rail investors, to remove barriers and encourage more third-party investment in Britain's rail infrastructure, contributing to economic growth.

November

- We completed our efficiency review of National Highways' strategic business plan for the third road investment period, holding the company to account on whether its proposals are sufficiently challenging and deliverable within the available financial resources.
- We published our annual rail industry finance (UK) statistics, an important barometer of the financial health of Britain's railways, reporting that a rise in train fare revenue has contributed to a fall in government funding required.
- We gave in-person evidence to the UK Parliament's Transport Select Committee on rail reform and the establishment of Great British Railways under the Railways Bill, followed by evidence to the Bill Committee in January.



December

- Our improvement notice to Network Rail to control railway workers' exposure to welding fumes was affirmed following an earlier appeal, driving action by the company to achieve compliance in this important area of occupational health and safety.
- We published new targets for passenger train performance in England and Wales for the remaining three years of control period 7 (2026-2029).
- We concluded our review of the Transparency Order designed to improve competition in the passenger rolling stock leasing market.
- We published a report for Welsh Government demonstrating how, by setting biodiversity performance measures for the railway, we are meeting our legal duties to seek to maintain and enhance biodiversity in Wales.
- We published details of the initial reduction in regulatory burden we have agreed with Network Rail.

January

- We published the findings of our review of the Retail Information Code of Practice, to strengthen the clarity, accuracy and transparency of ticketing information provided to passengers.

February

- We completed safety certifications and authorisations for train operating companies South Western Railway, C2C, Greater Anglia and West Midlands, which is central to bringing them into public ownership as part of the government's rail reform programme.
- We published regional benchmarking data providing transparency on the performance of National Highways' six regions against a variety of targets including safety, delays and maintenance.
- We held a Westminster drop-in session on rail reform, attended by more than 45 parliamentarians and other guests, and took part in a panel discussion by the All-Party Parliamentary Rail Group.

March

- We published our refreshed policy on how we hold National Highways to account, supporting government goals to minimise regulatory burden, while ensuring that public funds are invested wisely to sustain and support growth.
- We produced our assessment of safety performance on the strategic road network, reporting that National Highways would miss its target for the end of 2025.
- We found Northern Trains in breach of its licence in relation to provision of disability awareness training for its passenger-facing staff.
- We reported on rail industry productivity, looking at how the system as a whole was performing in terms of outputs delivered for the resources used, as well as passenger, freight and infrastructure manager productivity.

Performance against the business plan

The work we have carried out in the year is set out in more detail in the 'strategic objective' chapters in the performance analysis section. We achieved 16 out of 19 valid service standards for 2025-26 and 43 out of 44 business plan deliverables.

Our funding

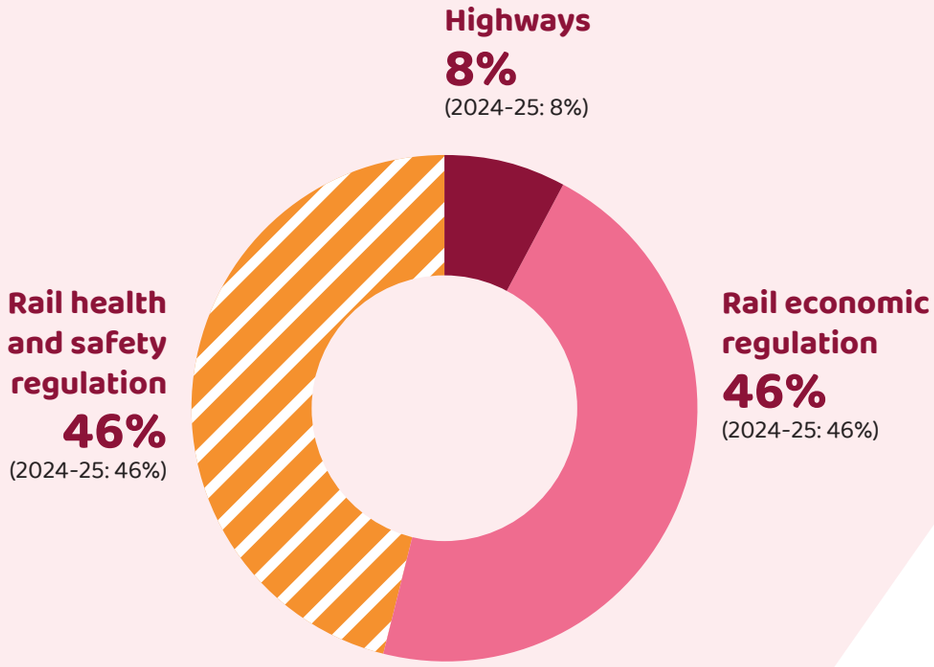
Our budget is agreed with HM Treasury through the Spending Review process and is subsequently authorised by Parliament through the Supply Estimates procedure. Our 2025-26 budget was agreed with HM Treasury during Phase 1 of Spending Review 2025, with budgets for the period 2026-27 to 2028-29 agreed during Phase 2.

Our rail functions are funded almost entirely by the railway industry, principally passenger and freight operating companies and Network Rail. We operate within a defined budget and recover our costs through a safety levy and an economic licence fee charged to the industry. We also recover regulatory costs associated with the Channel Tunnel, London St. Pancras Highspeed and Northern Ireland by charging the relevant organisations. Charges are calculated on a full economic cost basis and are set to recover costs only, with no element of profit. Taken together, our charges and other income fully cover our rail-related costs. Our highways function is funded through a grant from the Department for Transport (DfT). In addition, Parliament provided a token resource budget of £2,000.

Our capital departmental expenditure limit (CDEL) was £1.02 million in 2025-26 (2024-25: £1.22 million).

Where we spent our money

In 2025-26 we spent a total of £43.5m (2024-25: £40.8m) which was in line with our budget of £43.5m. The chart below shows expenditure by key work area.



A more detailed comparison of what we spent this year compared to the Estimate is provided on page 63.

Principal risks

The key corporate risks we faced and actively managed in 2025-26 were:

- not keeping pace with emerging cybersecurity threats which results in a cyber-attack on the critical infrastructure of the business;
- our reputation as a health and safety regulator is diminished by critical public scrutiny, challenges to enforcement decisions or application of legal framework, or negative media coverage;
- new plans for rail may not consistently reflect the current industry structure and regulatory framework;
- ORR's transformation programme does not deliver coherent, organisation-wide readiness for Day 1 of Great British Railways owing to internal resourcing and capability and external dependencies; and
- delays and challenges in setting the Road Investment Strategy (RIS3) lead to a loss of confidence in the roads reform system and impact ORR's advice to the Secretary of State.

Details of how we mitigated these risks in the year are set out in the performance analysis section on page 52.



Performance analysis

The performance analysis section provides a more detailed analysis of how we have performed against the strategic objectives and deliverables set out in our business plan for 2025-26.



Strategic objective 1: A safer railway



ORR is the health and safety regulator for all of Britain's rail industry. Our strategic objective is to enforce the law and ensure that the industry delivers continuous improvement in the health and safety of passengers, the workforce and public, by achieving excellence in health and safety culture, management and risk control.

With rail reform now under way we have played a significant role this year in ensuring that high standards of health and safety are embedded as the sector transforms, working collaboratively with government and industry stakeholders. In the past 12 months we have helped move four train operating companies (South Western Railway, C2C, Greater Anglia and West Midlands Trains) into public ownership through the issuing of safety certificates and authorisations, as required by the Railways and Other Guided Transport System (Safety) Regulations 2006 (ROGS), and our programme to complete applications in a timely manner will continue in the coming year. As an active member of the Department for Transport (DfT)'s Safety Working Group, we have had important early input into the design of the health and safety management system and post-reform structure for Great British Railways (GBR). We also worked to bring trade unions closer to the discussions on reform in the context of health and safety, convening engagement during the year.

We conducted a post-implementation review of ROGS on behalf of the Secretary of State and submitted our report to the Department for Transport in February, well ahead of the planned delivery date of August 2026. The draft report recommends keeping ROGS with minor amendments to reduce the administrative burden for mainline operators, including in relation to the safety certificate application process and safety reporting.

We delivered the recommendations from our cost and benefit of safety interventions report from last year, publishing the completed implementation review recommendations in March. This is a good example of collaborative working both within ORR and across industry to achieve greater efficiency.

In July we published our annual report of health and safety on Great Britain's railways, concluding that the network remains one of the safest in Europe and that the industry has made good progress in several areas, including action to address overdue structure assessments and dealing with weather-related risk. However, serious incidents continue to occur (see risks and interventions below) and we cautioned that industry must retain a relentless focus on safety throughout rail reform.

Network Rail and mainline operators

In the second year of control period 7 (CP7) we continued to work with Network Rail to monitor the safety commitments in its CP7 Delivery Plan, including how its 'modernising maintenance' programme is delivering safe and reliable assets, and published our final report on this in October.

During the year we have maintained our focus on the types of events and risks that could result in catastrophic train accidents. Overspeeding has been a key focus of our work, following four significant incidents in previous years. These events prompted a detailed review of underlying causes and the effectiveness of existing controls and led to a strategic intervention in October. We convened industry stakeholders to develop a shared understanding of how overspeeding risk is managed and where improvements are needed, highlighting variability in approaches and gaps in assurance across organisational boundaries.

We worked with the Rail Safety and Standards Board (RSSB) and the Rail Delivery Group (RDG) to establish a more consistent, industry-leading framework for managing overspeeding risk. This includes short-, medium- and longer-term actions to strengthen preventative controls, improve data use and support a more proactive reporting culture.

This work has been supported by valuable engagement with trade unions, recognising their role in promoting workforce awareness, reporting, and adherence to controls to manage overspeeding risk.

Our review of overspeeding also identified weaknesses in the management of certain controls by the infrastructure manager and operators, alongside insufficient reporting and information-sharing between duty holders, limiting the industry's ability to respond effectively to emerging risks. We will continue to monitor progress closely and hold industry to account for delivering the necessary improvements.

To support our strategic intervention project on Trains Passing the End of their Authority, we commissioned an international literature review to examine how comparable countries manage Signals Passed at Danger (SPAD). The review explored regulatory approaches to SPAD reduction and identified good practice from international comparators. The resulting recommendations have informed the development of our wider strategic intervention project.

In May, we published an updated level crossings Strategic Risk Chapter and in September, we undertook a targeted national inspection campaign, focussing on mainline passive level crossings.

As part of our ongoing fatigue strategic intervention project, we carried out inspections of train operating companies and delivered a training workshop for RMT union health and safety representatives.

With extreme weather events and their impact on buildings and structures management remaining a particular area of concern, we continued our extreme weather multi-year strategic intervention programme and engaged regularly with Network Rail to hold it to account. In February 2025, we wrote to Network Rail regarding their compliance with structures examinations and assessments, requiring improvements, which Network Rail has subsequently delivered in 2025-26. We will continue to work with the company to ensure it fulfils its legal obligations and responsibilities for the asset management and safety of its structures and operational property.

Digital safety continues to be a key focus area, as the use of new technologies, including advanced digital systems and artificial intelligence, becomes more prevalent across industry and the risk profile for software-related failures evolves. Over the past year we have provided targeted training to inspectors to strengthen our in-house capability in managing digital safety risk. We have also engaged with industry stakeholders to develop a digital safety strategy and new digital safety Strategic Risk Chapter.

In October, we delivered a seminar with the RDG on stranded trains, exploring how track and train duty holders can protect passengers during these events. This built on steps we have taken since some high-profile incidents in 2023, including updated industry guidance. Further details on this work can be found in the Better Rail Customer Service section of this report.

The occupational health, safety and wellbeing of railway workers has continued to be a priority this year. Our main area of focus has been on the health impact of exposure to welding fumes and inspecting Network Rail's risk controls. Our improvement notice, which Network Rail had earlier appealed, was affirmed in December, with the company subsequently taking positive action to achieve compliance against its requirements.

In June we convened a roundtable with senior rail industry leaders and the four main unions on welfare provision for railway workers, to understand the main issues and bring about necessary improvements. Access to appropriate welfare is a fundamental feature of evolving our culture and building a more diverse and inclusive railway workforce. We worked with the RSSB to support industry sign-up to a Welfare Charter and participated in the Freight Safe Steering Group on the particular challenges associated with welfare provision for freight workers.

Our work on new schemes – to foster a culture of safety by design – has mainly focused this year on the creation of GBR. However, we have continued to monitor and influence the Highspeed 2 and TransPennine projects, with a particular focus on the outcomes of HS2's restructuring.

We continued to provide input on industry policy, legislation and guidance as it relates to health and safety on the railways. We worked with DfT to review both the RDG's implementation plan for the change to lower the minimum age for a train driving licence from 20 to 18 years, and the legal drafting changes required to bring this change into effect. We also worked with DfT to issue an update to stakeholders on plans for the next stage of wider reform of the train driving licensing regime, including measures to reduce burdens, and a public consultation on proposed changes to the regulations is anticipated during 2026. We also reviewed and updated three of our core train driving licensing guidance documents and in September successfully implemented an improved portal to help us, and operators, manage significant volumes of statutory train driving licensing work.

Non-mainline operators

Our focus with Transport for London has included management of its civil assets and risks from ageing infrastructure. We produced an initial report in October, which summarised the work carried out in respect of civils assets. However, we had insufficient information at that stage to enable conclusions to be reached, so we are continuing to pursue this topic into the next work year.

In the light rail and tramways sector, we focused on crossing safety and contractor management, along with continuing to engage with industry and the Light Rail Safety and Standards Board (LRSSB).

During the quieter winter period for the heritage sector, we partnered with the Heritage Railways Association to deliver six workshops at venues around the country. These focused on: inspection themes, incident trends, asset management, workshop health and safety, and running events safely. We carried out inspections on derailment risk, focusing mainly on narrow-gauge railways, following an increase in incidents in 2024-25, as well as general safety inspections of selected heritage railways across England, Wales and Scotland.

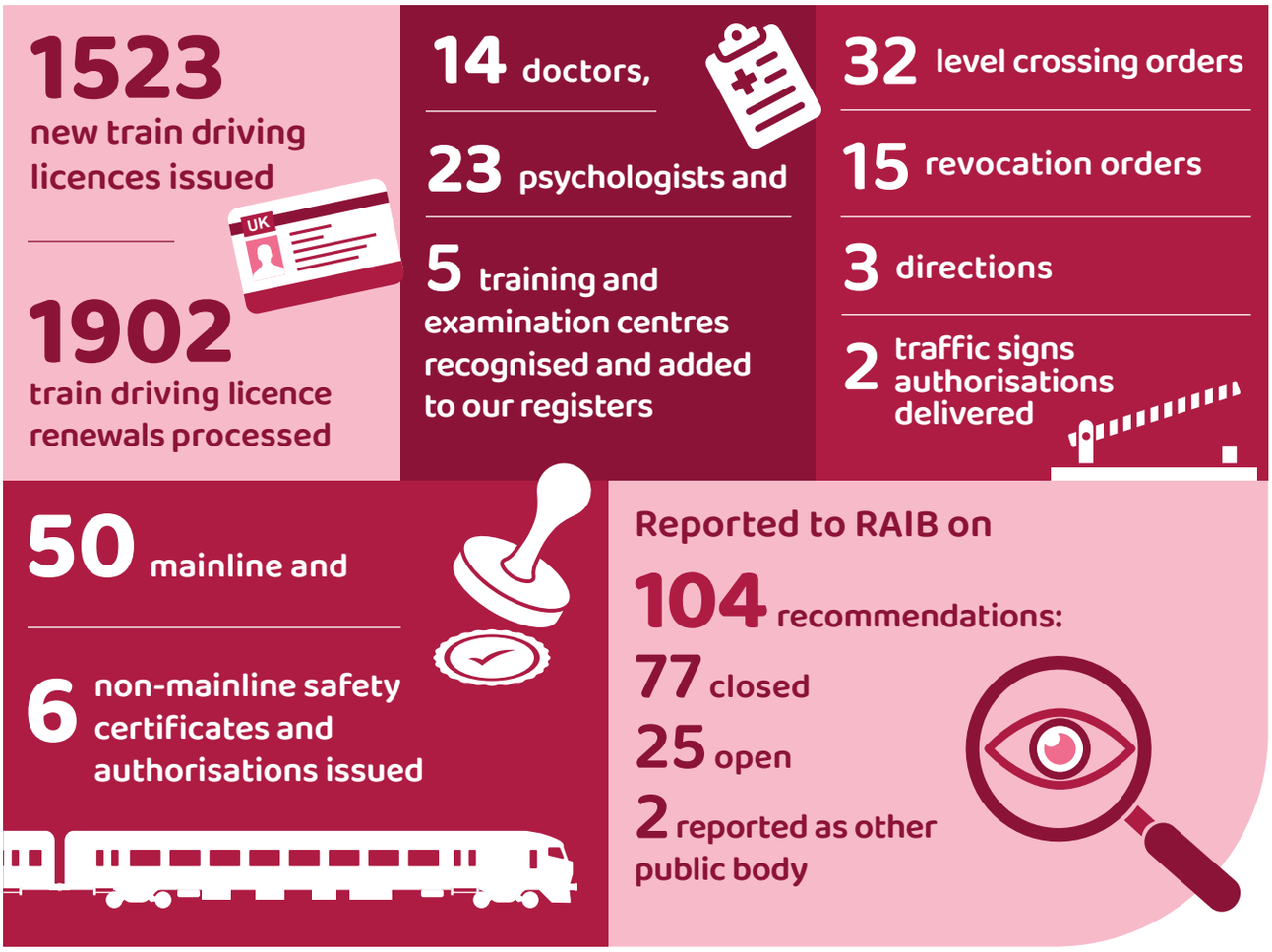


Channel Tunnel

The timescales for implementation of new Channel Tunnel bi-national regulatory arrangements remain subject to UK parliamentary processes and therefore National Safety Authority (NSA) responsibilities for the UK half of the tunnel have not yet been transferred to ORR. We have continued to build positive relations with our colleagues at the French railway national safety authority, Établissement public de sécurité ferroviaire (EPSF).

Regulation and certification

As part of our day-to-day work, we grant a range of health and safety permissions and approvals and, in some cases, we have statutory deadlines to meet. This work helps provide an effective framework for railway safety and, in the case of train drivers, establishes a common regime for licensing.



Investigation and enforcement

Prohibition notices stop activities that pose a risk of serious personal injury and improvement notices identify serious breaches of the law that require changes to be made. During the year we invested significant professional effort in investigations and issued eight improvement notices. These included two notices relating to occupational health issues, legionella and Hand Arm Vibration, and the Avanti West Coast 2 improvement notices on overspeeding.

Where appropriate we prosecute duty holders in the courts to ensure compliance with health and safety law.

In October, Great Western Railway was fined £1 million and ordered to pay more than £78,000 in costs after pleading guilty to breaches of the Health and Safety at Work etc. Act 1974. This followed a fatal incident near Twerton in 2018 when a passenger suffered a fatal head injury after placing their head outside a droplight window of a moving train and striking a tree branch. Our investigation found that GWR fell short in its responsibilities and had not implemented actions it had already identified to reduce the risk, despite being aware of a number of previous incidents. Following the death, further safety recommendations were issued across the rail industry to prevent passengers from leaning out of droplight windows.

We also undertook significant work in the first part of 2026 to support the Carmont fatal accident inquiry. This is examining the full circumstances surrounding the tragic deaths of three people from the derailment of a train at Carmont, Aberdeenshire, in 2020. We gave evidence to the final hearing in March and the Sherrif's report is expected in the coming months.

As part of our readiness for a transformed rail sector, we have invested heavily in our regulatory excellence programme to build regulatory capability, develop digital tools, and focus our resources in the right area. We have recruited 10 new inspectors and strengthened and streamlined our training in the field. We have also enhanced our digital case management system and inspection app.



Our performance against 2025-26 business plan deliverables

2025-26 commitment	Status
Report on civil assets management by London Underground	Met
Carry out industry consultation as part of a statutory review of ROGS	Met
Provide an update on progress against the recommendations from our March 2025 costs and benefits of safety report	Met
Run a targeted inspection campaign on level crossing safety	Met
Working with DfT, implement minimum age change for train drivers and secure wider reform of train driving licensing regime	Partially met [note 1]
Release annual rail safety statistics	Met
Monitor Network Rail's CP7 Delivery Plan commitments, including how Modernising Maintenance delivers safe and reliable assets	Met
Deliver inspectors training to improve our capability in managing digital safety	Met
Undertake inspections on management of worker fatigue risk	Met
Deliver joint ORR/Heritage Railway Association workshops	Met
Complete review of implementation of recommendations from our costs and benefits of safety report	Met

Note 1: In 2025-26 we worked with DfT to develop the policy around reducing the minimum age. This policy work was completed. We will work with DfT to implement the age change once the legislation comes into effect in June 2026.

A business plan commitment for 2024-25 remains outstanding. This was to secure the transfer to ORR of National Safety Authority responsibilities for the UK half of the Channel Tunnel. This is subject to the Government's timetable and is outside of our control.

Future plans

In our deliverables for 2026-27, we have committed to the following priorities:

- launching the formal regulatory training programme for our new inspectors.
- delivering a report on the Post Implementation Review of ROGS.
- implementing, with DfT, the minimum age change for train drivers.
- developing a new occupational health strategy.
- engaging with industry on the risk of violence to rail staff.
- publishing our first digital safety strategy and new Strategic Risk Chapter.
- running a targeted mainline railway workforce inspection initiative on possessions.
- undertaking an intervention to assess London Underground's civil asset management arrangements.
- delivering joint ORR and Heritage Railway Association risk management workshops.
- reviewing earthwork risk management arrangements at selected light rail systems.
- undertaking interventions to assess the management of risks at highways crossings at selected light rail systems.
- releasing annual rail safety statistics.



Strategic objective 2: Better rail customer service



We have a key role to improve the rail passenger experience and take prompt and effective action to improve the service that passengers receive where it is required.

In fulfilling this key role, we focus on the four areas where we have regulatory responsibility and where we have built enhanced capability:

- The provision of assistance to passengers who depend on additional support to make their journey.
- The provision of passenger information, including when there is disruption, so that passengers can make informed choices.
- The provision of a complaints handling service, awareness of the compensation process where passengers are subject to delay, and independent resolution of escalated complaints through an ombudsman where necessary.
- Ticket retailing, specifically the ease with which passengers can choose and purchase the best ticket for their journey and, where necessary, receive a refund for their ticket.

We do this alongside how we hold Network Rail to account for the quality of the rail infrastructure, which is a contributor to train performance, to ensure a joined-up approach.

Another large area of our work to ensure better customer service on the railway is our regulation of access to the network for passenger services and freight companies. We also provide transparency through publication of key statistics.

Passenger accessibility

Accessibility of the rail network and services for all customers, and particularly those with disabilities, remained a priority area of work for us this year.

In December we published our first annual benchmarking report on train and station operators' provision of assistance. This has helped us judge how well operators are meeting their obligation to provide assistance free of change to anyone who needs it, irrespective of whether it is booked in advance or requested at the station. Our new benchmarking provides greater transparency and enables us to focus our attention on the poorest performing operators, identified this year as Northern Trains, South Western Railway and West Midlands Railway, to drive improvement for passengers and disseminate good practice across the industry. We have subsequently worked with the three companies to produce improvement plans that adequately address the issues we identified.

In parallel, we continued to drive improvements in the quality of industry data on assistance outcomes and from April 2025 we required companies to report new data to us every month. We now have greater confidence in industry data being reported on the volume of turn-up-and-go assistance and have started to publish this on our website. Further work is required on the quality of data on assistance outcomes.

In May we published a report on how staff at busy stations communicate with other stations about the needs of passengers who have been assisted onto trains, to avoid the risk of them being left without help to disembark at their destination. We asked all operators to look at whether they wanted to try alternative approaches to information handover, to increase both reliability and efficiency, and we have now approved five trials from five different operators on the use of digital communications in place of phone calls.

A new piece of work during the year was to consult on and implement a proposed amendment to our Assisted Travel Policy (ATP) guidance to require operators to assess claims for redress for failed assistance on a case-by-case basis. The consultation was prompted by concerns that some operators' policies could appear to restrict compensation to the ticket price. We subsequently implemented the change to our guidance, requiring all operators to review and amend their ATPs, and they have now all implemented the relevant changes.

Another unplanned piece of work was a licence investigation into Northern Trains' provision of disability awareness training for its passenger-facing staff, and whether staff have the skills and knowledge to provide disabled people with the support they rely on. In March, following the investigation, we found Northern Trains in breach of its licence and the company acknowledged the failings we identified. It took steps to address gaps in training before the end of the year and has committed to a further package of reparations worth £550,000. We are now monitoring progress in implementing the additional measures, which should make a meaningful difference for passengers.

Passenger information and ticketing

We continued to hold operators to account for better quality passenger information, monitoring performance against companies' customer information pledges, and maintaining our focus on how passengers are kept informed during unplanned disruption.

In October, we convened a seminar involving more than 100 representatives from across the rail industry to consider how the industry responds when trains become stranded. The focus was on ensuring passengers receive timely information, appropriate support and a safe journey, whether remaining on board or completing their journey by other means.

Delivered jointly with the Rail Delivery Group (RDG), the seminar built on work undertaken following the high-profile stranded train incidents in late 2023 and the recommendations set out in our joint 2024 report with Transport Focus. This included updated guidance from Network Rail and RDG. Since then, further steps have been taken by Network Rail and train operators to strengthen local arrangements, improve coordination and leadership during disruption, and make more effective use of operational data. These developments demonstrate continued industry focus on improving outcomes for passengers when disruption occurs.

In 2024 we were asked by the Secretary of State for Transport to review train operators' and retailers' revenue protection practices, such as how they communicate ticket conditions and the use of penalty fares and prosecutions. The aim was to achieve the right balance between punishing people who are trying to evade fares and recognising genuine mistakes. This is in the context of at least £350 to £400 million in revenue being lost to fraud and ticketless travel every year, according to the RDG. We published recommendations to Government in May, setting out proposed improvements to how industry enforces revenue protection that are good for passengers and operators alike. Our recommendations were accepted in full by the Secretary of State, who has now written to all operators asking them to engage with her department and the RDG to take this forward, including sharing good practice through the cross-industry working group that was set up on this issue.

Our findings from the revenue protection review also informed our review of the Retail Information Code of Practice, which we concluded and published in January. The Code helps rail sector retailers comply with consumer law as it applies to selling rail tickets. Our updated guidance will support retailers in understanding and meeting their obligations and will strengthen the clarity, accuracy and transparency of information provided to passengers.

Complaints handling and redress

During the year, we have continued to monitor and enforce the Rail Ombudsman's delivery of its workplan, according to the terms of its contract, and engaged with ticket retailers to encourage them to join the service. One area for improvement that we have focussed on has been delivery of the Ombudsman's accessibility road map, which sets out actions to ensure that the service is working well for disabled people and others with specific accessibility needs. In July the Ombudsman launched a redesigned website that meets current accessibility standards with a range of enhanced features and functionality to significantly improve user experience and accessibility. At the same time, a new case management system has strengthened the way cases are managed for both passengers and industry.

In 2022, as part of our decision on proposals to implement a new Rail Ombudsman operating model, we made a public commitment to commission an independent review of the scheme within the first two years of operation. Subsequently rail reform led us to pause this work. With confirmation that sponsorship of the Ombudsman will now transfer to a new Passenger Watchdog, ORR will no longer be responsible for commissioning such a review and it will be for the new body to determine whether and how any review should be taken forward.

Access (capacity use including timetabling) and licensing

Access to the network and licensing of railway operators remained a significant area of work this year through both our usual day-to-day regulatory duties and supporting and informing changes proposed through rail reform.

We continued to perform our statutory role of reviewing, approving and where necessary directing alternative decisions taken by Network Rail on operators' use of network capacity and station and depot assets. We had to take an unusually high number of direction decisions this year, but these were all delivered on time.

A major piece of work during the year was concluding our examination of depot capacity for new international train services and in October we granted Virgin Trains access to Temple Mills international depot, an important first step towards the company operating cross-border train services using the Channel Tunnel. Our decision unlocks plans for around £700 million of private investment in new services and the creation of 400 new jobs – a boost for passengers, customer choice, and economic growth. Virgin Trains can now be confident it will have access to the light maintenance facilities it needs to begin its planned international services in 2030, and we will work with Virgin Trains as its plans develop.

Elsewhere on open access, we approved extensions of services on the East Coast Mainline but had to reject three track access applications on the West Coast Main Line due to insufficient capacity, concluding that we could not approve these without a serious negative impact on the level of train performance that passengers experience on the route. We have continued to work with other open access operators we have approved as they prepare to introduce their services. First Group's London to Stirling services commenced in May, bringing competition onto the West Coast Main Line for the first time. The same company's London to Carmarthen services are on track to commence after the December 2027 timetable change. However, Go-Op did not provide sufficient evidence that it secured the finance it needed to introduce its regional open access service in the west of England so its access contract lapsed at the end of May.

High-performing and resilient timetables are an essential part of providing a good service to passengers and freight customers and we have continued to hold Network Rail to account on complying with industry timescales. Our work on access decisions and monitoring helped ensure that the new East Coast Main Line timetable was introduced successfully in December. In November, our decision not to grant access rights for the 07:00 Manchester to London Euston service attracted media attention. Following an internal review, we concluded that our original decision was reasonable based on the information available at the time, although it did not reflect the full picture. When new information was received, we acted quickly to maintain the service for passengers. This was an unusual situation, and we moved promptly to reassess our position. We have also identified lessons to inform our approach in future.

Our day-to-day licensing work protects the public interest by ensuring that operators of rail assets are fit and proper. During 2025-26, we issued 20 licences or licence exemptions for operators of railway assets, meeting our timescale commitments to industry in every case. The focus of much of the contractual changes that we have managed this year has been to help train operating companies move into public ownership, as part of the transition to GBR. Another important proposal under rail reform is the establishment of ORR as an appeals body for access applications and we have worked throughout the year on proposals, which were set out in our discussion document published in December. (See the Transformation section for more details).

As a condition of its network licence, Network Rail must not dispose of its land and property assets without our consent, to ensure that land that has a reasonably foreseeable railway use is not lost from the railway. During the year, we reviewed five proposed disposals, giving consent to each. We also completed to time our annual audit of Network Rail's land disposals, further safeguarding the continued operation and future development of the network. Network Rail's licence also prohibits it from operating passenger train services without our consent. To support the process of greater integration between Network Rail and passenger operators, a key step on the road to GBR, we gave Network Rail consent to do so on four occasions during the year.

We conducted our annual reviews of the network statements of each major UK rail network operator: Core Valley Lines, Crossrail Central Operating Section, Eurotunnel, Heathrow Airport, London St. Pancras Highspeed,, Network Rail and Northern Ireland Railways. Our activity in this area ensures that all operators, including new entrants to the market, are clear about the arrangements for getting access to these networks, improving the prospects of them introducing new services that will improve passenger choice.

We published six-monthly data on ORR and industry's compliance with timetabling and sale of network access deadlines, to ensure transparency around the industry's delivery.



Our performance against 2025-26 business plan deliverables

2025-26 commitment	Status
Publish report on effectiveness of communications between stations about passengers who require assistance to travel	Met
Publish recommendations to government on rail companies' revenue protection practices	Met
Publish response to consultation on benchmarking train operating companies' provision of assistance to passengers	Met
Conclude examination of depot capacity for new international train services	Met
Publish six-monthly data on ORR and industry's compliance with sale of access and timetabling deadlines	Met
Complete review of the Retail Information Code of Practice	Met
Review our Accessible Travel Policy (ATP) guidance requirements on redress for failed passenger assistance and consult on any proposed amendments	Met
Conduct and publish annual review of Network Statement for all regulated infrastructure managers	Met

A deliverable rolled over from the 2024-25 business plan, to consult on proposals to require operators to take passenger views into account when considering station staffing changes, has now been superseded as we are engaging with operators on the accessibility impacts of any changes to station and train staffing under current requirements set out in the ATP guidance. There is therefore no current need to proceed with the consultation.

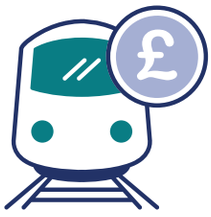
Future plans

In our deliverables for 2026-27, we have committed to the following priorities:

- publishing an update on policy work on disabled passengers' redress for failed assistance.
- publishing an annual benchmarking report on operators' provision of assistance.
- reviewing the delivery and quality of industry's disability awareness training for passenger-facing staff.
- reporting on Network Rail's stakeholder engagement.
- publishing six-monthly data on ORR and industry's compliance with sale of access and timetabling deadlines.
- determining 10 passenger open access applications no later than the end of 2026.
- conducting and publishing an annual review of Network Statements for all regulated infrastructure managers.



Strategic objective 3: Value for money from the railway



ORR works to ensure that the railway is run in the most efficient way for users and funders and holding Network Rail to account is a key role for us. We also regulate other significant elements of the national rail infrastructure, including London St. Pancras Highspeed and the UK portion of the Channel Tunnel. We have several additional roles that help secure a better deal for rail users now and in the future.

We have continued to engage with Government throughout the year on how our regulatory activity can achieve these goals and support the right environment for investment and growth at a time of transformation in the industry. (Further details can be found in the Transformation section of this report).

Holding Network Rail to account

This year, the second year of control period 7 (CP7), we have focused on improvements to train performance, recognising that reliable and punctual services are a priority for passengers, freight customers and the economy. We worked with Network Rail and other industry stakeholders to reset Network Rail's targets for passenger train performance in England and Wales for the remaining three years of CP7 (April 2026 to March 2029), a commitment made in our periodic review (PR23). In December we published our conclusions on the new targets, which are intended to be ambitious, realistic and integrated across track and train. We held a webinar with industry and other interested stakeholders to answer any questions and in March issued notices for the necessary amendments to train operator contracts reflecting the reset.

In July we published our annual assessment of Network Rail's delivery to its stakeholders across its regions and functions in the first year of CP7 (2024-25). We found that the company was delivering efficiently, that passenger train punctuality was largely stable and that Britain's railway remains one of the safest in Europe. However, we highlighted that financial constraints require careful management and that the industry must retain a relentless focus on safety throughout the process of rail reform.

In October we followed up with our annual efficiency and finance assessment to report on how well the company's funding is being spent. This concluded that during the year 2024-25, Network Rail delivered £325 million of cost savings in how it operates, maintains and renews the rail infrastructure, £62 million above its efficiency target. However, we found that, despite these savings, the company financially underperformed against its delivery plan. Net of income, the company spent £243 million more, in terms of operating, maintaining and renewing the railway, than it was funded to deliver. This is equivalent to approximately 2% of its annual expenditure.

London St. Pancras Highspeed

In July we published our annual report on London St. Pancras Highspeed, reviewing the operator's delivery of services on the High Speed 1 route during the year 2024-25. Alongside increases in traffic volumes, we found significantly improved train performance, with reliability and punctuality much higher than the mainline network. Performance issues are now dominated by low likelihood, high impact incidents and we urged London St. Pancras Highspeed to review how it recovers from major incidents. We also required the company to make improvements to its asset management, in light of ongoing issues around assets like lifts and escalators at stations.

Cross-industry reporting and government engagement

In March 2026 we published our annual report on productivity across the whole rail industry, covering both train operating companies and infrastructure. Productivity is a major driver of economic growth and value, and our report examined the outputs the industry delivers for the resources it uses (such as people and capital). We found continued recovery in productivity since the pandemic and stronger productivity growth than the wider economy. One of the key aims for government with rail reform is reducing the net subsidy to the railway. Revenue growth is clearly central to this, but so is increasing productivity. Our analysis provides a useful baseline for how we might measure some of the future benefits of integration under rail reform.

Throughout the year we have continued to engage with Government on wider aspects of reform and how our regulatory activity can support the right environment for investment. In October, we published the findings of our deep dive into the Rail Network Investment Framework, initiated at the request of the Chancellor, resulting in new streamlined guidance to remove barriers and encourage third party investment.

Promoting competition

Fair and effective competition is an important driver of value for money. In December we concluded our review of the Transparency Order originally imposed by the Competition Commission (now Competition and Markets Authority (CMA)) in 2009. The aim was to determine whether there had been a material change in the passenger rolling stock leasing market that alleviated the competition problems identified. Following consultation and engagement with stakeholders, we decided that the Transparency Order continues to be appropriate and proportionate but recommended that the terms be brought up to date in light of legislative changes, to ensure that it is fit for purpose. We will continue to monitor this market and the effectiveness of the Transparency Order throughout the rail reform process.

During the year we continued to provide competition advice to government and to the CMA on rail-related mergers.

Our annual open access monitoring report was published in September. We found that open access operators performed better on punctuality and reliability than long-distance contracted operators, but had higher complaint levels, although complaints had fallen for both types of operators, and satisfaction for complaint-handling was higher and improving for long-distance open access services. Both passenger numbers and kilometres have recovered more strongly for long-distance open access operators.

Information and analysis

We are the publisher of official statistics for rail, and our transparent reporting and analysis helps us hold industry to account.

In November we published our annual rail industry finance (UK) statistics, an important barometer of the financial health of Britain's railways. We reported that in the year 2024-25 train fare revenue for Great Britain's rail network rose 8% to £11.5 billion compared to the previous year. The revenue continues to lag pre-pandemic levels, but the rise contributed to a fall in funding required from the UK and devolved governments towards operation of the railway. Our statistics showed that passengers in Scotland received the highest level of government support per passenger kilometre travelled compared with other regions.

Throughout the year we have continued to improve the efficiency of our data capture, storage and reporting through increased automation. Feedback has been positive on the ease with which users can now extract useful data from our portal.

Our performance against 2025-26 business plan deliverables

2025-26 commitment	Status
Consult on CP7 passenger train performance reset	Met
Publish annual assessment of Network Rail	Met
Publish annual assessment of HS1	Met
Monitor and report on open access	Met
Conclude CP7 passenger train performance reset	Met
Publish annual efficiency and finance assessment	Met
Release rail industry finance statistics	Met
Complete review of rolling stock market transparency order	Met
Report on Network Rail's stakeholder engagement	Met
Release statistics on annual estimates of station usage	Met
Report on productivity in the rail industry	Met

Future plans

In our deliverables for 2026-27, we have committed to the following priorities:

- publishing our annual assessment of Network Rail.
- publishing our annual efficiency and finance assessment of Network Rail.
- concluding changes to Network Rail's rail investment framework.
- reporting on productivity in the rail industry.
- launching a new market review and publishing an update.
- monitoring and reporting on open access.
- releasing rail industry finance statistics.
- releasing annual estimates of station use statistics.



Strategic objective 4: Better highways



National Highways operates the strategic road network, managing motorways and major roads in England. Our role is to monitor and hold it to account for its performance and delivery, so that its customers enjoy predictable journeys on England's roads.

Assessing National Highways' performance

Our work this year has focused on closing out the second road period (RP2), which ended on 31 March 2025, overseeing the interim settlement for April 2025 to March 2026, and preparing for the third road period (RP3) which started this April. In July we published our annual assessment of National Highways, which reviewed the company's performance in the year 2024-25 and the whole of the RP2 period. We reported that the company had delivered significant improvements for road users during RP2 but must learn lessons from missed commitments to deliver better performance in future.

Specifically, National Highways opened 30 major enhancement schemes and met targets on incident-clearing, roadworks impact mitigation, road surface maintenance and environmental improvements. The company achieved £2.2 billion in efficiency savings, exceeding its target in a challenging fiscal climate. This is a key area on which ORR holds the company to account, to deliver value for road users and taxpayers. However, the company missed five of its 12 key performance indicators, for reasons both within and outside its control.

Following our 2024 investigation into National Highways' performance and capability, we wrote to the company in September 2025 with our decision that it had come into compliance with its licence in relation to information it must collect, record and provide to allow us to perform our statutory duty. This reflected the fact that the company had substantially implemented its improvement plan and that activities were being embedded in the business, with a demonstrable commitment to transparency and building capability. When we brought the investigation to a close, the company was proactive in offering a continuous improvement plan to build on its work over the previous 12 months and include lessons learnt from RP2 to deliver better performance in the next road period.

During the year, we asked National Highways to improve its ability to understand and report renewals spend by asset type, across the year. We also required the company to better apportion spend that was not asset specific, like traffic management or design costs. We required this so that the company could improve its understanding of costs and programme delivery, and to better demonstrate that it is making efficient renewals investment decisions. In response the company has developed an improvement plan ahead of the start of the third road investment strategy (RIS3).

In July we also published research on National Highways' stakeholder engagement. This concluded that, overall, stakeholders appreciated the challenging role National Highways has, and praised its efforts to engage in a professional and polite manner, particularly on enhancement schemes. It identified that more work is needed by the company to communicate effectively on its renewals programme. National Highways is developing a customer plan for RP3 to deliver improvements.

Our regional benchmarking is an important means of improving National Highways' delivery and efficiency. In February, we published detailed data comparing the performance of the company's six regions against the national RP2 targets on: safety and environmental improvements; average delays and incidence clearance; maintenance of the network; road user satisfaction; and timeliness and accuracy of information.

Safety on the strategic road network including smart motorways

Our annual assessment of safety performance on the SRN was published in March 2026. We reported that casualty rates per mile travelled remain at the lowest level on record (excluding the pandemic year of 2020). National Highways has now achieved a 38% reduction in the number of people killed or seriously injured (KSIs) on the SRN compared to a 2005-2009 average baseline. However, while the company continues to work hard to deliver its plans to improve safety, latest figures confirm that it is almost certain to have missed its target of a 50% reduction in KSI casualties by the end of 2025. We said that it is important that the company implements its learnings from RP2 to inform and improve actions to deliver safety benefits in RP3.

We also looked at the effectiveness of safety systems in place on smart motorways. During the year, National Highways completed a programme to build 151 additional emergency areas on all lane running (ALR) smart motorways and stopped vehicle detection technology continues to meet national level performance requirements set by the company. However, its programme to improve availability of safety technology on these roads has taken significantly longer than expected. We required National Highways to assure us that it can reliably and effectively deliver renewals of roadside technology across the SRN in RP3.

Preparing for the third road investment strategy (RIS3)

During the year, we have worked with the Department for Transport and National Highways to develop RIS3 and ensure that a refreshed performance framework was in place for the start of the next five-year road period in April 2026, with challenging and deliverable commitments on which we can hold the company to account.

In November we completed our efficiency review of National Highways' draft Strategic Business Plan, looking at whether the company's proposed plans are both deliverable within the available financial resources and sufficiently challenging. Our advice was published in March.

Supporting growth

Following last year's public consultation, and in line with government policy to minimise the administrative burden of regulation, we completed our review and refresh of our policy on holding National Highways to account, effective from 1 April 2026. Our approach builds on progress made over the last decade since roads reform and looks ahead to the challenges in RP3 and beyond, as an ageing network has to withstand the impacts of climate change and increases in traffic, within a tight fiscal environment. With greater focus on renewals, it is even more vital that public funds are invested wisely to ensure the network can sustain and support growth by connecting the nation. We will continue to hold the company to account to support these outcomes for road users, taxpayers and communities.

During the year we have also worked with the Government to develop its regulatory framework for the new Lower Thames Crossing, a key strategic growth project for the UK. More information on ORR's work to support regulatory reform and economic growth can be found in the Transformation section.

Our performance against 2025-26 business plan deliverables

2025-26 deliverable	Status
Publish our Annual Assessment of National Highways' performance	Met
Publish a consultancy report on how National Highways engages with stakeholders	Met
Carry out Efficiency Review of National Highways' Strategic Business Plan for RIS3	Met
Publish regional benchmarking of National Highways' performance	Met
Publish our Fourth Annual Assessment of Safety Performance on the Strategic Road Network	Met
Publish our refreshed policy on how we hold National Highways to account	Met

We have completed a deliverable outstanding from 2024-25, to refresh our policy on how we will hold National Highways to account for the third road period (RP3).

Future plans

In our deliverables for 2026-27, we have committed to the following priorities:

- publishing our Annual Assessment of National Highways' performance.
- publishing a capital delivery and benchmarking dashboard of National Highways' performance.
- publishing regional performance summaries.
- publishing our Annual Assessment of Safety Performance on the Strategic Road Network.



Our people and performance

To ensure we have the right people and processes in place to support a changing railway sector and the drive for economic growth, we launched our own organisational transformation programme. The aim is to increase our efficiency, reduce bureaucracy and build our capabilities to achieve regulatory excellence in the delivery of our duties.

Alongside our investment in technology to streamline internal processes, a first significant step this year has been the restructuring of our Rail Safety Directorate, to build regulatory capability and focus resources in the right areas, including recruitment of new inspectors (see A Safer Railway section for more details).

Technology, data and processes

In the first year of our three-year technology strategy 'Empowering ORR through Digital Transformation' we focused on three objectives: transformed systems, digital skills at scale and driving digital adoption.

Our investment in integrated systems, automation and AI aims to provide time-saving tools that improve delivery, enabling our people to focus on more value-add activity. A key example this year has been the launch in September of our new online portal to improve the processes for issuing and renewing train driving licences. More functions are now available directly on the portal, which will also reduce administration costs for operators as much as possible within the current regulations. A prioritised programme of enhancements to the portal has been developed post launch, with discovery work starting in January to inform ongoing development and functionality.

Our online HR Helpdesk, which has now been embedded across the organisation, has successfully freed up internal resources for other priorities; and the introduction of Oracle Guided Learning, to help colleagues navigate the use of Oracle, and our new applicant tracking system have both also provided simplified self-service opportunities for our people.

As part of our commitment to innovation and AI, we have been rolling out the use of Microsoft Copilot, with 100 licences deployed to colleagues so far, around one for every four members of staff. We have ensured there is a strong use-case and that training is completed, and we are monitoring usage. We have already seen efficiency benefits in, for example, faster email management and document summaries.

This year we also started work developing bespoke AI applications that will help us operate more efficiently and effectively. The WAISI Project (Workshopping Artificial Intelligence Support Individual) is an AI agent within Microsoft Copilot designed to support internal evidence-based workshopping and delivers strong value when historic data is available, depending on access and user prompting.

We also worked with a trusted supplier to deploy a Copilot AI agent for our public correspondence team that automates the initial intake and classification of enquiries on the ORR website and assists with drafting accurate, context-aware responses that improve as more enquiries are handled. With seamless integration into our case management system, it reduces administrative burden while maintaining alignment with organisational and regulatory standards, creating a more efficient process for colleagues and external stakeholders.

Robust cyber security has continued to be a priority. Work began in April to align ORR with the government's cyber security policy for 2030 and throughout the year we performed regular penetration testing against applications in our network, with remedial actions where necessary. We elevated some of our vulnerability scanning tools to a higher grade to provide better visibility of security risks, and have carried out hardware and software reviews, rolling out new hardware to replace out-of-date devices and bring them into our mobile device management solution.

We have formed a new Digital Systems Delivery Group, which works collaboratively across the organisation to implement and improve IT projects and deliver our technology, information and data strategies in a joined-up way. Our strengthened Information Governance Group has also ensured we are managing our information assets correctly and holding ourselves to account on data governance and protection.

An employee network of IT champions has also been established to support colleagues in accelerating our digital readiness. Sessions with the champions have given them tools to help advance key IT objectives, such as the Copilot deployment, hardware testing and software updates.

Supporting and developing our people

As part of our focus on building new capabilities, the launch of our new applicant tracking system is helping us attract new talent by improving the efficiency of our recruitment processes. We also updated our career pages to showcase ORR's compelling employee value proposition.

We continued to support early careers, through our eight-week internship and multi-discipline apprenticeship programmes. During the year we also ran three business insight days, expanding the programme to locations across the UK. In London we worked with Access Aspiration to support students from underprivileged backgrounds; in York we worked with York College; and in Glasgow we worked with the Civil Service's Northern Ireland and Scotland Schools Outreach Network.

Developing our existing talent and providing a supportive workplace culture to drive retention is equally important. In February we launched a new learning experience platform that will house all our learning offerings to colleagues and in year two of our Diversity and Inclusion Strategy, we are pleased to have an active diversity network running initiatives on topics such as neurodiversity awareness. In the autumn, we rolled out sexual harassment training in line with new legislation in the Employee Rights Bill, and further training is planned in the coming year.

As a result of external health and safety audits of our offices and policies, we began a significant piece of work in December to review and update our policies and improve procedures and equipment in our office spaces. This has enabled us to hold ourselves to the same standards as industry when it comes to protecting our people and we now have a comprehensive action plan to take forward. We also responded to changes in our workforce numbers by taking more space at our Bristol and York offices and started preparations for our move to the new regional government office hubs in Bristol and Manchester.

Recruitment activity



6,264
total applications received leading to
66
new starters

Our people survey

A response rate of
75%
and an engagement score of
65% overall



Learning and development

96%
of all staff completed sexual harassment at work training.

3 business insight days were held in the London and Glasgow offices.



Employee benefits



52%
of staff are active users of the Reward Gateway benefits portal.

Our performance against 2025-26 business plan deliverables

2025-26 deliverable	Status
Conduct IT hardware review and begin phased rollout of new hardware	Met
Formalise the Digital Champions Network within ORR	Met
Embed new HR Helpdesk	Met
Launch new recruitment applicant tracking system	Met
Provide staff training on new sexual harassment legislation	Met

Future plans

In our deliverables for 2026-27, we have committed to the following priorities:

- completing our 2030 cybersecurity review.
- completing our hardware refresh.
- launching a new digital recognition and rewards platform.
- delivering training on new sexual harassment legislation.
- enhancing governance in place for internal health and safety management.
- updating internal health and safety management documentation.
- laying the ORR Annual Report and Accounts 2025-26 in UK Parliament and providing it to Scottish and Welsh ministers.

Reform

This year has been one of significant change in our sector. The Government has embarked on fundamental reforms to the rail industry and also to the role of regulators and regulations to drive economic growth, tackle complexity and reduce regulatory burden.

Over the 12 months, we have worked to support and begin implementing these changes, alongside our day-to-day work, and this will continue to be a major focus for ORR in the coming business year.

Rail reform

Rail reform is now firmly under way and there are two linked parts: one moving the English passenger train operators into public ownership and the second centred on the setting up of Great British Railways (GBR).

Over the past year, we supported the transfer of train operators into public ownership through providing the necessary safety permissions for South Western Railway, C2C, Greater Anglia and West Midlands Trains. We will continue our programme to certify the remaining services by the end of 2027. We have worked closely with stakeholders throughout to ensure that all change in the sector is managed safely, by providing scrutiny and constructive challenge to all proposals and to operators' safety management systems.

A major milestone this year was the introduction of the Railways Bill to Parliament in November, which will establish GBR as the sector's directing mind, with streamlined regulation and greater accountability to the Secretary of State for Transport. The Bill is likely to receive Royal Assent by the end of the year and is subject to change during the parliamentary scrutiny process. However, the Bill has now given ORR a clear baseline from which to work and greater clarity on our new role and responsibilities in a reformed rail sector, including as an independent, expert advisor to the Secretary of State.

During the year we have taken a proactive role in providing advice to government, parliamentarians and other stakeholders to support their thinking on rail reform and have carried out a significant amount of engagement on what the Bill means for ORR, industry and the future of regulation. To adapt to our new role under rail reform we have created a transformation programme, with committees at Board and Executive level, a programme management function, and clearly defined workstreams to support our process of internal transformation.

We published a briefing on our new roles and responsibilities, and, in November, we gave in-person evidence to the Transport Select Committee, followed by the Railways Bill Committee in January. We have held well-attended events for parliamentarians, including a webinar in December and a Westminster drop-in session in February, attended by more than 45 parliamentarians and other guests. In the same month we took part in a panel discussion organised by the All-Party Parliamentary Rail Group. We have

also engaged with industry throughout the year, such as at the conferences of the Rail Freight Group and the Rail Industry Association and at our annual Year in Rail event in July, which we expanded to look at "the track ahead".

Alongside this, there has been significant ongoing work in supporting DfT in the development of the new licence and the governance and funding frameworks for GBR. Key deliverables over the past 12 months are outlined below.

- We led the development of a new GBR access appeals mechanism, which will be the responsibility of ORR, and published our discussion document in December to start early engagement with industry. The Government's aim is for our new appeals function to provide a clear, credible and accessible route for directly-affected third parties, such as freight or open access operators, to challenge GBR's decisions on network capacity allocation, access and charging that they believe to be unfair or inconsistent with GBR's duties and its access and use policy. The discussion document sets out our proposals for how ORR will operate as a robust and independent appeals body, drawing on existing good practice to outline proposed principles, policy and process, and we continue to engage industry on these ahead of a formal consultation during 2027.
- We began work on a reformed retail model and new retail Code of Practice, following advice in early March from the Secretary of State on the Government's requirements. The code will set out how GBR will carry out both its ticket retailing and retail industry management functions in a way that avoids conflict of interest and secures a fair and open retail market. The code will be owned and managed by ORR and we will be responsible for enforcing any breaches through GBR's licence. In the coming year we will work with DfT and rail retailers to develop a draft for consultation.
- Under rail reform, a new passenger watchdog is being created to advocate for passengers and hold both GBR and non-GBR operators to account for improving the passenger experience. Work began on the transfer of ORR colleagues to the new watchdog, and we will be publishing a draft Memorandum of Understanding in autumn 2026, setting out how ORR and the watchdog will work together and how enforcement action will be taken.
- We started work with funders on developing a new financial framework for GBR, determining our role in assessing business plans, and settlement viability and assuring major changes to GBR's plans or funding within the five-year period.

Reform of regulators and regulations

In early 2025, HM Treasury published 'A new approach to regulators and regulations supporting growth', which stated a commitment to reduce bureaucracy and cut administrative costs for business by 25% by the end of the Parliament.

We have supported the streamlining of our functions and duties to align them with this goal, with the new railway sector model above and with wider government priorities to promote economic growth across the UK.

In the past 12 months we have already made strong progress on our programme of workstreams to reduce administrative burdens and improve regulatory effectiveness across the companies we regulate or provide services to.

- Early in the year we published the initial findings of our deep dive into the Rail Network Investment Framework, initiated at the request of the Chancellor. The framework provides guidance for anyone who wishes to invest in rail infrastructure, and the aim of the review is to encourage more third-party direct investment. Our initial findings identified improvements that could remove barriers and encourage third-party investment, and we followed this with publication of phase two conclusions in October, focussing on risk fee funds. The review has resulted in new streamlined investor guidance, designed to make it easier to navigate the framework and invest across different parts of the rail network, and this has been published on our website. Work on phase three will be taken forward in the coming year.
- In September, we published the findings of our review of rail industry-facing service standards and are implementing 15 new service standard commitments, including measurable commitments to speed up our work.

- In December we published details of the initial reduction in regulatory burden we have agreed with Network Rail and, following consultation with stakeholders, agreed a set of streamlined governance and reporting arrangements for London St. Pancras Highspeed.
- In July we developed a programme of work on how we can reduce administrative burden on National Highways as part of our preparation for the third road period. As a result, we agreed changes with National Highways and in March we published our refreshed approach that streamlined processes while aiming to preserve what works effectively in the system (see the Better Highways section for more detail).
- We have also worked at pace with government this year to support its ambitions on private investment and growth in England's roads infrastructure and expect to take on a new and significant regulatory role for the Lower Thames Crossing.
- We continued to facilitate new services and infrastructure to enable growth and connectivity, such as our approval in October of Virgin Trains' access to Temple Mills International depot – a key step toward expanding cross-border services via the Channel Tunnel. We are supporting Virgin Trains on the commercial agreements and providing advice to government on its desire to see trains stopping at Ebbsfleet and Ashford. (See the Better Rail Customer Service section for more detail.)
- We continued to use our competition powers to reduce barriers to effective competition and ensure the right conditions are in place for market growth, completing our review of the remedies on rolling stock leasing in December and continuing to monitor implementation of recommendations from previous market studies. We also worked with government on its review of the UK competition regime, including the arrangements for concurrent regulation between sector regulators and the Competition and Markets Authority (CMA). This review aims to improve the pace, predictability, proportionality and process of engagement of the competition regime, which we support.
- We continued to work with industry to implement our recommendations on assessing the costs and benefits of health and safety interventions in rail and completed a stocktake of progress.

Throughout the year we have provided additional suggestions to government and contributed to the House of Lords inquiry into regulators and growth; and will also incorporate into our workplan our response to any recommendations from the independent review of ORR led by Dr Richard Judge for the Department for Business and Trade.

To fulfil our new roles and responsibilities, we have also begun our own significant transformation, looking at our organisational structure, capabilities and efficiencies, and overseen by our Board. We want to ensure we are fully prepared for day one of GBR, with the appropriate people, processes and policies in place.

Our performance against 2025-26 business plan deliverables

2025-26 commitment	Status
Publish the initial findings of our deep dive into the rail investment framework	Met
Report on our initial engagement with Network Rail to reduce administrative burdens we impose	Met
Review of our rail industry-facing KPIs following engagement with the sector	Met

Future plans

In our deliverables for 2026-27, we have committed to the following priorities:

Rail reform

- consulting on and publishing a new Retail Code of Practice.
- launching a consultation on ORR's GBR monitoring policy.
- launching a consultation on ORR's licence enforcement policy.
- developing the MoU between ORR and the new Passenger Watchdog.
- organisational design and development, including redefining values, behaviour and purpose and defining and implementing our Target Operating Model.

Reform of regulators and streamlining of regulations

- publishing the London St. Pancras Highspeed annual report, including an assessment of implemented administrative burden reduction measures.
- publishing monitoring reporting guidelines and performance monitoring statement templates for RIS3.
- publishing an update letter to Network Rail on reducing the administrative burden.
- reviewing progress of our new commitments for rail industry-facing service standards.
- concluding our deep dive into the rail investment framework.

Delivery of service standards

Much of ORR's business-as-usual work involves providing services to those in the industry or others with an interest in our work. As an organisation that is largely funded, directly or indirectly, by the public, it is essential that we publish service standards as part of our commitment to transparency.

In 2025-26 we engaged with the rail sector to review our key industry-facing service standards to check they are both relevant and challenging, and whether other standards would be more useful. The service standards below were either published in our business plan for 2025-26 or were added part-way through 2025-26 following our review. The table shows how we performed against each of these.

Provision	Service standard	Percentage achieved
Issue new or revised train driver licences	100% of applications decided within one month of receipt of all necessary documentation	**85% [note 1]**
ROGS safety certificate and authorisations (Railway and Other Guided Transport Systems Regulations)	100% determined within 4 months of receiving completed application	**100%**
ROGS safety certificates and authorisations/RSR exemptions (new from Q3)	100% of certificates & authorisations to be published (including RSR exemptions) within 5 working days	**100%**
ROGS safety certificates and authorisations/RSR exemptions (new from Q3)	100% of expired certificates & authorisations (including RSR exemptions) to be removed from the website within 5 working days	**100%**
Report to Rail Accident Investigations Branch (RAIB) on the progress of its recommendations	100% response to RAIB recommendations within 1 year of associated RAIB reporting being published	**100%**
Efficient processing of technical authorisations	100% of responses within 28 days of receiving complete submission	**95% [note 2]**
Efficient processing of technical authorisations (replaced the provision above from Q4)	100% of responses within 21 days of receiving complete submission	**100%**
Approve the accessible travel policy of a new licence holder	100% approved within 6 weeks of receipt of all relevant information	**100%**
Approve the accessible travel policy of a new licence holder (replaced the provision above from Q3)	100% approved within 4 weeks of receipt of all relevant information	**100%**
Track, station and depot access applications	100% decided within 6 weeks of receipt of all relevant information	**100%**

Provision	Service standard	Percentage achieved
Track, station and depot access appeals (new from Q3)	100% decided within 6 weeks of receipt of all relevant information	**None received**
Operator licence and licence exemption applications	100% decided within 2 months of receipt of all relevant information	**100%**
Freedom of information requests	100% of requests for information responded to within 20 working days of receipt	**100%**
General enquiries and complaints, including adjustment to account for cases investigated*	95% of enquiries and complaints responded to within 20 working days of receipt	**100%**
Data access rights requests	100% of all data access requests responded to within 1 month of receipt	**100%**
Prompt payment of suppliers' invoices to ORR	90% paid within 5 days of valid invoice	**93%**
Prompt payment of suppliers' invoices to ORR	100% paid within 30 days of valid invoice	**100%**
Publication of the four accredited official quarterly statistical releases	100% published within 4 months after quarter end	**100%**
Market studies	100% of interim market study reports published within 6 months of launch of market study	**None in 2025-26**
Market studies	100% of final market study reports published within 12 months of launch of market study	**None in 2025-26**
Competition complaints	100% will receive an initial response within 10 days	**83% [note 3]**
Proactive preventative regulatory interventions	50% (minimum) of ORR inspector time spent on proactive, preventative regulatory interventions.	**52%**

*includes responding to the requestor to indicate a time extension beyond 20 days will be necessary, for example to consider the application of a public interest test.

Note 1: This is the first year that renewals of licences have been included in the service standard. This has been challenging due to the increased volume and challenges with the portal. Resilience in the team has now been increased, and the risk of not meeting the standard again has reduced.

Note 2: One authorisation was one day late. No significant issues have been noted.

Note 3: This new standard was missed due to internal issues with cases reaching our competition team, which have now been resolved.

Risk profile

The key corporate risks managed by ORR during 2025-26 were as follows:

Principal risks and mitigating actions	Risk category	Change in the year
We do not keep pace with emerging cyber security threats which results in a cyber-attack on the critical infrastructure of the business We continue to monitor both internal and external security threats. Additional systems and security tools have been implemented to identify vulnerabilities and monitor potential risks. Vulnerability policies have been established, with SLAs in place to ensure remediation is completed within agreed timeframes. A vulnerability triage group has also been created and meets weekly to monitor threats, assess risks and track remediation activities. We have established a roadmap aligned to the Government Security Strategy 2030, with a clear action plan designed to adopt best security practices, strengthen our security posture and ensure we continue to keep pace with the evolving cyber threat landscape.	Security	↑ Score was raised in Q4
ORR's reputation as a health and safety regulator is diminished by critical public scrutiny, challenges to enforcement decisions or application of the legal framework, or negative media coverage. We maintained clear and consistent engagement with stakeholders and the media, supporting confidence in our regulatory decision-making and ensuring informed external dialogue. We applied a strategic, proportionate approach to high-profile issues, including the Carmont Fatal Accident Inquiry, ensuring effective handling and organisational focus where needed. We strengthened oversight and assurance of enforcement decisions, improving consistency and robustness while drawing on learning from legacy incidents through prior role reviews (PRRs) and cross-agency collaboration on health and safety policy. We continued to embed findings from our review of industry approaches to cost–benefit assessment, supporting greater consistency in health and safety decision-making and application of reasonable practicability.	Reputational	↓ Score reduced in Q4

Principal risks and mitigating actions	Risk category	Change in the year
New plans for rail may not consistently reflect the current industry structure and regulatory framework We engaged with DfT and other government organisations to inform and shape policy, providing support to DfT to identify and resolve emerging issues, and supporting DfT with development and implementation of their delivery plan. We ensured our internal experts fed into discussions on rail reform to ensure quality and effectiveness of our input to DfT and others.	Strategic	↓ Score reduced in Q3
ORR's transformation programme does not deliver coherent, organisation-wide readiness for Day 1 of Great British Railways owing to internal resourcing and capability and external dependencies We have created a transformation programme, with committees at Board and Executive level, a programme management function, and clearly defined workstreams with key programme tools such as a risk registers, highlight reports and PIDs in place to ensure delivery of benefits and careful management of interfaces with both our stakeholders and internally to the organisation.	Operational	↑ New risk in 2025-26
Delays and challenges in setting RIS3 lead to a loss of confidence in the roads reform system and impact ORR's advice to the Secretary of State Government published its draft RIS3 in August 2025. This allowed National Highways to complete its draft Strategic Business Plan. We undertook an efficiency review of the company's plans and provided our advice to the Department for Transport in November 2025. RIS3 was subsequently published in March 2026, to allow the third Road Period to commence on 1 April 2026.	Reputational	↓ Risk was removed in Q4 following publication of the RIS

Sustainability report

ORR supports the delivery of UK and devolved governments' sustainable development policy objectives through our regulatory functions. Our duties are different for rail and road, which are subject to different goals and legislation across England, Wales, Scotland and Northern Ireland. Environmental issues impacting the rail and roads sectors are monitored through the Regulation and Policy Committee.

Over the past year we have engaged with statutory environmental bodies and forums to understand the key sustainability challenges for the companies we regulate, and the best practice approaches that can address these challenges, taking a proportionate and appropriate approach.

For example, we took part in a Department for Transport project on implementing circular practices in major transport infrastructure projects and adopted an active role with the Rail Safety and Standards Board (RSSB) on a range of sustainability design guides.

In December we published a report for the Welsh Government demonstrating how we, as a public body, are meeting our duty under The Environment (Wales) Act 2016 to seek to maintain and enhance biodiversity in the exercise of our functions in Wales.



Holding Network Rail to account

In the past year we have continued to hold Network Rail to account for its environmental sustainability across the national rail network, with a focus on moving to a more resource efficient, lower emissions railway that is conserving and enhancing biodiversity, in a manner consistent with its legal duties and relevant government environmental targets.

In July we reported on progress as part of ORR's annual assessment of Network Rail (covering the period April 2024 to March 2025, the first year of Control Period 7 (CP7)). In March this year we wrote to the company clarifying our expectations against the robust the key environmental performance measures we set for CP7, so that there is transparency for funders and rail users.

Carbon emissions

We previously identified a lack of clarity and ambition in Network Rail's forecasting of its scope 1 and 2 carbon emissions (emissions caused, respectively, by Network Rail itself and indirectly through the generation of electricity it purchases). This year the company is exceeding its forecasts to reduce emissions, with the strongest performance in Southern. However, this reduction is largely a result of decarbonisation of the national grid (which had not been factored into the forecasts Network Rail set at PR23), and re-affirms our view that Network Rail should set a more ambitious forecast for the remainder of CP7. In the next annual assessment, we will differentiate between reductions achieved through activities within and outside Network Rail's control.

This year has seen the following developments in terms of carbon emissions from wider activities, such as through the supply chain:

- A measure and forecast have been agreed with Network Rail Scotland for scope 3 emissions (as required by the Scottish Government and our PR23 final determination). Network Rail has already exceeded its target for the end of CP7 and we will expect a more ambitious forecast to be set for the remainder of the period.
- Following our work to ensure that Network Rail continues to work to develop a better measure, baseline and forecast for Whole Life Infrastructure Carbon (WLC), we have worked with the company on continuing development of an interim and more enhanced measure. In the next year we will work with Network Rail to ensure it updates its baseline and forecast for the control period and acts quickly to adopt processes and activities to reduce carbon intensity.

Biodiversity

Network Rail has a target of a more than 4% net gain in biodiversity units on the railway by the end of CP7. This year we have agreed additional assurance performance measures and mechanisms by which it will report on improvements, including habitat management plans and nature-based solutions (such as habitat restoration projects). The company has responded positively to our nature-based solutions proposals, and we have seen first-hand a variety of innovative activities across Network Rail's estate. We are concerned, however, with a lack of clarity on reporting progress with producing habitat management plans to ORR.

Circular economy

During the year we agreed Network Rail's new circular economy performance metric on waste and material reuse. A baseline and CP7 forecast were produced and the company has begun reporting to us on a regular basis. Good progress has continued on network-wide reuse and recycling, with 99.8% of its waste diverted from landfill but performance on reuse from capital delivery projects has been mixed. We expect Network Rail to improve its forecasting, data and assurance and to demonstrate that it is starting to integrate circularity with infrastructure and scope 3 carbon.

Air quality at stations

We agreed a CP7 air quality performance measure, reviewed all Network Rail's station air quality improvement plans (AQIPs) and started to receive progress reports against the plans' performance milestones. This represents significant progress in this area, which is subject to greater scrutiny now that all station air quality data is publicly available, and we will continue to hold Network Rail to account.

Weather resilience and climate change adaptation

Extreme weather continues to cause disruption across the network and this year saw storms Goretti and Chandra followed by a hot, dry spring and summer. However, Network Rail was proactive and successful in minimising impacts on services, and we continue to meet regularly with the company's weather response team to understand its operational readiness.

Following the introduction of the new Weather Resilience and Climate Change Adaption (WRCCA) metric for CP7, Network Rail has implemented a structured reporting approach, providing biannual updates. Delivery of WRCCA actions due for completion this year was mixed across regions, so we continue to monitor progress closely.

Network Rail has made progress with its climate change adaptation pathways programme. Given the strategic importance of this in guiding future resilience needs and investment planning, we have planned an Independent Reporter review to assure the robustness and usability of the methodology and its outputs and will undertake an assurance review of Network Rail's regional WRCCA planning approaches to support our advice for the next funding period.

We continued our engagement with bodies including the Environment Agency, Natural Resources Wales, DfT, RSSB and the Climate Change Adaptation Working Group to help ensure coordinated approaches to risk and long-term planning.

Holding National Highways to account

National Highways has a commitment to deliver better environmental outcomes on the strategic road network (SRN). During the year we have held the company to account on its performance against three key performance indicators (KPIs) on biodiversity, corporate carbon and noise, as set out in its 2025-26 interim settlement, and also tracked progress against performance indicators on air quality, supply chain carbon emissions, cultural heritage assets, water quality and litter.

Final data for the year will be confirmed when we publish our next annual assessment in summer 2026, but last July we reported on National Highways' sustainability performance in 2024-25 and across the whole second road period (RP2, 2020-25), as follows:

- By the end of RP2, National Highways had met and exceeded its target to achieve no net loss in biodiversity by the end of RP2, with a net gain of 596 units across its estate. The company responded well to our challenge earlier in RP2, when it was forecasting to miss its target, by developing a robust plan for a substantial pipeline of biodiversity schemes. For 2025-26 we expect to see National Highways assuring delivery of at least 2,700 biodiversity units.
- Network Rail fell short of its 56% target for reducing its own carbon emissions (against a 2017-18 baseline) achieving a 51% reduction by the end of RP2. Factors contributing to this included higher than modelled business travel emissions. We will continue to scrutinise the company's carbon action plans. For 2025-26 we expect to see a 75% reduction in emissions against a 2019-20 baseline.
- National Highways met and exceeded its target to mitigate noise for 7,500 households living near the SRN. Closely tracked by ORR, the company delivered mitigation measures to 7,776 households through a mixture of lower-noise road surfacing, noise barriers and upgrading insulation in affected properties. The company has been working on a noise mitigation plan ready for implementation in the third road period.

- On air quality, we engaged regularly with government and the Joint Air Quality Unit (JAQU) to monitor National Highways' progress on its target to bring nitrogen dioxide levels into legal compliance in the shortest time possible on 128 sections of the SRN identified by the government. By the end of RP2, 19 sections were exceeding the legal limit. Of these, two had mitigation measures in place, 12 had measures in development and 5 had none. Recognising that National Highways has limited control over many factors influencing air quality, we considered the company had made all reasonable efforts to deliver its obligations but expect to see continued effort.
- As the UK experiences more intense rainfall periods, we asked National Highways to work on how it can prioritise improvements to its drainage assets to respond to flooding risk on the SRN. For 2025-26 we expect to see 41 flooding hotspots mitigated across the network.

Sustainability in ORR

Our corporate environmental strategy sets out the role we can play in our day-to-day operations to help advance the UK's sustainable development goals, the progress we have already made and further practical actions we can take, both as an organisation and as individual employees.

We report environmental data to the Department for Transport (DfT) on a quarterly basis. This data is then aggregated with DfT's own data and data from other DfT bodies, and is collated by Defra, who produce an overall annual report of progress against the Greening Government Commitments.

Task Force on Climate-related Financial Disclosures (TCFD)

Compliance statement

We have reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. We have complied with the TCFD recommendations and disclosures around:

- Governance - recommended disclosures (a) and (b)
- Risk management – recommended disclosures (a) to (c)
- Metrics and targets – recommended disclosures (b).

We have not provided metric and targets disclosures (a) and (c) or strategy disclosures (a) and (b) as climate is not deemed a principal risk for ORR.

Board oversight

The ORR Board provides oversight of climate-related risks and opportunities in its role in holding to account Network Rail and National Highways and receives regular reports for each organisation which cover performance against environmental targets. Board governance arrangements are set out in the governance statement. In its annual horizon scanning exercise, the board looked at the increasing and diverse impacts of climate change on transport infrastructure and considered the strategic risk that climate change impacts on the rail and road industries are more severe than modelled in current and future funding settlements.

Management's role

The executive team is responsible for managing climate-related risks and opportunities on a day-to-day basis and for delivering our corporate environmental strategy. Executive governance arrangements are set out in the governance statement. Environmental issues impacting the rail and roads sectors are monitored through the Regulation and Policy Committee.

Risk management

Climate is not a principal risk for ORR as we are either sub-tenants in government premises or are the tenant of a private landlord in London, so we are limited in our ability to control utilities or waste. Within our control, the most significant impact on climate is business travel. Climate risks from business travel are managed through the travel and expenses policy which provides guidance on sustainable travel options. This is not considered to be a key corporate risk. We have not considered information from external risk frameworks as climate is not a principal risk for us.

The identification, assessment and management of climate-related risks in relation to the industries we regulate are integrated into our regular review of strategic risks as set out in the governance statement on page 79. As noted above, the risk that climate change impacts on the rail and roads sectors are more severe than modelled in current and future funding settlements features in our strategic risk register. The director-level risk owner for this risk is responsible for ensuring that it is actively managed.

Metrics and targets

We have previously aligned our reporting to the Greening Government Commitments (GGCs) framework covering the period 2021 to 2025 using 2017-18 as a baseline. GGCs for the next period covering 2026 to 2030 have not yet been published. We will measure ourselves against the new targets when they become available.

We have presented the data as transparently as possible and have noted where it has not been possible to obtain some information. Building-related data is provided only for the offices for which we are leaseholders (our London office and our Glasgow office up to November 2022, when we relocated to government premises). We have started to receive data for some of the Government Property Agency offices in which we are resident but are not currently required to report this to DfT and have therefore excluded it from the data reported below.

Mitigating climate change: working towards Net Zero by 2050

Sub-targets for 2025-30 have not yet been set. We will aim to meet these when in place.

Greenhouse gas emissions

		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Tonnes CO_2e	**Scope 2**	274	107	24	99	116	153	138	122
	Indirect emissions from the consumption of purchased gas, electricity and oil								
	Scope 3	169	195	31	77	126	150	136	122
	Emissions from domestic and international travel								
	Total emissions	**443**	**302**	**55**	**176**	**242**	**303**	**274**	**244**

We do not have any scope 1 emissions. Scope 3 includes emissions from domestic and international travel. For a breakdown of domestic and international travel, see travel data below.

Energy consumption

		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
KWh	**Electricity – non-renewable**	480,562	243,175	-	-	-	-	-	-
	Electricity – renewable	33,342	103,567	88,734	109,752	110,280	96,567	97,398	103,862
	Gas	n.a.	n.a.	n.a.	414,783	509,160	709,462	646,615	556,920
	Oil	209,180	66,742	-	-	-	-	-	-
Expenditure (£)	**Energy**	82,709	73,896	75,411	77,007	162,873	172,608	271,284	108,549

n.a = Data not available

Electricity consumption covers the London office and the Glasgow office until November 2022, after which the office relocated to premises where another government department holds the responsibility for reporting. Gas reporting is for the London office only and based on an apportionment of the building. The figure for total expenditure is for all utilities for the London office and for Glasgow until November 2022. The fall in expenditure in 2025-26 is the result of a rebate received from our landlord relating to the prior year.



Business travel

		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Tonnes CO_2e	**Domestic travel**								
	Air	28	39	1	7	21	32	34	29
	Rail/underground/ tram	89	98	5	30	54	62	57	59
	Car (personal vehicle)	40	40	22	28	34	23	31	18
	Hire car	4	8	3	11	13	10	8	11
	Total domestic travel	**161**	**185**	**31**	**76**	**122**	**127**	**130**	**117**
	International travel								
	Air – short haul	8	6	-	1	3	6	5	3
	Air – long haul	-	4	-	-	1	17	1	2
	International rail	-	-	-	-	-	-	-	-
	Total international travel	**8**	**10**	**-**	**1**	**4**	**23**	**6**	5
	Total business travel	**169**	**195**	**31**	**77**	**126**	**150**	**136**	122
Expenditure £	**Expenditure on official business travel**	**651,810**	**784,837**	**100,104**	**283,916**	**522,771**	**664,318**	**611,381**	**570,029**

		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Km	**Domestic air travel**	**210,798**	**299,279**	**6,608**	**81,502**	**160,347**	**200,862**	**210,917**	**210,589**
	International air travel								
	Short haul – economy	90,666	75,494	3,396	16,718	29,855	59,322	47,175	41,027
	Short haul – business	-	-	-	-	-	-	-	-
	Short haul – first class	601	2,956	-	-	880	-	-	-
	Long haul – economy	-	-	2,288	-	9,846	19,373	10,972	19,698
	Long haul – premium economy	-	35,087	-	-	-	38,746	-	-
	Long haul – business	-	-	-	-	-	24,027	-	-
	Total international air travel	**91,267**	**113,537**	**5,684**	**16,718**	**40,581**	**141,468**	**58,147**	**60,725**

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
No. of domestic flights	139	564	14	155	311	409	418	414

Business travel is reported for the whole organisation. Greenhouse gas emissions from travel increased in 2021-22 and 2022-23 as more normal travel requirements resumed following the pandemic. Our travel and expenses policy includes a sustainable travel hierarchy, encouraging colleagues to consider public transport first and to choose electric vehicles when hiring a car for business purposes where practical. Air travel can only be considered in specific circumstances.

Minimising waste and promoting resource efficiency

Sub-targets for 2025-30 have not yet been set. We will aim to meet these when in place.

Municipal Waste

		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Tonnes	Total waste recycled	11	20	1	3	1	1	1	1
	Total waste incinerated with energy recovery	7	36	5	7	4	1	2	1
	Total waste composted (anaerobic digestion)/ food waste	-	-	-	-	-	-	-	1
	Total waste	**18**	**56**	**6**	**10**	**5**	**2**	**3**	**3**
Expenditure (£)	Waste collection	8,125	36,415	1,795	3,242	1,818	n.a	n.a	n.a

n.a = Data not available

Waste figures are for London and Glasgow only. The waste figures include data for the Glasgow office until November 2022, after which the office relocated to premises where another government department holds responsibility for reporting. London waste figures are for a percentage of the building until September 2022, and actual weights for ORR thereafter. Waste collection costs are for London only and are based on an apportionment of the building. We do not have any waste that goes to landfill. Costs are now included as part of the service charge and are not separately available. All waste from the ORR is municipal waste and no other categories of waste are produced. The categories on how waste is treated have changed in 2025-26 but are in line with the categories previously presented and therefore the historic data has been restated against the new categories.

ICT and digital waste

We have continued our cloud-first approach to information technology and remain a predominantly cloud-based organisation. We have continued to utilise professional waste management organisations to ensure that our end-of-life technology is sustainably recycled or reused where possible.

		2025-26
Number of Units	End-user devices (i.e., desktops, laptops, tablets, smartphones, thin clients)	125
Tonnes	Total Waste Recycled	-
	Reuse (donated within government; to charities, schools, or other non-government organisations (NGOs); or sold)	-
	Total waste arising	**-**
Value Returned (£)	ICT Waste	-

2025-26 is the first year of reporting ICT and digital waste and will form the baseline. The amount of waste produced is above zero but is minimal and rounds down to nil. The value returned is nil.

Paper use

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Paper consumption (A4 reams)	1,520	995	150	100	355	386	455	343
Expenditure (£)	n.a	n.a	n.a	n.a	n.a	615	1,229	1,334

n.a = Data not available

Paper consumption is for all offices. The increase since 2022-23 is because of a legal requirement to print hard copies of review notices in relation to PR23 in 2023-24, and subsequently the need to purchase more paper in 2024-2025 due to depleted stocks (the paper consumption figure represents paper purchased rather than paper used).

Reducing our water use

Water

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Water consumption (m^3)	2,063	866	n.a	971	1,285	1,332	1,240	1,526
Expenditure (£)	4,820	2,628	1,992	n.a	n.a	n.a	n.a	n.a

n.a = Data not available

Water consumption and expenditure figures are for London only. Most water usage is controlled by the landlord. We work with our landlords to ensure they implement water-saving measures, such as fixing leaks, auditing appliances and installing sensor taps and low flush toilets. Dishwashers in our London office are controlled by cleaning colleagues to reduce use.

Procuring sustainable products and services

Environmental and social factors are considered within procurement activity where proportionate to the value and nature of the procurement.

Crown Commercial Service (CCS) frameworks are used for a significant proportion of common goods and services, from everyday office supplies to comprehensive, end-to-end solutions, alongside other compliant procurement routes where appropriate. These arrangements support the consideration of environmental, social, and economic factors alongside price and quality, and provide assurance that procurement decisions are made on a value of money basis. A transparent and proportionate approach is applied, supporting fair competition and encouraging participation from small and medium-sized enterprise (SME) to maintain a diverse and resilient supply chain.

Procurement activity aligns with Government Buying Standards where applicable and supports wider government environmental objectives, including the transition to net zero, contributing to a sustainable future.

Adapting to climate change

We occupy most of our accommodation as sub-tenants of offices, therefore are limited in what is achievable and practical for us. In our corporate sustainability strategy we have committed to contributing to our landlords' efforts in our regional offices.

Our finances

The public sector budgeting framework

The budgeting system is designed to support the UK's public spending framework. Estimates are the mechanism by which Parliament authorises departmental spending and are presented using the public sector budgeting framework. Through the Estimates process, Parliament is required to vote limits for different budgetary categories of spending. For ORR, these are the:

- Net resource departmental expenditure limit (RDEL) requirement.
- Net capital departmental expenditure limit (CDEL) requirement.
- Net cash requirement (NCR) for the Estimate as a whole.

A breach of any of these voted limits would result in an Excess Vote. Parliament must be asked to vote an actual amount for any control limit. Therefore, in ORR's case, as our income fully covers our costs, the Estimate shows a token £2,000 to be voted.

A summary of our income and expenditure and capital outturn compared to the 2025-26 Estimate is shown in the table below.

	2025-26 outturn (£000)	2025-26 Estimate (£000)	2024-25 outturn (£000)
Economic regulation income	(20,279)	(19,813)	(18,898)
Health and safety regulation income	(19,803)	(20,254)	(18,711)
Highways regulation income	(3,351)	(3,432)	(3,212)
Total income	**(43,433)**	**(43,499)**	**(40,821)**
Staff costs expenditure	32,755	33,389	31,440
Other costs expenditure	10,606	10,028	9,295
Finance costs	74	84	88
Total expenditure	**43,435**	**43,501**	**40,823**
Net operating cost/net resource outturn (RDEL)	**2**	**2**	**2**
Net capital outturn (CDEL)	**1,004**	**1,020**	**846**
Net cash requirement (NCR)	**1,428**	**2,000**	**370**

This table ties directly to the statement of outturn against Parliamentary Supply on page 95, a key accountability statement which is audited.

Variances between Estimate and outturn

Income

All rail-related costs are recovered via licence fees or the safety levy which are invoiced based on estimated costs. Therefore, any over-recovery is treated as deferred income and any under-recovery as accrued income, as set out in note 5 to the accounts. All highways-related costs are recovered in full from the Department for Transport.

Income from economic regulation comprises income from the licence fee, London St. Pancras Highspeed and our monitoring of Northern Ireland. Health and safety regulation income includes income from railway service providers and from the Channel Tunnel.

Resource expenditure

In 2025-26 we spent a total of £43.5m compared to a budget of £43.5m and an outturn of £40.8m in 2024-25.

The majority of ORR's costs are staff costs, which accounted for £32.8m (76%) of total costs, compared to £31.4m (77%) in 2024-25. We spent £0.6m (2%) less on staff costs than budgeted, due to recruitment being slower than expected. Our average staff cost per full-time equivalent (including employer's National Insurance and pension contributions) in 2025-26 was £86,156 compared to £83,175 in 2024-25.

We spent £0.8m (42%) more on consultancy than planned and £1.2m (87%) more than last year. The increase in consultancy spend was mainly a result of adding projects in year in preparation for our changed role under rail reform

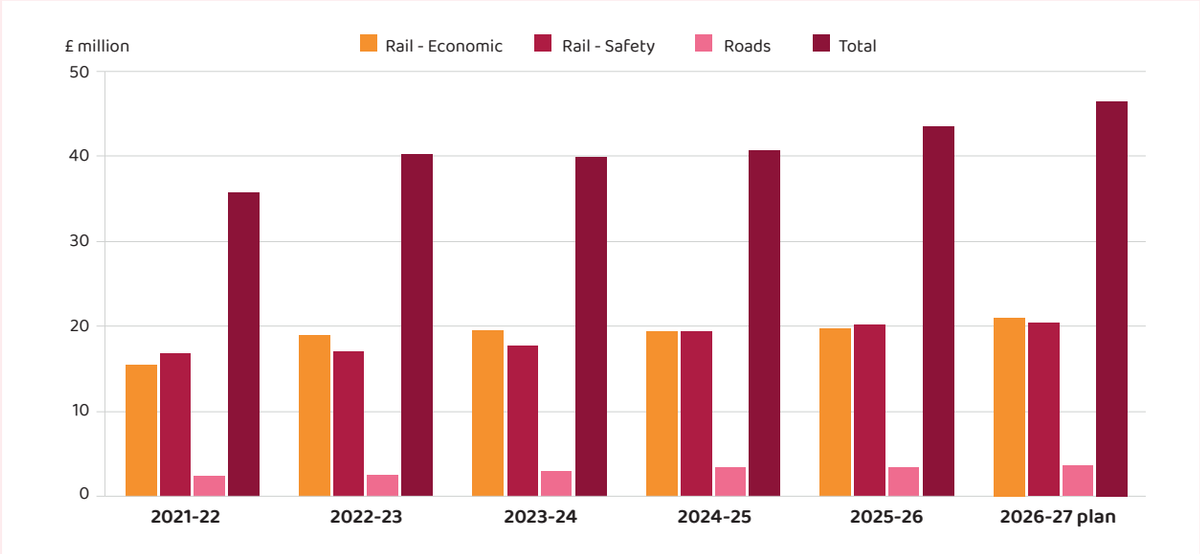
Assets and liabilities

At 31 March 2026, ORR remains in a net liability position. Net liabilities have decreased from £2.2m at 31 March 2025 to £0.7m at 31 March 2026. This has been mainly driven by a £2.1m reduction in liabilities largely in: deferred income (£0.9m) as much of the income received in the year was utilised for in-year expenditure and; lease liabilities (£0.9m) as another year's worth of liabilities are settled.

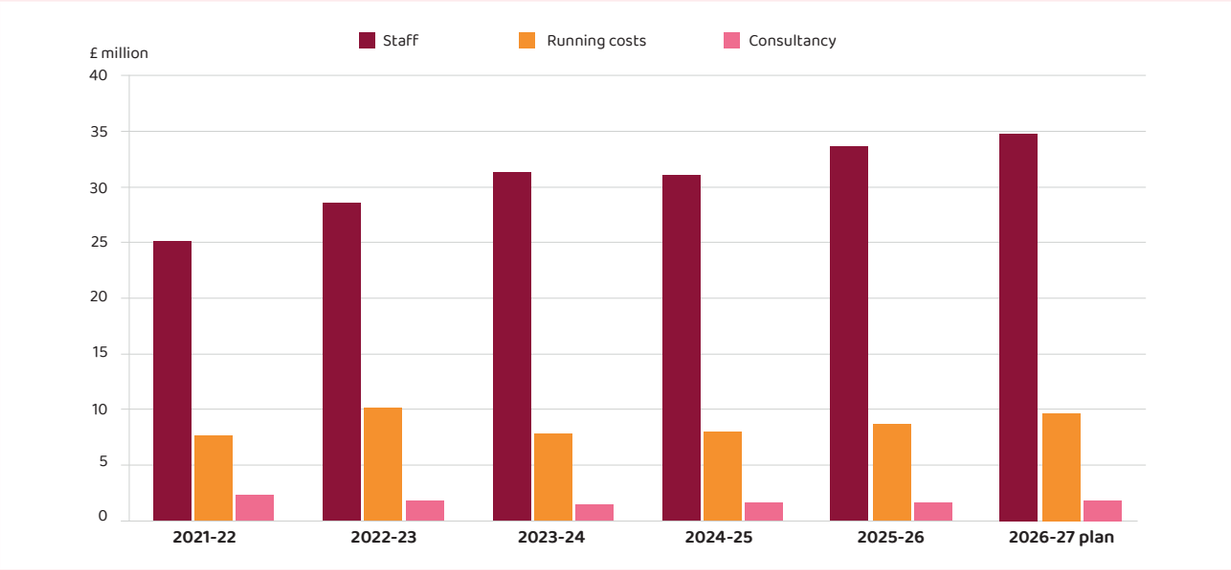
There has also been a decrease of £0.5m in assets which is largely due to both property, plant and equipment and right of use assets incurring a further year of depreciation.

Long-term expenditure trends

The chart below shows our spending pattern, in cash terms, over the last five years and for the 2026-27 plan, split by key work area.

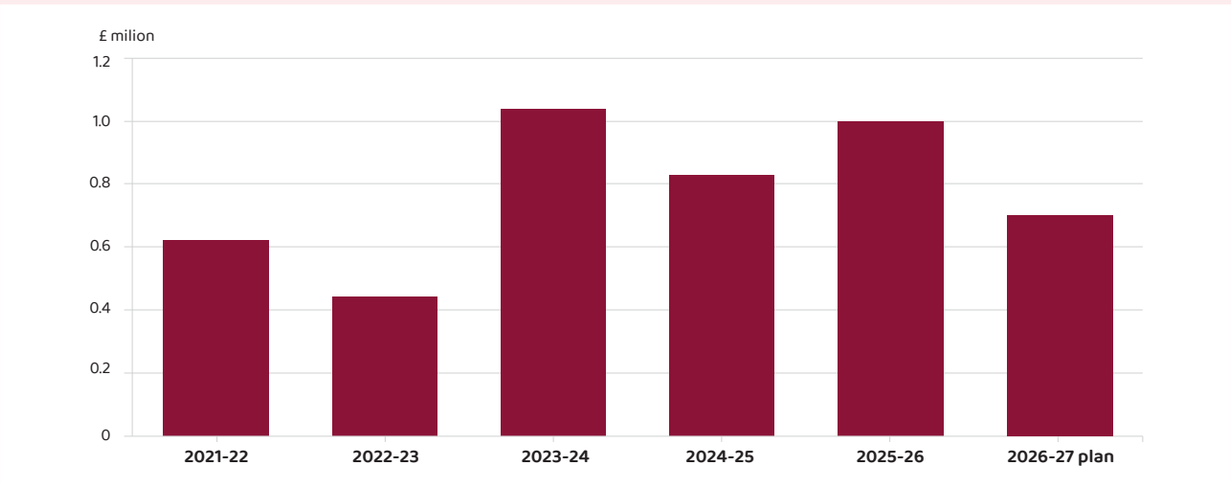


The following chart shows how our spending breaks down by category of spend over the last five years and for the 2025-26 plan.



Capital expenditure

Net capital expenditure was £1.0m which was in line with the budget requested as part of the Estimates process. The chart below shows CDEL outturn for the last five years and for the 2026-27 plan. Capital expenditure was higher than usual in 2023-24 and 2024-25 due to new IFRS 16 leases being entered into.



Net cash requirement

We had a net cash requirement (NCR) of £1.4m compared to £2.0m requested in the Estimate. We request an NCR to cover timing differences.

Future plans

We agreed our budget excluding depreciation, covering the period 2026-27 to 2028-29, with HMT Treasury through phase 2 of Spending Review 2025 (SR25). Our overall operating expenditure budget excluding depreciation will be as follows:

- 2026-27: £44.1m
- 2027-28: £44.4m
- 2028-29: £44.5m

The increase in expenditure reflects the ORR's expanded future role as a result of rail reform.

We have also secured £0.7 million of capital budget up to 2029-30, which we will use largely for renewal of operational assets.

Performance in other areas

Prompt payment

We are committed to the prompt payment of our suppliers and seek to pay all valid invoices as soon as possible. During 2025-26 92% of invoices were paid within 5 days (90% in 2024-25) and 100% of invoices were paid within 30 days (100% in 2024-25).

Complaints made to the Parliamentary Ombudsman

If someone is unhappy with the service they have received from us, they can raise a formal complaint in writing with the head of the public correspondence team. Their complaint will be acknowledged and passed to the relevant director to respond. If the complainant remains unhappy, they can escalate their concern to the Parliamentary and Health Services Ombudsman (PHSO). In 2025-26 we received ten formal complaints which were investigated, with none being escalated directly to the PHSO.

Responding to public correspondence

The majority of correspondence we receive relates to concerns about the rail industry and the strategic road network. ORR is represented at the cross-government complaint handlers' forum and the DfT complaint handlers' working group.

We aim to respond to 95% of all such enquiries within 20 working days of receipt, excluding safety cases which can often take longer than 20 days to investigate due to the complexity of often multi-part enquiries. We aim to respond to 100% of freedom of information requests withing 20 working days or within a permitted extension deadline.

	2025-26	2024-25
No. of general enquiries and complaints received	1,481	1,419
% cleared within 20 working days	96%	98%
No. of freedom of information requests received	183	156
% responded to within 20 working days or within the permitted extension deadline	100%	100%

Regulatory reform

We continued to support the government's regulatory reform and growth agenda laid out in its Regulatory Action Plan: 'A new approach to ensure regulators and regulation support growth' during 2025-26.

We progressed a programme focusing on administrative burden reduction measures with Network Rail, National Highways and London St. Pancras Highspeed. This included streamlining governance, clarifying monitoring expectations and embedding more proportionate risk-based approaches to oversight, helping to reduce duplication and regulatory friction. We engaged on administrative burden reduction measures with Getlink who own and operate the UK side of the Eurotunnel and will progress identified opportunities in 2026-27.

To support investment in the rail network, we advanced our deep dive into the Rail Network Investment Framework, engaging with government and industry to identify improvements to the framework and related processes. This work is intended to improve confidence and transparency in funding and risk arrangements, supporting long-term investment and value for money. We implemented a number of findings including commissioning a Government Actuary's Department (GAD) assessment of Network Rail's funding, risk and reserve arrangements.

We undertook a review into our rail industry-facing service standards and in September 2025 identified 15 new commitments. Commitments included introducing new service standards, reducing processing times and making improvements to the processes and guidance that underpin existing standards. We committed to providing quarterly updates on all of our Key Performance Indicators (KPIs) and service standards to a new government owned Regulator Dashboard.

In October 2025 ORR was announced as the first regulator to be independently reviewed as part of the government's Regulatory Action Plan. We supported the independent reviewer, Richard Judge, and officials from the Department of Business and Trade (DBT) who undertook both ORR focused and external engagement to examine how ORR is positioned to deliver its existing statutory responsibilities while preparing for significant rail sector reform and organisational transformation.

We responded to the Government's AI and innovation agenda, developing an AI Action Plan setting out how our regulatory frameworks can enable safe, responsible adoption of new technologies without creating unnecessary barriers to innovation. Our AI Action Plan will be published in May 2026.

We contributed to wider regulatory reform and growth initiatives including engagement with the Department for Transport (DfT) on the development of regulator Growth Goals and a Regulator Sponsorship Charter.

Fraud prevention

We have a fraud prevention policy that ensures all employees understand how to prevent fraud and what to do if they suspect that fraud may be taking place. The policy sets out employees' responsibilities under the Fraud Act 2006, the Bribery Act 2010 and the Public Interest Disclosure Act 1998, as well as under Managing Public Money. The policy is reinforced through ORR's conduct and discipline policies. We have assessed ourselves against functional standard GovS 013 Counter Fraud and consider that we comply with all mandatory elements. No incidents of fraud or bribery have been identified in 2025-26. Fraud awareness training was provided to all colleagues in corporate functions during the previous financial year.

Engagement with Parliament

We are accountable to Parliament and the courts for our role as an independent health and safety and economic regulator of the railways and in our role as the regulator of National Highways in England. Our parliamentary accountability manifests itself practically in several ways, including the appointment of our Chair being subject to scrutiny by the Transport Select Committee and senior officials regularly contributing to parliamentary committee inquiries.

This year we have contributed to the parliamentary process at Westminster by giving oral evidence to the public bill committee stage of the Railways Bill and the Transport Select Committee's examination of the Bill.

We offer expert and impartial information and advice to governments and parliamentarians, including members of the Welsh and Scottish Parliaments, to inform their scrutiny of rail and road issues. This year we have met with staff from the Transport Select Committee; the research and information service based in Parliament to assist MPs and their staff, on several occasions; and with members of staff from the House of Commons library.

We also provide independent assessment of delivery across key transport strands. We actively engage with parliamentarians on issues which are of interest to them and their constituents through briefings, correspondence, and proactive engagement. In 2025-26 we met with a number of parliamentarians from across the political spectrum. We hosted a parliamentary drop-in event at Westminster which all MPs and Peers were invited to as well as relevant members of staff, and an online webinar explaining rail industry finance for all parliamentarians. We held regular meetings with parliamentarians from across the political spectrum and answered their correspondence on matters they raised. We held roundtable meetings for MPs on open access and international rail travel access. We also produced four parliamentary newsletters which went to all MPs and Peers.

Feras Alshaker
Chief Executive and Accounting Officer

3 July 2026

Accountability report



Corporate governance report

This report explains the composition and organisation of ORR's governance structures and how they support the achievement of our strategic objectives.

Directors' report

Directors

Executive and non-executive members of the ORR Board are listed in the Governance Statement on page 72.

Register of interests

The register of interests of Board and Executive team members is reviewed annually and published on our website. The Board's rule of procedure includes procedures for managing potential or perceived conflicts of interest.

Personal data-related incidents

There were no personal data-related incidents requiring notification to the Information Commissioner's Office during the year.

Feras Alshaker
Chief Executive and Accounting Officer

3 July 2026

Statement of Accounting Officer's responsibilities

Under the Government Resource and Accounts Act 2000, HM Treasury has directed ORR to prepare for each financial year resource accounts, detailing the resources required, held, or disposed of during the year and the use of resources by ORR during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of ORR and of its income and expenditure, statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis; and
- Confirm that the annual report and accounts as a whole is fair, balanced and understandable, and take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

HM Treasury has appointed the Chief Executive as ORR's Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding ORR's assets, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information, and to establish that ORR's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.



Governance statement

This statement represents my assurance to Parliament that I am satisfied that ORR's system of internal control is effective and supports good decision-making and risk management.

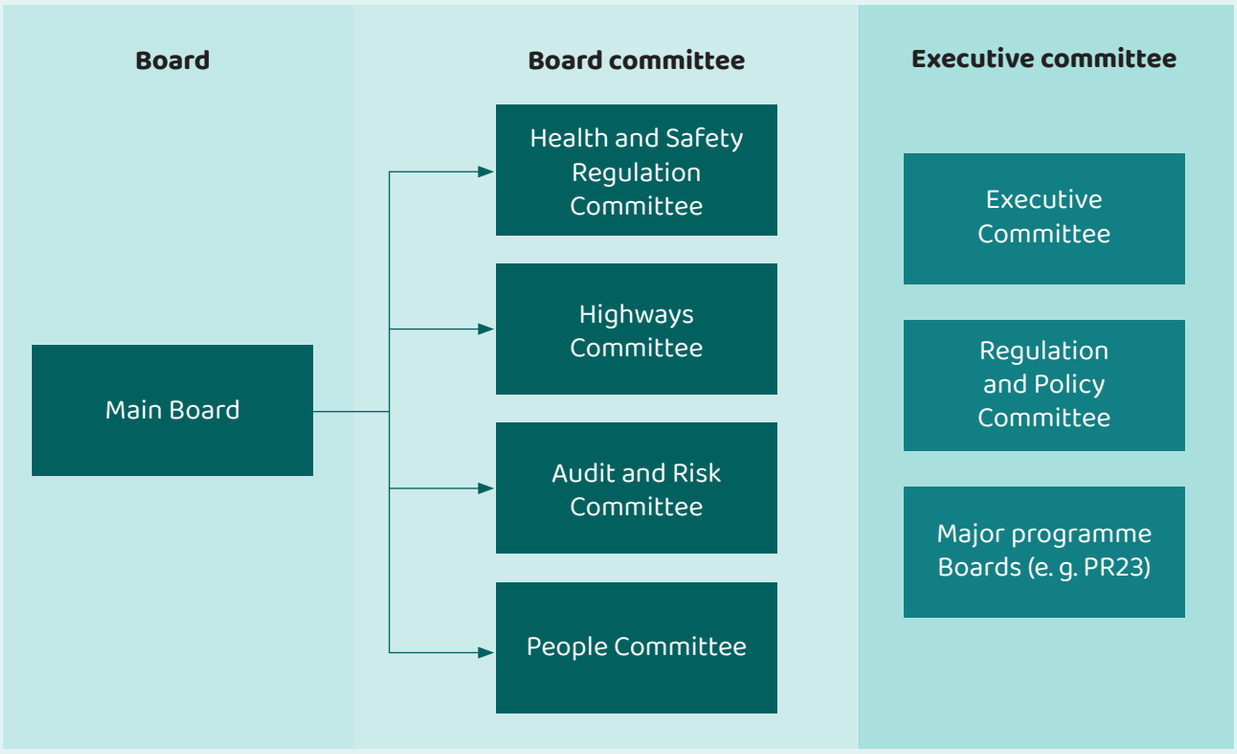
The performance described in this report does not happen by accident. It is the product of deliberate governance — a Board and executive team that set clear direction, scrutinise delivery against it, and are willing to challenge and be challenged. The accountability arrangements described in the pages that follow are not a separate exercise from ORR's regulatory work; they are what makes that work reliable, consistent and worthy of public trust. In a year of significant external change, that internal discipline has been particularly important.

I was appointed Accounting Officer on 27 April 2026. This statement covers the period 1 April 2025 to 31 March 2026, when John Larkinson was Accounting Officer. I have taken assurances from him in providing this statement.

Governance structure

Our governance structure for 2025-26 is shown below:

Figure 1: Governance structure



*The Board has agreed to establish a Transformation Subcommittee in 2026-27.

The Board

ORR is a non-ministerial government department led by a statutory board consisting of non-executive directors (including the Chair) and executive directors (including the Chief Executive). The Secretary of State for Transport makes appointments to the board for a fixed term of up to five years, which is renewable, but can only remove individual members for grounds specified under paragraph 2 of Schedule 1 of the Railways and Transport Safety Act 2003.

The Board provides support and challenge on the effective running and long-term strategy of ORR as well as on the department's performance and risk management, and progress against delivery of our objectives and priorities. Members' duties and responsibilities are set out in a code of conduct included in the Board's rules of procedures. The Board's objectives are aligned to key business and risk management activities.

Membership and appointment terms of ORR's Board as at 31 March 2026 were as follows:

Non-executive directors

Declan Collier, Chair, reappointed to 31 December 2028

Xavier Brice, appointed to 16 January 2027

Ian Dobbs, appointed to 1 December 2029

Lindsey Fussell, appointed to 9 November 2030

Madeleine Hallward, reappointed to 12 April 2030

Anne Heal, reappointed to 30 September 2026

Ann Metherall, appointed to 16 November 2030

Daniel Ruiz, appointed to 16 January 2027

Catherine Waller, appointed to 16 January 2027

Executive directors

John Larkinson, Chief Executive, reappointed to 27 March 2027

Richard Hines, Director, Railway Safety, appointed to 26 June 2029

Changes to Board membership

The following changes to Board membership took place this year:

- The term of appointment of Justin McCracken (non-executive director) ended on 30 September 2025.
- Lindsey Fussell and Ann Metherall were appointed as non-executive directors from 10 and 17 November 2025 respectively.

During the year John Larkinson announced his plan to retire on 29 April 2026.

Board meetings

The Board held 11 formal meetings in 2025-26. During 2025-26, the Board applied focused scrutiny to a range of strategic and operational matters, including those arising directly from the pace of external change. Amongst the issues it examined and tested are as detailed below:

Key areas of discussion

- Regular reports on health and safety risks across the rail industry, with the Board reviewing emerging issues and systemic risks, such as the safety implications of adverse weather events and concerns around overspeeding, alongside ORR's regulatory interventions.
- Regular updates on rail reform, including implications for ORR's statutory responsibilities and initiating its transformation.
- Performance of Network Rail, including key messages from the Network Rail Annual Assessment, and scrutiny of efficiency, operational performance, asset reliability, and relevant environmental performance measures.
- CP7 passenger train performance reset, with oversight of readiness, delivery, and expected outcomes for passengers.
- Annual Assessment of London St. Pancras Highspeed (LSPH), including key messages and oversight of ORR's approach to holding LSPH to account in PR24.
- Performance of National Highways, including review of Annual Assessment key messages and the Annual Assessment of Safety Performance on the Strategic Road Network, as well as efficiency, capability, and environmental performance.

- RIS3 Efficiency Review, with oversight of emerging findings on performance and improvement opportunities to be more efficient.
- Consideration of supply chain challenges influencing industry capability, performance outcomes, and the delivery of planned enhancements.
- Consideration of the implications of the Government's approach to ensuring regulators and regulation support growth, including expectations around proportionate, transparent and outcomes-focused regulation, and how ORR can continue to deliver its statutory duties while supporting wider economic growth.
- Oversight of the work on the costs and benefits of safety, including the application of reasonable practicability in health and safety decision-making, and promotion of consistent, proportionate and value for money safety interventions across the rail industry.
- Findings and recommendations from ORR's revenue protection review, including regulatory follow up actions and implications for industry compliance.
- Open access decisions on the West Coast and East Coast Main Lines, including regulatory judgments on consumer benefits, network capacity, and competition.
- Temple Mills International Depot – access decision under section 17 of the Railways Act 1993.
- Licence investigation into Northern Trains Limited, including review of evidence, regulatory approach, and next steps.
- Approval of ORR's role in Transport for London's funding framework, including governance and financial oversight implications.
- Candidate markets for potential market reviews or studies, informing future economic regulation priorities.
- Lower Thames Crossing, including emerging statutory duties and consideration of the regulatory regime required for the new infrastructure.
- Participation in a programme of engagement to better understand the needs of our stakeholders, including external speakers at Board meetings as well as field visits and stakeholder meetings focused on rail and road (in Cardiff and Leeds).
- Proposals for achieving efficiency savings under the Spending Review 2025, with scrutiny of organisational impacts, prioritisation, and delivery implications.
- Regular reporting of ORR's financial performance and capability, progress against the business plan for 2025-26, Greening Government Commitments, and communications strategy, as well as corporate and strategic risks.
- The triennial independent review of Board effectiveness, with the Board considering the findings and agreeing actions to support continued good governance.

Audit and Risk Committee

The Audit and Risk Committee supports the Board in its responsibilities for issues of risk, control and governance and associated assurance. Its role is to review whether assurances presented are sufficient and comprehensive enough to meet the Board and the Accounting Officer's needs, and to assess the reliability and integrity of those assurances, as well as to provide an opinion on how well the Board and Accounting Officer are supported in decision making and in discharging their accountability obligations (particularly in respect of financial reporting and risk management).

The Audit and Risk Committee comprises four non-executive directors (one of whom chairs the committee) and an independent member.

Lindsey Fussell was appointed to the Audit and Risk Committee from November 2025.

Xavier Brice stepped down from the Audit and Risk Committee in November 2025.

The Committee met five times during the year. Throughout the year, the Committee exercised active and enquiring oversight, probing both the adequacy of ORR's control environment and the management of risks specific to this period of reform. Among the substantive matters it scrutinised and challenged were the following key areas of discussion:

Key areas of discussion

- Key strategic and corporate risks, and how they are managed, including biannual reviews of the strategic risk register and quarterly reviews of the corporate risk register.
- Deep dives into areas of heightened risk, including the impact of digital systems failure on the railways and cyber security.
- Regular reporting on cyber, IT and security, covering threats, trends, incidents, and overall cyber effectiveness.
- Assurance on internal whistleblowing, including a standing item to notify the Committee of any disclosures at each meeting and provision for confidential escalation of any high impact disclosures.
- Assurance on the Non Executive Board Member declaration of interests process, including review of updated Cabinet Office guidance and confirmation that ORR's arrangements remain effective and proportionate.
- The annual report and accounts and draft Governance Statement, as well as review of the draft framework agreement between ORR and the Department for Transport.

People Committee

The People Committee fulfils the functions of a remuneration and nominations committee. It has a specific role in reviewing the performance and remuneration of ORR's senior civil servants including the Chief Executive, as well as advising the Chair on non-executive recruitment and induction. It maintains oversight of our people-related strategies (such as our reward strategy for employees below the senior civil service) and culture.

Xavier Brice and Ann Metherall were appointed to the People Committee from November 2025.

The Committee, which comprises four non-executive directors, met four times during the year.

Key areas of discussion

- The performance of ORR's senior civil servants during 2024–25.
- ORR's pay policy and non consolidated performance related pay awards for senior civil servants, ensuring alignment with Cabinet Office guidance.
- Implementation of ORR's pay and reward strategy and diversity and inclusion strategy.
- People and employee relations data, including a deep dive into ORR's recruitment processes.
- Refresh of the Trade Union Terms of Reference.
- The annual Civil Service People Survey results and progress against actions arising from the previous survey.
- Succession and talent management arrangements, including oversight of critical roles.
- Advice and updates on the recruitment of non executive directors and review of the induction plan for new non executive directors.

Health and Safety Regulation Committee

The Health and Safety Regulation Committee's role is to develop, maintain, review and update ORR's health and safety regulatory strategy and the overall adequacy of arrangements to meet ORR's statutory duties. It consists of a mix of non-executive and executive members.

The Committee met four times during the year.

Justin McCracken stepped down as Chair of the Health and Safety Regulation Committee in September 2025. Ann Metherall was appointed as Chair of the Committee in November 2025. The Committee applied rigorous scrutiny to safety performance across the network, with particular focus on emerging risks and the implications of rail reform for health and safety standards. Key matters considered during the year are below:

Key areas of discussion

- ORR's strategic approach to health and safety regulation, including key performance indicators, risk profiling, formal enforcement activity, and planning of regulatory interventions.
- Industry and dutyholders' health and safety performance, with scrutiny of emerging risks, incident trends, and operator-specific safety issues.
- Safety performance and management of mainline and non mainline sectors, including heritage operators, London Underground, trams, and the Channel Tunnel (as an internationally regulated cross border railway with specific bi national safety obligations).
- Relevant 'lessons learned' reviews, drawing on incidents and regulatory findings from within and outside the rail industry, to inform improvements in ORR's oversight and industry practice.
- Proposal for reform options for the Train Driving Licences and Certificates Regulations 2010 (TDLCR), including potential updates to competence and licensing arrangements for train drivers.
- Consideration of appropriate Board engagement with safety enforcement decisions, ensuring clarity on timely communication.
- Outline and monitoring of the Railway Safety Directorate's regulatory excellence programme, supporting continuous improvement in ORR's regulatory capability.
- Measures to drive sustainable improvements in health and safety investigations, including consistency of methodology, timeliness, and quality assurance of investigation outcomes.

Highways Committee

The purpose of the Highways Committee is to oversee the work of the highways team, advise the ORR board and act as a forum for policy development with senior colleagues. It consists of a mix of non-executive and executive members.

Lindsey Fussell was appointed to the Highways Committee from November 2025.

The committee met four times in the year.

Key areas of discussion

- Reports from ORR's monitoring framework for National Highways, providing oversight of delivery against the Road Investment Strategy and licence requirements.
- National Highways' capital planning and asset management, including approaches to long term investment, renewals planning and the condition of the network.
- Operational performance across the Strategic Road Network, with particular focus on safety, efficiency and incident management.
- National Highways' safety performance, including progress in delivering its safety improvement plan and strengthening its safety management systems.
- Consideration of emerging issues relating to major road projects, including early oversight discussions on potential future regulatory responsibilities for schemes such as the Lower Thames Crossing.
- Updates to the National Highways Holding to Account Policy, ensuring ORR's enforcement and escalation approach remains clear, effective and proportionate.

Meeting attendance

Meeting attendance in 2025-26 was as follows:

Member	Board	Audit and Risk Committee	People Committee	Health and Safety Regulation Committee	Highways Committee
Declan Collier	11/11	-	-	4/4	-
Xavier Brice	11/11	4/4	1/1	4/4	-
Ian Dobbs	10/11	5/5	-	3/4	-
Lindsey Fussell	3/4	1/1	-	-	1/2
Madeleine Hallward	9/11	-	-	4/4	4/4
Anne Heal	11/11	-	4/4	-	4/4
Richard Hines	11/11	-	-	4/4	-
John Larkinson	11/11	-	-	4/4	4/4
Justin McCracken	5/6	-	2/2	2/2	-
Ann Metherall	4/4	-	1/1	2/2	-
Daniel Ruiz	10/11	5/5	-	-	3/4
Catherine Waller	9/11	3/5	4/4	-	-
Nicholas Bateson [note 1]	-	5/5	-	-	-

Note 1: independent member of the Audit and Risk Committee, reappointed to 30 September 2027.

Meetings of the Board, Highways Committee and Health and Safety Regulation Committee were rescheduled in March 2026, affecting attendance of those meetings.

Board effectiveness

The Board reviews its own performance, and that of its committees, each year, with an external review conducted at least every three years.

An independent review of Board effectiveness, carried out by RedQuadrant this year, concluded that ORR has a high-performing Board, with members described as highly competent, skilled and resilient. The review highlighted particularly strong relationships within the non-executive cohort and between non-executive directors and the executive leadership team — a foundation that has proved important during a period of significant organisational and sector-wide change.

The review found the Board to be collaborative, respectful and well-chaired, with the Chair playing an active role in supporting and developing Board members. The culture at Board was described as collegiate and inclusive, with constructive challenge and clear, well-structured decision-making processes.

The review highlighted several areas of good practice, including:

- strong strategic focus and a shared understanding of the Board's role;
- well-prepared meetings supported by high-quality board packs and excellent secretariat support;
- effective engagement with stakeholders, including through regional meetings, external speakers and joint workshops;
- positive Board-Executive dynamics that support informed debate and balanced challenge;
- active oversight of organisational performance and sector developments, underpinned by an outward-facing Board with a strong interest in the industries ORR regulates.

It also identified opportunities to strengthen effectiveness further as ORR prepared for rail reform and organisational transformation. The following were identified as broad areas in terms of recommendations and future focus:

- Maintain an awareness of the respective roles of ARC and the Board in relation to risk and continue to ensure that the Board retains the overview of strategic risk management.
- Explore a mechanism (key performance indicators) for the Board to assess progress against the strategic objectives of the organisation.
- Allow time for, and development of, the Board (and the new non-executive directors) to help them lead the ORR through the transition to the 'new' state.
- Consider an increase in the number of 'strategy' days given the scale of change within the organisation whilst potentially slightly reducing the number of main board meetings.
- Regularly review the organisational risk appetite in the context of significant sectoral-related organisation change.

The Board remains committed to continuous improvement and is acting on the recommendations from this year's external review.

The Board and its standing committees operate within the Board's Rules of Procedure, which set out the governance framework for decision-making and oversight. The Board also reviews its Rules of Procedure biennially, with the most recent updates agreed in November 2025. All Board members, including executive members, are subject to a formal annual appraisal led by the Chair, and committee chairs report to the Board after each meeting, with minutes circulated to all members.

Conflicts of interest

The Board's rules of procedure include strict guidelines on conflicts of interest. A register of Board members' interests is available on our website, and members declare interests on agenda items at the start of every Board and Committee meeting. Where there is a potential risk of a conflict of interest, the Board determines whether the relevant member should withdraw from the discussion of the item. During the year, a small number of such withdrawals took place in line with our procedures, and all instances were recorded in the minutes as required.

Compliance with the Code of Practice on corporate governance

ORR is a non-ministerial government department with its functions vested in a statutory Board appointed by the Secretary of State. On that basis, there are some departures from the model envisaged in the 'Enhanced Departmental Board Protocol' for ministerial departments, as follows:

- The Board reserves to itself any changes in its governance and scrutiny thereof, so there is no committee with responsibility for governance.
- The senior management team and the Board do not include a finance director as ORR is not a spending department.
- The Board has a role in deciding individual reward for senior civil servants (further to the recommendation of the People Committee). This approach adds a useful element of independence and objectivity given the small size of the department.

These exceptions aside, the Board considers that ORR is compliant with the principles established in the Code for central government departments. The Board and senior team operate according to the recognised precepts of good corporate governance in business, namely: leadership, effectiveness, accountability, and sustainability.

The Executive

As Chief Executive, I head ORR and am also the Accounting Officer. Executive governance arrangements are based around three committees. Each committee involves a sub-set of executive directors as appropriate.

- The Executive Committee meets weekly and oversees operational issues such as progress against the business plan and allocation of resources for business planning.
- The Regulation and Policy Committee meets three times a month and assists the development of safety strategy, policy, and reviews the overall adequacy of arrangements to meet ORR's statutory duties.
- The Transformation Board meets once a month and provides strategic oversight of ORR's transformation programme, ensuring that programmes are aligned with organisational priorities and that progress, risks, and benefits are managed effectively.

Managing outside interests

Leavers from ORR are reminded of the business appointment rules (BARs) in place for departing civil servants, as part of our leaving process. Similarly, as part of the onboarding process new joiners are asked to disclose any conflict of interest (this is in addition to an annual disclosure process) and are referred to the employment handbook and policy available on our intranet.

Application of business appointment rules

In compliance with business appointment rules, we are transparent in the advice given to all grades of employees and those at SCS level. Our conflict of interest policy is published on our intranet and we advise our employees that there must never be any reason for people outside ORR to suspect that our decisions may be influenced by private interests. We therefore impose certain restrictions on employees' financial and non-financial activities. These requirements form part of their employment contract and the Civil Service Code. In 2025-26 there were no exits where BARs were requested or set. In 2024-25 there was one exit where BARs were set which was at the SCS 1 grade.

Internal whistleblowing

All employees at ORR are required to comply with the terms of the Civil Service Code, including the core values of integrity, honesty, objectivity and impartiality. The Code also sets out what an employee must do if they believe they are being required to act in a way that conflicts with the Code, or if they become aware of actions of others which they believe are in conflict with the core values.

Our 'whistleblowing and raising a concern' policy is available to all colleagues on our intranet. In 2025-26 one internal whistleblowing complaint was raised and closed after an investigation (2024-25: one complaint raised and closed).

Internal whistleblowing incidents are notified to the Audit and Risk Committee.

Our internal whistleblowing arrangements are considered to be effective, with appropriate governance in place, appropriate channels for raising concerns, and appropriate protections for whistleblowers.

External whistleblowing

ORR is a prescribed person under UK whistleblowing law and values the role whistleblowers can play in ensuring effective regulation. The law allows employees and 'workers' to make disclosures of information in the public interest, by giving them protection from victimisation or detriment by their employer.

Whistleblowers can talk to ORR about their concerns of things that have happened, are currently happening, or are likely to happen, if they believe it raises a matter of wider public interest relating to: the provision and supply of railway services; or any activities related to the Office of Rail and Road's functions.

An annual report of whistleblowing disclosures received by ORR in its capacity as a prescribed person is published on our website.

Risk management

Responsibility for the day-to-day management of risk is delegated to the Executive Committee. The Audit and Risk Committee provides assurance to the Accounting Officer and the Board on the adequacy and effectiveness of our risk management framework.

Risk is managed in accordance with our risk management strategy, which has been approved by the Executive Committee and endorsed by the Audit and Risk Committee. The strategy has been in place for the reporting year and remains in place at the date of approval of this report. The strategy is underpinned by a risk manual that sets out practical guidance for colleagues on the operational application of risk management. The strategy complies with the main principles set out in HM Treasury's risk management guidance, 'The Orange Book'. Risk management is the responsibility of all colleagues, supported by organisation-wide training available through our e-learning platform.

Our corporate risk dashboard focuses primarily on operational and reputational risks with a close proximity that require active management. Each directorate maintains its own risk register, with nominated risk champions responsible for collating risks at directorate level and ensuring that risks identified at working level are appropriately captured. Risk champions meet quarterly to review the most significant risks within their areas and to provide challenge and insight on risks across the organisation.

The corporate risk dashboard is reviewed by the deputy directors' group, which moderates risk scoring and provides assurance on risks within their respective areas. The dashboard is then interrogated by the Executive Committee, which tests and challenges the most significant risks. Corporate risks are reviewed quarterly by the Audit and Risk Committee, which also undertakes deep dives into specific areas where additional scrutiny is considered beneficial. The key corporate risks actively managed during the year are set out in the Performance Analysis section on page 20. Towards the end of the year, we began to incorporate resilience-based thinking into our risk methodology, with further work planned to embed this approach in 2026-27.

The strategic risk register identifies risks that could have a serious, critical or existential impact on our ability to deliver our strategic objectives. These risks are typically longer-term in nature, change less frequently, and require less active day-to-day management. Strategic risks are informed by an annual horizon-scanning exercise and are reviewed quarterly by the Executive Committee and biannually by the Audit and Risk Committee. The Board scrutinises the key strategic risks facing ORR on an annual basis.

Quality assurance of analysis and publications

We have up-to-date quality assurance guidance, including an analytical assurance framework, robust processes and accessible tools in place for effective risk management of analysis and decisions. This helps to inform and support our analysts, policy, and decision makers.

During the year we published our list of business critical models (BCMs) on our website. We continue to assess the fitness for purpose for each of the BCM quality assurance and governance processes using a five-pillar methodology and a scoring system. This is in alignment with the recommendations from Sir Nick Macpherson's review of quality assurance of government models, the Aqua Book, the government functional standard and best practice across government. The internal BCM panel has helped to support cross-working between model leads and to strengthen quality assurance processes.

Information assurance

We have an information strategy that forms part of our overall technology strategy. ORR is registered with the Information Commissioner as a data controller and follows the requirements of the Data Protection Act 2018 and the UK General Data Protection Regulation. As required by law, we have a data protection officer who advises us compliance. Our privacy notice is available on our website.

We maintain a risk register on information risk and oversee our compliance with our government information assurance requirements through quarterly reporting to the Audit and Risk Committee and yearly assurance to Cabinet Office through the Departmental Security Health Check. This checks our compliance with the requirements of the Cabinet Office's minimum security standards where they apply to us in relation to physical, personnel and incident management standards.

Cyber security standards for information systems are regularly reviewed both internally by our security team, and externally through the Cabinet Office's GovAssure programme, as well as through independent audits using penetration test, tabletop exercises or purple team events. Our ongoing cyber security plan delivers continuous improvements and enhances the resilience of our networks and devices against cyber-attacks. This oversees alignment with the Government's Security Strategy 2030 and helps ensure appropriate safeguards against emerging threats are in place.

Internal audit

Our internal auditors for 2025-26 were RSM. Throughout the year RSM delivered a programme of audit reviews which was developed jointly with the Executive and endorsed by the Audit and Risk Committee. The plan was designed to address the key risks facing the organisation and to provide assurance that our key business processes are fit for purpose. The most that the internal audit service can provide to ORR is reasonable assurance that there are no major weaknesses in those systems audited. Based on the reviews undertaken and specific testing and evaluation performed during the year to 31 March 2026, RSM's opinion is that ORR has an adequate and effective framework for risk management, governance and internal control, with some further enhancements to the framework needed to ensure that it remains adequate and effective.

During the year we have implemented a number of recommendations arising from the 2024-25 audits of cyber risk assessments, data governance and business continuity.

Recommendations made by RSM during 2025-26 have either been implemented or, where not yet completed, there are action plans in place to complete them in 2026-27.

Functional standards

We adhere to Cabinet Office's functional standards and perform an annual assessment of our compliance against these. Most mandatory elements have been met at 31 March 2026. Where they have not been met and they are considered appropriate for ORR, there is an action plan in place to achieve compliance.

Conclusion

As Accounting Officer, I am personally responsible and accountable to Parliament for the organisation and quality of management in the department, including its use of public money and stewardship of its assets. The system of internal control in place to support me in this capacity accords with all relevant HM Treasury guidance.

I have considered assurances provided by my predecessor, John Larkinson, alongside ORR's governance framework, evidence supporting this statement, assurances provided by the Audit and Risk Committee and senior management, and the work of internal audit.

I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that ORR's auditors are aware of that information. I am not aware of any relevant audit information which has not been disclosed to the auditors.

I have concluded that ORR has a strong system of internal control and risk management in place, with the necessary policies and procedures to support ORR in achieving its strategic objectives.

I confirm that the annual report and accounts are fair, balanced and understandable. I am personally responsible for them, and for the judgments required to determine this.

Feras Alshaker
Chief Executive and Accounting Officer

3 July 2026

Remuneration and staff report

This report sets out ORR's remuneration policy for directors and provides details on remuneration and staff that Parliament and other users see as key to accountability.

Remuneration report

People Committee

The People Committee maintains strategic oversight of the approach to remuneration, performance, reward, as well as other terms and conditions of all staff. It also has a specific role in reviewing the remuneration packages of ORR's senior civil servants (SCS) including the Chief Executive. It comprises three non-executive members of the Board. For 2025-26 these were Anne Heal (Committee Chair), Catherine Waller, Ann Metherall and Xavier Brice.

The Committee's role is set out in the Board's rules of procedures. Our Civil Service pay strategy accords with parameters set by the Cabinet Office for the SCS following recommendations by the Senior Salaries Review Body.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.independent.gov.uk.

Remuneration policy

Remuneration of senior civil servants is set out in their contracts and is subject to annual review, taking into account guidance from Cabinet Office and the recommendations of the Senior Salaries Review Body. The notice period for all senior members of ORR does not exceed six months.

Each senior civil servant participated in performance management arrangements under which top performers have the opportunity to be awarded a performance-related payment, following the annual Cabinet Office pay guidance and the Senior Civil Service 'Performance Management Framework' (Cabinet Office, April 2025 edition). These performance payments are non-consolidated and non-pensionable.

The remuneration of the Chair and non-executive directors is set by the Secretary of State for Transport. Remuneration of non-executive Board members is by payment of salaries, and they have no entitlement to performance-related pay.

The arrangements for early termination of contracts of senior civil servants are made in accordance with the employment contract of the relevant individual subject to the provisions of the Civil Service Compensation Scheme. No early termination payments were made to senior civil servants in 2025-26 (2024-25: none). No voluntary exits were agreed with senior civil servants in 2025-26 (2024-25: one).

Salary and pension entitlements (audited)

The following sections provide details of the remuneration and pension interests of the executive directors of ORR.

Single total figure of directors' remuneration (audited)

The following table shows 2025-26 directors' remuneration, with 2024-25 comparatives in brackets:

Director	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100) £	Pension benefits £000	Total £000
John Larkinson [note 1], [note 2] Chief Executive	185-190 (180-185)	5-10 (0-5)	600 (600)	34 (32)	230-235 (215-220)
Feras Alshaker Director, Planning and Performance	135-140 (135-140)	0-5 (-)	- (-)	53 (61)	195-200 (195-200)
Will Godfrey [note 1] Director, Economics, Finance and Markets	145-150 (140-145)	0-5 (0-5)	- (-)	27 (26)	175-180 (165-170)
Russell Grossman [note 3] Director, Communications	155-160 (150-155)	- (-)	- (-)	24 (130)	180-185 (280-285)
Liz Herridge [note 4] Chief Operating Officer	90-95 (-)	- (-)	- (-)	36 (-)	125-130 (-)
Richard Hines [note 5] Director, Railway Safety	130-135 (125-130)	10-15 (0-5)	- (-)	50 (50)	190-195 (180-185)
Graham Richards [note 1] Director, TfL Analysis and Interim Director, Corporate Operations	150-155 (145-150)	0-5 (-)	- (-)	27 (27)	180-185 (170-175)
Liz Thornhill [note 5] General Counsel	135-140 (130-135)	5-10 (10-15)	- (-)	52 (52)	195-200 (195-200)
Stephanie Tobyn [note 5] Director, Strategy, Policy and Reform	135-140 (130-135)	5-10 (0-5)	- (-)	52 (52)	195-200 (185-190)

Note 1: John Larkinson, Will Godfrey and Graham Richards have partnership pensions and were not members of a Civil Service pension scheme in the year.

Note 2: John Larkinson left ORR on 29 April 2026, after the reporting period.

Note 3: Pension benefits for Russell Grossman vary between financial years due to the nature of the scheme of which he is a member.

Note 4: Liz Herridge joined ORR on 21 July 2025. Her full year basic equivalent salary for 2025-26 was in the range £130,000 - £135,000.

Note 5: Prior year pension benefit figures have been restated for Richard Hines, Liz Thornhill and Stephanie Tobyn as a result of an administrative error at the pension administrator.

Salary includes: gross salary, overtime, recruitment and retention allowances, paid annual leave, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by ORR and thus recorded in these accounts.

Bonus payments are based on performance levels attained and are made as part of the performance appraisal process. Bonuses reported in 2025-26 relate to performance in 2024-25 and comparative bonuses reported for 2024-25 relate to performance in 2023-24.

Benefits in kind comprise subsidised gym membership.

Pension benefits: John Larkinson has a partnership pension. In 2025-26 employer contributions totalling £33,637 were made to the partnership pension provider for him (2024-25: £31,659). Will Godfrey has a partnership pension. In 2025-26 employer contributions of £26,509 have been made for him (2024-25: £25,675). Graham Richards has a partnership pension. In 2025-26 employer contributions of £27,420 have been made for him (2024-25: £26,557).

Fair pay disclosures (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in ORR in the financial year 2025-26 was £195,000 - £200,000 (2024-25: £185,000 - £190,000). This was 3.1 times (2024-25: 3.0 times) the median remuneration of the workforce, which was £62,038 (2024-25: £61,039).

In 2025-26, no employees (2024-25: none) received remuneration in excess of the highest-paid director. Remuneration ranged from £24,926 to £197,390 (2024-25: £22,550 to £186,244).

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 following table shows the percentage change from the previous financial year for salaries and allowances and for performance pay and bonuses payable in respect of the highest paid director, based on the mid-point of the salary band.

Category	2025-26 £	2024-25 £	Change %
Salary and allowances	187,500	182,500	3
Performance pay and bonuses	7,500	2,500	200

The following table shows the average percentage change from the previous financial year for salaries and allowances and for performance pay and bonuses in respect of all employees taken as a whole, excluding the highest paid director.

Category	2025-26 £	2024-25 £	Change %
Salary and allowances	61,338	59,118	4
Performance pay and bonuses	1,243	1,361	-9

The following table shows the ratio between the highest paid director's total pay and benefits and the salary component of their total pay and benefits, and the lower quartile, median and upper quartile remuneration of our workforce.

	25th percentile pay ratio		Median pay ratio		75th percentile pay ratio	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Total pay and benefits (ratio)	4.1	4.1	3.1	3.0	2.7	2.6
Total pay and benefits (£)	46,997	45,511	62,038	61,039	72,500	70,978
Salary (ratio)	4.1	4.2	3.1	3.1	2.6	2.6
Salary (£)	45,747	43,777	60,788	59,623	72,500	69,244

There are no significant changes in any of the ratios. The median pay ratio is in line with the ORR's Pay and Reward strategy and the principle of equitability.

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.

Pension entitlement for directors (audited)

Directors	Accrued pension at pension age as at 31/3/26 £000	Real increase in pension at pension age £000	Cash Equivalent Transfer Value at 31/3/26 £000	Cash Equivalent Transfer Value at 31/3/25 £000	Real increase in CETV £000
John Larkinson [note 1] Chief Executive	-	-	-	-	-
Feras Alshaker [note 2] Director, Planning and Performance	25-30	2.5-5	324	276	29
Will Godfrey [note 1] Director, Economics, Finance and Markets	-	-	-	-	-
Russell Grossman Director, Communications	85-90	0-2.5	1,687	1,644	17
Liz Herridge Chief Operating Officer	0-5	0-2.5	30	0	23
Richard Hines [note 2] Director, Railway Safety	35-40	2.5-5	490	440	26
Graham Richards [note 1] Director, TfL Analysis and Interim Director, Corporate Operations	-	-	-	-	-
Liz Thornhill [note 2] General Counsel	40-45	2.5-5	576	522	28
Stephanie Tobyn [note 2] Director, Strategy, Policy and Reform	40-45	2.5-5	628	564	37

Note 1: John Larkinson, Will Godfrey and Graham Richards were not members of a Civil Service pension scheme during the year.

Note 2: Cash equivalent transfer values as of 31/03/25 have been updated for Feras Alshaker, Richard Hines, Liz Thornhill and Stephanie Tobyn on advice of the pension administrator.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members (the 'McCloud judgment').

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The Public Services Pensions Remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at www.civilservicepensionscheme.org.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Other pensions

One employee is covered by the provisions of the Railway Pension Scheme (RPS), which is contributory and funded. The scheme is a defined benefit scheme with obligations met by the RPS trustees. Details of the RPS scheme statements and other financial information can be found in the annual report and accounts of The Railways Pension Trustee Company Limited.

The former rail regulators' and a former Chair's pensions are by analogy with the Principal Civil Service Pension Scheme. During 2025-26 there were no active members (2024-25: no active members). The accruing cost of providing for the members' future benefits, which is based on actuarial advice, is charged to the Statement of Comprehensive Net Expenditure. A provision for the expected future liabilities for the former rail regulators' and former Chair's pension scheme is disclosed as a liability on the Statement of Financial Position.

Payments to past directors and compensation for loss of office (audited)

No compensation payments were made to past directors on early retirement or for loss of office (2024-25: none).

Fees of non-executive Board members and independent members of the Audit and Risk Committee (audited)

The following table shows fees for NEDs and the independent member of the Audit and Risk Committee for 2025-26 with comparatives for 2024-25 in brackets.

NEDs and independent members	Fee range £000	Benefits in kind to nearest £100 [note 1] £	Pension benefits £000	Total £000
Declan Collier, chair	85-90	-	-	85-90
	(85-90)	(-)	(-)	(85-90)
Justin McCracken [note 2]	10-15	400	-	10-15
	(20-25)	(1,100)	-	(20-25)
Anne Heal	20-25	-	-	20-25
	(20-25)	(-)	(-)	(20-25)
Madeleine Hallward	20-25	100	-	20-25
	(20-25)	(-)	(-)	(20-25)
Xavier Brice	20-25	200	-	20-25
	(20-25)	(-)	(-)	(20-25)
Daniel Ruiz	20-25	2,100	-	20-25
	(20-25)	(2,000)	(-)	(20-25)
Catherine Waller	20-25	200	-	20-25
	(20-25)	(-)	(-)	(20-25)
Ian Dobbs	20-25	2,100	-	20-25
	(5-10)	(800)	(-)	(5-10)
Lindsey Fussell [note 3]	5-10	100	-	5-10
	(-)	(-)	(-)	(-)
Ann Metherall [note 4]	5-10	600	-	5-10
	(-)	(-)	(-)	(-)
Nick Bateson [note 5]	0-5	-	-	0-5
	(0-5)	(-)	(-)	(0-5)

Note 1: Benefits in kind are solely in relation to home to office travel and related hotel accommodation.

Note 2: Justin McCraken left the ORR on 30 September 2025. His full year fee for 2025-26 was in the range £20,000 - £25,000.

Note 3: Lindsey Fussell joined the ORR on 10 November 2025. Her full year fee for 2025-26 was in the range £20,000 - £25,000.

Note 4: Ann Metherall joined the ORR on 17 November 2025. Her full year fee for 2025-26 was in the range £20,000 - £25,000.

Note 5: independent member of the Audit and Risk Committee.

Non-executive directors and the independent member of the Audit and Risk Committee are entitled to receive reimbursement of expenses incurred in relation to their duties. ORR meets the cost of the tax due on these taxable benefits. The only benefits in kind for non-executive directors and independent committee members are travel arrangements.

Staff report

Staff composition

The table below shows staff composition by whole-time equivalent persons at 31 March 2026. This includes both permanent and fixed term contracts. It excludes contingent labour.

	2025-26			2024-25		
	Male FTE	Female FTE	Total FTE	Male FTE	Female FTE	Total FTE
SCS 3	1	-	1	1	-	1
SCS 2	5	3	8	5	2	7
SCS1	8	3	11	6	5	11
Employees	199	149	348	186	149	335
Total	**213**	**155**	**368**	**198**	**156**	**354**

Average number of persons employed (audited)

The average number of whole-time equivalent persons employed during the year was as follows:

	Permanent staff	Others	2025-26 Total	2024-25 Total
Total	**366**	**14**	**380**	**378**

The 'Others' category above relates to non-executive directors and agency staff.

Staff costs (audited)

	Permanently employed staff £000	Others £000	2025-26 Total £000	2024-25 Total £000
Wages and salaries	22,327	1,152	23,479	22,877
Social security costs	3,178	31	3,209	2,638
Other pension costs	6,067	-	6,067	5,925
Total net costs	**31,572**	**1,183**	**32,755**	**31,440**

All ORR staff and related costs are charged to administration budgets.

Consultancy and temporary staff expenditure

Our expenditure on consultancy in 2025-26 was £2.5m (2024-25: £1.4m). Consultants are brought in to work on projects where the work is temporary and we do not have the specific skillset required, where the requirements fall outside of our core business, or where an external independent perspective is required. Temporary staff are brought in to provide short-term cover for business-as-usual work, or additional resource at peak times. Our expenditure on temporary staff in 2025-26 was £0.9m (2024-25: £0.6m, re-presented from £0.9m in prior year to exclude non-executive director remuneration).

Sickness absence data

The average annual working days lost per employee through sickness in 2025-26 was 3.9 (2024-25: 4.8). This compares to the civil service average of 8.2 days in 2025-26 (7.8 in 2024-25).

Turnover

During 2025-26 staff turnover was 13.4% which is lower than in 2024-25 (14.7%).

Civil Service People Survey

ORR participates in the Civil Service People Survey. The 2025 survey, in which we had a high response rate of 75%, showed an engagement level of 65% which matched the civil service average.

Exit packages (audited)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. The table below shows the total cost of exit packages agreed and accounted for in 2025-26 (2024-25 comparative figures are also given). The £95k exit costs were accrued in 2024-25 but the cash paid in 2025-26, no costs were paid in 2024-25.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£50,000-£100,000	- (-)	- (1)	- (1)
Total number of exit packages	- (-)	- (1)	- (1)
Total cost/£000	- (-)	- (95)	- (95)
Total cost/£000	- (-)	**- (95)**	**- (95)**

Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme in which ORR is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2020. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2025-26, employers' contributions of £5,888,099 were payable to the PCSPS (2024-25: £5,721,072). The scheme's actuary reviews employer contributions every four years following a full scheme valuation. Contribution rates were revised for 1 April 2024 to 31 March 2027 to a flat rate of 28.97% for all salary bands. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £175,966 were paid to an appointed stakeholder pension provider (2024-25: £173,552). Employer contributions are age-related and range from 8.0% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In 2025-26 employer contributions of £5,611, 0.05% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees (2024-25: £5,310, 0.05%).

Contributions of £17,282 were due to the partnership pension provider at 31 March 2026 (31 March 2025: £17,513).

No members of staff retired early on ill-health grounds (2024-25: none). There were no additional accrued pension liabilities (2024-25: £nil).

Other pension schemes

The Railway Pension Scheme (RPS) is a funded multi-employer defined benefit scheme administered by Railway Pensions Trustee Company Limited. This is a defined benefit scheme which prepares its own scheme statements. Details of the RPS pension statements can be found in the annual report and accounts of the RPS The Trustee | Railways Pension Scheme.

Employer contributions of £6,249 were paid to the trustees of the RPS in 2025-26 at a rate of 1.5 times the individual members' contributions, on the basis of actuarial valuations (2024-25: £12,687, 1.5 times). ORR matches some of the BRASS2 contributions (an AVC scheme) made by the members. In 2025-26, no matching contributions were made (2024-25: £2,174).

With regard to the accrued pension costs for a former Chair and past rail regulators, no notional contributions (as advised by the Government Actuary) have been charged to the statement of comprehensive net expenditure (2024-25: £nil). The liability at 31 March 2026 is estimated at £605,000 (31 March 2025: £639,000).

Human Capital Management

ORR operates an annual performance management cycle, combining continuous planning, monitoring and development with formal performance reviews twice yearly to drive sustained organisational improvement. This approach places strong emphasis on talent management and career development, including structured talent mapping using a talent matrix, regular career conversations and targeted development opportunities to support progression. Colleagues benefit from corporate and individual learning programmes, supported by a Learning Management System and tailored training for line managers.

Recognising that its people are central to its success, ORR takes a strategic and professional approach to recruitment, in alignment with its corporate strategy and underpinned by a clear policy framework to attract, develop and retain high quality talent. Roles across all grades are advertised externally by default to maximise reach and support workforce diversity, strengthening organisational capability; appointments are on merit through fair and open competition, ensuring ORR attracts talent capable of delivering its strategic objectives for sustained long-term organisational success.

People policies applied for disabled persons

We are a 'level 2: disability confident employer' which encourages applications from people with disabilities, offers them a guaranteed interview if they meet the minimum requirements for the role, and adjustments through the recruitment process.

There is support for colleagues with disabilities when in employment, making workplace adjustments to their working environment and competition providing additional training and support, utilising resources through our occupational health provider.

Diversity and inclusion

We are committed to the principles of equality and diversity, both as an employer and as a safety and economic regulator. In accordance with the Equality Act 2010, ORR has published specific equality objectives and regularly publishes diversity data in our capacity as an employer. We:

- eliminate unlawful discrimination, harassment and victimisation;
- promote equality of opportunity between people who share a 'protected characteristic' (such as age, disability or race) and those who do not; and
- foster good relations between people who share a protected characteristic.

Additionally, since October 2024, employers are required to take reasonable steps to prevent sexual harassment of their employees. We have reviewed and refreshed our risk assessment, which was first published in March 2025, to support where colleagues may be vulnerable to harassment and how that harassment can be prevented.

Our diverse backgrounds, experience and talents are critical in securing our success as a regulator. We make every effort to ensure that our people practices reflect the true value of every individual, and that we continually foster a diverse, open and inclusive workplace.

We aim to ensure that nobody receives less favourable treatment particularly on the basis of age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, gender or sexual orientation.

Our three-year strategy was published in May 2024. Since 2020 we have increased representation across our target characteristics of female, minority ethnic, disability and LGBTQ and other. We continue to operate a diversity and inclusion steering group and a colleague diversity network.

This year we continued our participation in the UK Regulators Network scheme, next generation non-executive directors (NEDs) which aims to widen the talent pipeline and diversity of NEDs in the public sector. We have welcomed three colleagues from the network who will receive mentoring and observe committee meetings during a 12-month period.

	ORR 2026*	ORR Glasgow Office 2026	Civil Service 2025	Census England and Wales 2021	Census Scotland 2022
Female	42%	42%	55%	51%	52%
Minority ethnic	22%	7%	18%	18%	13%
Disability	12%	11%	18%	18%	21%
LGBTQ+	6%	7%	7%	3%	4%

*ORR includes all office locations

Engagement with colleagues

We continue to engage with our staff representatives group (which includes representatives from trade unions as well as non-union employee representatives) on a regular basis to share information on the organisation and on all aspects concerning employment. The non-union representative position is currently vacant.

Health and wellbeing

We continue to be active in our health and wellbeing initiatives regularly promoting emotional and financial wellbeing resources.

We have a cohort of mental health first aiders, run drop-in sessions for 'Brew Monday' and 'Time to Talk' day, and we encourage employees to share how they look after their own wellbeing.

We offer employees occupational health support via Fusion, access to free flu vaccinations, an employee assistance programme, with free face-to-face counselling sessions and a dedicated management support line.

Health and safety at work

We fully recognise and accept our legal responsibility in relation to the health, safety and welfare of our employees and for all people using our premises. We comply with the Health & Safety at Work Act 1974 and all other relevant legislation as appropriate.

We are committed to the positive promotion of accident prevention and the elimination of incidents involving personal injury, illness or damage. We actively monitor and manage our employee absence, ensuring that employees receive the support and advice they need from occupational health and/or our employee assistance service, to remain in work or return to work. The Executive Committee reviews our absence data on a quarterly basis for trends and changes and discusses how we can improve wellbeing. We require new joiners to undertake a workstation self-assessment and follow up any areas of concern. During 2025-26 we brought on board health and safety consultants to advise on refreshing our current health and safety management system.

Apprenticeships

We have 10 apprentices working across several different areas of the business, including some existing roles which we have been able to convert to apprenticeships to provide our colleagues with new challenges and qualifications.

Off-payroll engagements

Highly paid off-payroll worker engagements as at 31 March 2026, earning £245 per day or greater

	No.
Number of existing engagements as of 31 March 2026	6
Of which, number that existed:	
for less than one year	4
for between one and two years	1
for between two and three years	-
for between three and four years	-
for four or more years	1

Highly paid off-payroll workers engaged at any point during the year ended 31 March 2026, earning £245 per day or greater

	No.
Number of temporary off-payroll workers engaged during the year ended 31 March 2026	13
Of which:	
Not subject to off-payroll legislation	10
Subject to off-payroll legislation and determined as in scope of IR35	-
Subject to off-payroll legislation and determined as out of scope of IR35	3
Number of engagements reassessed for compliance or assurance purposes during the year	-
Of which: number of engagements that saw a change to IR35 status following review	-

Off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2025 and 31 March 2026

	No.
Number of off-payroll engagements of Board members, and/or, senior officials with significant 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 responsibility", during the financial year. This figure includes both on payroll and off-payroll engagements	9

Feras Alshaker
Chief Executive and Accounting Officer

3 July 2026

Parliamentary accountability and audit report

Statement of outturn against Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires ORR to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Expenditure (SOCNE), to tie the SOPS to the financial statements (note 2); a reconciliation of outturn to net cash requirement (note 3); and an analysis of income payable to the Consolidated Fund (note 4).

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 63, in the financial review section of the performance report. Further information on the public spending framework and the reasons why budgeting rules are different to IFRS can also be found in Chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial review, in the Performance Report, provides a summarised discussion of outturn against Estimate and functions as an introduction to the SOPS disclosures.

Summary tables – mirrors part 1 of the Estimates

Summary table for 2025-26

Type of spend	SOPS Note	Outturn Voted £000	Outturn Non-Voted £000	Outturn Total £000	Estimate Voted £000	Estimate Non-Voted £000	Estimate Total £000	Voted outturn compared with Estimate: saving/ (excess) £000	Prior year outturn Total 2024-25 £000
Departmental expenditure limit									
Resource	1.1	2	-	2	2	-	2	-	2
Capital	1.2	1,004	-	1,004	1,020	-	1,020	16	846
Total		**1,006**	**-**	**1,006**	**1,022**	**-**	**1,022**	**16**	**848**
Annually managed expenditure limit									
Resource	1.1	-	-	-	-	-	-	-	-
Capital	1.2	-	-	-	-	-	-	-	-
Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total resource		**2**	**-**	**2**	**2**	**-**	**2**	**-**	**2**
Total capital		**1,004**	**-**	**1,004**	**1,020**	**-**	**1,020**	**16**	**846**
Total budget expenditure		**1,006**	**-**	**1,006**	**1,022**	**-**	**1,022**	**16**	**848**
Net cash requirement	3	**1,428**			**2,000**			**572**	**370**
Administration costs		**1,006**			**1,022**			**16**	**848**

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament. Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

The variances between outturn and Estimate are explained in the Performance Report on page 64.

Notes to the statement of outturn against Parliamentary Supply, 2025-26

SOPS1: Outturn detail, by Estimate line

SOPS1.1: Analysis of resource outturn by Estimate line

	Resource outturn			Estimate		
	Administration					
Type of spend (resource)	Gross expenditure £000	Income £000	Net expenditure £000	Outturn net total £000	Outturn compared with Estimate: saving/ (excess) £000	Prior year outturn Total 2024-25 £000
Spending in departmental expenditure limit (DEL)						
Voted:						
A Economic regulation, admin, associated capital and other expenditure	20,281	(20,279)	2	2	-	2
B Safety regulation, admin and other expenditure	19,803	(19,803)	-	-	-	-
C Other regulation, admin and other expenditure	3,351	(3,351)	-	-	-	-
Total spending in DEL	**43,435**	**(43,433)**	**2**	**2**	**-**	**2**

SOPS1.2: Analysis of capital outturn by Estimate line

Type of spend (capital)	Outturn			Estimate			Voted outturn compared with Estimate: saving/ (excess) £000	Prior year outturn Total 2024-25 £000
	Gross expenditure £000	Income £000	Net total £000	Total £000	Virements £000	Total including virements £000		
Spending in departmental expenditure limit (DEL)								
Voted:								
A Economic regulation, admin, associated capital and other expenditure	508	-	508	1,020	(496)	524	16	425
B Safety regulation, admin and other expenditure	496	-	496	-	496	496	-	421
C Other regulation, admin and other expenditure	-	-	-	-	-	-	-	-
Total spending in DEL	**1,004**	**-**	**1,004**	**1,020**	**-**	**1,020**	**16**	**846**

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates manual, available on gov.uk.

The outturn versus estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can tie the Estimate back to the Estimates laid before Parliament.

SOPS2: Reconciliation of outturn to net operating expenditure

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements. As the total resource outturn in the SOPS is the same as net operating expenditure in the SoCNE, no reconciliation is required.

SOPS3: Reconciliation of net resource outturn to net cash requirement

	SOPS Note	Outturn total £000	Estimate £000	Outturn compared with Estimate: saving/ (excess) £000
Resource outturn	1.1	**2**	**2**	**-**
Capital outturn	1.2	**1,004**	**1,020**	**16**
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation		(1,892)	(1,970)	(78)
New provisions and adjustments to previous provisions		-	(4)	(4)
Other non-cash items		(485)	(92)	393
Adjustments to reflect movements in working balances:				
Increase in receivables		137	-	(137)
Decrease in payables		1,334	3,044	1,710
Use of provisions		44	-	(44)
Increase in provisions		-	-	-
Repayment of principal on lease liabilities		1,284	-	(1,284)
Total adjustments		**422**	**978**	**556**
Net cash requirement		**1,428**	**2,000**	**572**

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement. We require a net cash requirement to cover any timing differences in the collection or payment of cash and the recognition of costs or income.

The working balances movements in the Estimate are reflected against the payables only as the movements are unpredictable; there are therefore numerous differences between the outturn and the Estimate.

SOPS4: Income payable to the Consolidated Fund

SOPS4.1: Analysis of income payable to the Consolidated Fund

In addition to income retained by the department, the following income is payable to the Consolidated Fund (cash receipts being shown in italics).

	Outturn total		Prior year, 2024-25	
	Accruals £000	Cash basis £000	Accruals £000	Cash basis £000
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
Total amounts payable to the Consolidated Fund	**-**	**-**	**-**	**-**

SOPS4.2: Consolidated Fund income

Consolidated Fund income shown in note 4.1 above does not include any amounts collected by the department where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from the financial statements) were:

	Outturn total £000	Prior year outturn total, 2024-25 £000
Balance of Intergovernmental Commission levy	386	394
Balance of DfT roads funding	81	244
Amount payable to the Consolidated Fund	**467**	**638**
Balance at start of year	638	484
Payments to Consolidated Fund	(638)	(484)
Balance held at the end of the year	**467**	**638**

ORR receives funding from Eurotunnel to meet the UK's share of the expenses of the Intergovernmental Commission and Safety Authority pertaining to the Channel Tunnel. This fee is calculated annually in line with a settlement agreement. ORR is allowed to cover its costs only, therefore any excess funding is paid over to the Consolidated Fund.

ORR receives a grant from DfT for funding of our highways function. Any excess funding is paid over to the Consolidated Fund.

Parliamentary accountability disclosures (audited)

ORR has nothing to report in respect of:

- Losses or special payments in excess of £300,000, either individually or in aggregate;
- Gifts; and;
- Remote contingent liabilities.

Fees and charges are as set out in note 2 to the accounts. One voluntary exit package costing £95,000 was paid in 2025-26 but was agreed and accounted for in 2024-25. This has been disclosed on page 90.

Our assessment against government functional standards is set out in the governance statement.

Regularity of expenditure (audited)

ORR has nothing to report in respect of the regularity of expenditure.

Feras Alshaker
Chief Executive and Accounting Officer

3 July 2026

The certificate and report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Office of Rail and Road (the Department) for the year ended 31 March 2026 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Department's

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

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2026 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2026 and shows that those totals have not been exceeded; and
- 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 certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the Department 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.

Conclusions relating to going concern

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

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

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is 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 certificate, 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

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Department or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or

- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is 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 the Department from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Department's 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 Accounting Officer anticipates that the services provided by the Department will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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 certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Department's accounting policies.
- inquired of management, the Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000, Managing Public Money;
- inquired of management, the Department's 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 regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department 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 the Department's framework of authority and other legal and regulatory frameworks in which the Department operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2025, employment law, pensions legislation 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 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 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 certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

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.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

8 July 2026

Financial statements



Financial statements

Statement of comprehensive net expenditure

For the year ended 31 March 2026

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2025-26 £000	2024-25 £000
Revenue from contracts with customers	5	(42,958)	(40,364)
Other operating income	6	(475)	(457)
Total operating income		**(43,433)**	**(40,821)**
Staff costs	3	32,755	31,440
Other administration costs	4	10,606	9,295
Total operating expenditure		**43,361**	**40,735**
Net operating income		**(72)**	**(86)**
Finance expense	12	74	88
Net expenditure for the year		**2**	**2**
Other comprehensive net expenditure			
Actuarial loss/(gain) on pension scheme liabilities	15	(22)	12
Total comprehensive net expenditure/(income) for the year		**(20)**	**14**

The notes on pages 111 to 124 form part of these accounts.

Statement of financial position

As at 31 March 2026

This statement presents the financial position of the department. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2025-26 £000	2024-25 £000
Non-current assets			
Property, plant and equipment	7	2,394	2,754
Right of use assets	8	3,274	3,804
Intangible assets		513	392
Total non-current assets		**6,181**	**6,950**
Current assets			
Trade and other receivables	9	2,568	2,295
Cash and cash equivalents	10	239	268
Total current assets		**2,807**	**2,563**
Total assets		**8,988**	**9,513**
Current liabilities			
Lease liabilities	12	(1,184)	(1,096)
Trade and other payables	13	(4,028)	(5,255)
Provisions	14	(77)	(66)
Total current liabilities		**(5,289)**	**(6,417)**
Non-current assets less net current liabilities		**3,699**	**3,096**
Non-current liabilities			
Lease liabilities	12	(2,979)	(3,997)
Provisions	14	(776)	(666)
Pension liabilities	15	(605)	(639)
Total non-current liabilities		**(4,360)**	**(5,302)**
Total assets less total liabilities		**(661)**	**(2,206)**
Taxpayers' equity			
General fund	SoCTE	(661)	(2,206)
Total taxpayers' equity		**(661)**	**(2,206)**

The notes on pages 111 to 124 form part of these accounts.

Feras Alshaker
Chief Executive and Accounting Officer

3 July 2026

Statement of cash flows

For the year ended 31 March 2026

The statement of cash flows shows the changes in cash and cash equivalents of the department during the reporting period. The statement shows how the department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	Note	2025-26 £000	2024-25 £000
Cash flows from operating activities			
Net expenditure for the year	SoCNE	(2)	(2)
Adjustments for non-cash transactions	4	2,002	1,922
Finance costs	12	74	88
(increase)/decrease in trade and other receivables	9	(273)	(691)
(Decrease)/increase in trade and other payables	13	(1,227)	(2,203)
Less: movement in payables relating to items not passing through statement of comprehensive net expenditure		-	1
Less: movement in Consolidated Fund creditor not passing through statement of comprehensive net expenditure		29	2,189
Adjustments to previous provisions	7, 8, 14	-	67
Use of provisions – by analogy pension	15	(44)	(43)
Net cash inflow from operating activities		**559**	**1,328**
Cash flows from investing activities			
Purchase of non-financial assets		(703)	(421)
Adjustment – non cash		-	(66)
Net cash outflow from investing activities		**(703)**	**(487)**
Cash flow from financing activities			
Repayment of principal on lease liabilities	12	(1,284)	(1,211)
Financing from the Consolidated Fund (Supply) – current year	SoCTE	1,200	-
Financing from the Consolidated Fund (Supply) – prior year	SoCTE	370	-
Advances from the Contingencies Fund		25,000	25,000
Repayments to the Contingencies Fund		(25,000)	(25,000)
Net cash flow (outflow)/inflow from financing activities		**286**	**(1,211)**
Net (decrease)/increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**142**	**(370)**
Payments of amounts due to the Consolidated Fund (Supply)		-	-
Payments of amounts due to the Consolidated Fund (non-Supply)		(638)	(2,457)
Amounts due to Consolidated Fund but not paid over (non-Supply)		467	638
Net decrease in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**(29)**	**(2,189)**
Cash and cash equivalents at the beginning of the period	10	**268**	**2,457**
Cash and cash equivalents at the end of the period	10	**239**	**268**

In the prior year, adjustments for non-cash transactions relating to lease liabilities and the movement in payables relating to items not passing through the SOCNE were presented separately under cash flows from operating activities. For this year, the net effect of these two lines has been shown against the latter category to simplify the statement and the prior year has been re-presented.

The notes on pages 111 to 124 form part of these accounts.

Statement of changes in taxpayers' equity

For the year ended 31 March 2026

This statement shows the movement in the year on the different reserves held by the department analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The general fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Note	General fund and total reserves £000
Balance at 1 April 2024		**(2,655)**
Amounts due from the Consolidated Fund	9	370
Net expenditure for the year	SoCNE	(2)
Actuarial gain relating to pension provision	15	(12)
Auditors' remuneration	4	93
Balance at 31 March 2025		**(2,206)**
Net parliamentary funding		1,200
Amounts due from the Consolidated Fund	9	228
Net expenditure for the year	SoCNE	(2)
Actuarial loss relating to pension provision	15	22
Auditors' remuneration	4	97
Balance at 31 March 2026		**(661)**

The notes on pages 111 to 124 form part of these accounts.

Notes to the departmental resource accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context by the 2025-26 'Government Financial Reporting Manual' (FReM) and the Accounts Direction issued by HM Treasury in accordance with the Government Resources and Accounts Act 2000. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of ORR for the purpose of giving a true and fair view has been selected. The particular policies adopted by ORR are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

ORR does not exercise in-year budgetary control over any other public or private body. ORR is a single entity department whose entire operations are within the accounting boundary reflected in these accounts. ORR is domiciled in the United Kingdom and its principal place of business is at 25 Cabot Square, London, E14 4QZ.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

1.2 Basis of preparation

The presentational and functional currency of ORR is pounds sterling. The financial statements are presented in thousands of pounds sterling (£000).

1.3 Going concern

In common with other government departments, the future financing of ORR's liabilities is to be met by future grants of Supply and the application of future income, approved annually by Parliament. Parliament has authorised spending for 2026-27 in the Central Government Main Supply Estimates and there is no reason to believe that future approvals will not be granted. It has therefore been considered appropriate to adopt a going concern basis for the preparation of these accounts.

1.4 New and amended standards and interpretations

The 2025-26 FReM also includes changes to *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* and *IAS 16 Property, Plant and Equipment*. These do not have an impact for ORR.

IFRS 18 will replace *IAS 1 Presentation of Financial Statements* and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of *IRS 18* on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

1.5 Property, plant and equipment and depreciation

Property, plant and equipment are initially recognised at cost. The minimum level for capitalisation is £5,000. The grouping of assets below the threshold has been restricted to IT and fit-out costs.

Depreciated historical cost is used as a proxy for current value as this realistically reflects consumption of the asset. Updates to the 2025-26 FReM allow this treatment (paragraph 10.1.20) as our PPE carrying value is made up of a high number of low-value items, many of which have short useful economic lives. Annual revaluations would not create a material difference to the carrying value of the assets which are individually of relatively low value.

Depreciation is provided at rates calculated to write off property, plant and equipment by equal instalments over their estimated useful lives. Lives are normally in the following ranges:

- Fitting out costs (limited to period of remaining lease) - up to 15 years
- Furniture and office equipment – 5 to 10 years
- Information technology – 3 to 5 years

Depreciation is provided in the month after purchase or on bringing the asset into use.

Right of use assets are depreciated as property, plant and equipment.

1.6 Leases

ORR accounts for its leases under IFRS 16 Leases. This includes memorandum of terms of occupation (MOTO) agreements. Associated costs, depreciation and disclosures are set out in note 8.

Items with an underlying value of less than £5,000 or with a lease term of 12 months or less are excluded following the exemption in the FReM.

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date if later) ORR recognises a right of use asset and a lease liability.

The lease liability is measured at the value of the remaining lease payments discounted either by the interest rate implicit in the lease or, when this is not readily determinable, ORR's incremental rate of borrowing. This rate is advised annually by HM Treasury for that calendar year (2026: 5.32%, 2025: 4.81%). HM Treasury's weighted average discount rate applied to the lease liabilities on transition to IFRS 16 was 0.95%.

Where the lease includes extension or termination options, the lease payments will be for the non-cancellable period together with any extension options the department is reasonably certain to exercise and any termination option ORR is reasonably certain not to exercise. The measurement of lease payments excludes any VAT payable, and irrecoverable VAT is expensed at the point it falls due.

The right of use asset is measured at the value of the lease liability date, adjusted for any lease payments made before the commencement date, any incremental costs of obtaining the lease, and any costs of removing the asset and restoring the site to the conditions required by the lease terms and conditions at the end of the lease.

Subsequent measurement

After initial recognition the right of use asset is measured using the fair value model. ORR considers that the cost model (measurement by reference to the lease liability) is a reasonable proxy for fair value for its leases as they are either less than five years in duration or have regular rent reviews.

Right of use assets are depreciated on a straight line basis from commencement date to the earlier of the end of the useful life of the asset and the lease term.

Lease liabilities are remeasured to reflect changes in lease payments, lease modifications or reassessments. Remeasurements are accounted for by discounting the revised cash flows at a revised discount rate. The amount of remeasurement is recognised as an adjustment to the right of use asset with any difference between the asset and liability at the remeasurement date being reflected as a profit or loss on disposal.

1.7 Cash

Cash represents balances held at the Government Banking Service

1.8 Revenue from contracts with customers and other operating income

The FReM's definition of a contract under *IFRS 15 Revenue from Contracts with Customers* includes legislation and regulations which enable an entity to obtain revenue that is not classified as a tax by the Office of National Statistics. This definition captures the majority of ORR's income streams.

ORR raises income from the rail sector and the Department for Transport such that it covers its costs in full. Revenue is stated net of VAT. Revenue from contracts with customers relates directly to ORR's operating activities. It comprises: licence fees; concession fees (HS1); safety levies; safety-related income and grant funding for highways-related activity and Transport for London funding framework advice. ORR does not have one specific performance obligation for each contract. Instead, the performance obligation represents ORR carrying out its duties throughout the year. Revenue is therefore accounted for on an accruals basis.

Other operating income comprises rental income, government grant funding in respect of the apprenticeship levy and costs awarded to ORR arising from successful prosecutions and is also accounted for on an accruals basis.

Since invoiced amounts are based on estimated costs, any over-recovery is treated as deferred income within current liabilities, and any under-recovery is treated as accrued income within current assets. Over-recoveries of the railway safety levy are refunded in accordance with the provisions of the Railway Safety Regulations 2006. As such, net expenditure will always be equal to the token resource budget of £2,000.

1.9 Pensions

ORR recognises the expected pension costs on a systematic basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. PCSPS is an unfunded, defined benefit plan. Liability for payment of future benefits is a charge on the PCSPS. PCSPS is accounted for as a defined contribution scheme as there is insufficient information available to be able to identify ORR's share of the scheme liabilities and costs. In respect of defined contribution schemes, ORR recognises the contributions payable for the year.

In addition, one present employee (2024-25: one) is covered by the provisions of the Railways Pension Scheme (RPS) which is contributory and funded. The scheme is treated as a defined contribution arrangement because there is insufficient information to identify ORR's share of the scheme liabilities and costs. The contributions paid in respect of these pensions is shown under staff costs in the Statement of Comprehensive Net Expenditure (SoCNE).

Past rail regulators have separate pension arrangements that are broadly analogous with the PCSPS. The arrangements provide for an unfunded defined benefit scheme. However, unlike the PCSPS, a pension liability is included in the accounts provision to meet ORR's liability for future payment.

1.10 Provisions

ORR provides for legal or constructive obligations where it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the combined rate set by HM Treasury.

The discount rate applied to provisions for past rail regulators' pension commitments is the Treasury's post-employment benefits rate.

1.11 Reserves

The general fund records elements of the accounts which are not charged to the industry, and therefore do not pass through the SoCNE. These include the effect of changes in accounting policy, actuarial gains and losses in relation to our pension provision, auditors' remuneration, cash to be returned to the Consolidated Fund and our token annual £2,000 operating expenditure for the year voted by Parliament.

2. Statement of operating expenditure by operating segment

	2025-26			2024-25		
	Gross expenditure £000	Gross income £000	Net expenditure £000	Gross expenditure £000	Gross income £000	Net expenditure £000
Economic regulation	20,281	(20,279)	**2**	18,900	(18,898)	**2**
Health and safety regulation	19,803	(19,803)	**-**	18,711	(18,711)	**-**
Highways regulation	3,351	(3,351)	**-**	3,212	(3,212)	**-**
Total	**43,435**	**(43,433)**	**2**	**40,823**	**(40,821)**	**2**

Short description of segments

Economic regulation: as the economic regulator of the mainline railway, ORR sets the outputs which Network Rail must achieve.

Health and safety regulation: ORR regulates the health and safety of the entire mainline network in Britain as well as London Underground, light railways, trams and heritage.

No individual train operating company contributes more than 10% of ORR income. However, Network Rail paid £6.8 million safety levy in 2025-26 (£6.1 million in 2024-25).

Highways regulator: ORR is responsible for monitoring and enforcing the performance and efficiency of National Highways.

The analysis of services for which a fee is charged is provided for fees and charges purposes, as required by the FReM, not for IFRS 8 purposes.

3. Staff costs

	2025-26			2024-25
	Permanently employed staff £000	Others £000	Total £000	Total £000
Wages and salaries	22,327	1,152	**23,479**	22,877
Social security costs	3,178	31	**3,209**	2,638
Other pension costs	6,067	-	**6,067**	5,925
Total costs	**31,572**	**1,183**	**32,755**	**31,440**

Further information is provided in the staff report, on page 89.

4. Other administration costs

	Note	2025-26 £000	2024-25 £000
Non-cash items			
Depreciation	7 and 8	1,690	1,611
Amortisation		202	185
(Profit)/loss on lease variations (note 1)	8 and 12	(21)	2
Loss on disposal of intangible assets		2	-
Interest charges in respect of by analogy pension scheme	15	32	31
Auditors' remuneration and expenses (note 2)		97	93
Total non-cash items		**2,002**	**1,922**
Other			
Travel and subsistence		1,021	1,075
Hospitality		23	18
Consultancy		2,536	1,359
IT and telecoms		1,489	1,290
Rent		(5)	8
Landlord service charges and rates		1,044	1,091
Printing and stationery		94	80
Recruitment and training		848	646
Staff-related		186	166
Building-related		447	650
External services – internal audit, payroll, banking and finance		113	111
External services – other		758	840
Hire of office equipment	12	27	19
Other costs		23	20
Total other		**8,604**	**7,373**
Total other administration costs		**10,606**	**9,295**

Note 1: This relates to the variation of two IFRS 16 leases. The profit on disposal is the difference between the net book values of the right of use assets and the lease liabilities outstanding at the variation dates.

Note 2: The Comptroller and Auditor General carries out the audit of ORR's financial statements. The notional cost of auditing the financial statements was £96,500 (2024-25: £93,000). No remuneration, actual or notional, was paid to the National Audit Office for non-audit work (2024-25: none).

5. Revenue from contracts with customers

	Note	2025-26 £000	2024-25 £000
Licence fees		18,818	19,189
Less: income (deferred)/accrued to next year	9	542	(643)
Add: prior year income deferred		643	257
Safety levy and related safety income		17,895	16,422
Less: income deferred to next year	13	(319)	(591)
Add: prior year income deferred		591	1,154
Income from roads regulation		3,351	3,212
Channel Tunnel regulation income		1,437	1,364
Total		**42,958**	**40,364**

This year, the note has been updated to show the income accrued/deferred from the prior year and to next year as well as stating the Channel Tunnel income separately. The prior year has been re-presented.

All revenue from contracts with customers relates to ORR's operating activities carried out throughout the year. In terms of the operating segments set out in note 2, licence fees are included within economic regulation, safety levy and Channel Tunnel income are included within health and safety regulation and income from roads regulation is included within highways regulation.

6. Other operating income

	2025-26 £000	2024-25 £000
Other operating income	**475**	**457**

Other operating income consists mainly of costs awarded to ORR arising from successful safety prosecutions, costs recovered from other organisations resulting from ORR safety inspectors being engaged to work on their behalf, rental income and government grants for apprenticeship funding.

7. Property, plant and equipment

	Fitting out costs £000	Furniture, office equipment and telecoms £000	Information technology £000	Total £000
Cost or valuation				
At 1 April 2025	5,003	634	1,030	**6,667**
Additions	-	58	319	**377**
Revaluations	55	-	-	**55**
Disposals	(51)	-	(81)	**(132)**
At 31 March 2026	**5,007**	**692**	**1,268**	**6,967**
Depreciation				
At 1 April 2025	2,880	384	649	**3,913**
Charged in year	523	75	194	**792**
Disposals	(51)	-	(81)	**(132)**
At 31 March 2026	**3,352**	**459**	**762**	**4,573**
Carrying amount at 31 March 2026	**1,655**	**233**	**506**	**2,394**
Carrying amount at 31 March 2025	**2,123**	**250**	**381**	**2,754**

	Fitting out costs £000	Furniture, office equipment and telecoms £000	Information technology £000	Total £000
Cost or valuation				
At 1 April 2024	4,955	609	1,259	**6,823**
Additions	-	25	285	**310**
Revaluations	48	-	-	**48**
Disposals	-	-	(514)	**(514)**
At 31 March 2025	**5,003**	**634**	**1,030**	**6,667**
Depreciation				
At 1 April 2024	2,342	320	973	**3,635**
Charged in year	538	64	226	**828**
Disposals	-	-	(512)	**(512)**
Reclassifications	-	-	(38)	**(38)**
At 31 March 2025	**2,880**	**384**	**649**	**3,913**
Carrying amount at 31 March 2025	**2,123**	**250**	**381**	**2,754**
Carrying amount at 31 March 2024	**2,613**	**289**	**286**	**3,188**

All tangible assets are owned by ORR. In 2024-25, there was a reclassification of accumulated depreciation from PPE to Intangible Assets as a result of a disposal of historic assets which has been miscoded.

8. Right of use assets

	Buildings £000	Other £000	Total £000
Cost or valuation			
At 1 April 2025	6,001	22	**6,023**
Additions	284	17	**301**
Disposals	-	(22)	**(22)**
Revaluations	67	-	**67**
At 31 March 2026	**6,352**	**17**	**6,369**
Depreciation			
At 1 April 2025	2,200	19	**2,219**
Charged in year	892	6	**898**
Disposals	-	(22)	**(22)**
At 31 March 2026	**3,092**	**3**	**3,095**
Carrying amount at 31 March 2026	**3,260**	**14**	**3,274**
Carrying amount at 31 March 2025	**3,801**	**3**	**3,804**

	Buildings £000	Other £000	Total £000
Cost or valuation			
At 1 April 2024	5,585	22	**5,607**
Additions	428	-	**428**
Revaluations	(12)	-	**(12)**
At 31 March 2025	**6,001**	**22**	**6,023**
Depreciation			
At 1 April 2024	1,425	11	**1,436**
Charged in year	775	8	**783**
At 31 March 2025	**2,200**	**19**	**2,219**
Carrying amount at 31 March 2025	**3,801**	**3**	**3,804**
Carrying amount at 31 March 2024	**4,160**	**11**	**4,171**

A maturity analysis of lease liabilities is given within note 12 'lease liabilities'. Three leases were varied in 2025-26 and the net increase in the assets is reflected in the additions.

9. Trade and other receivables

	2025-26 £000	2024-25 £000
Amounts falling due within one year		
Trade receivables	457	853
Staff receivables	8	9
Accrued Income	714	142
Prepayments	1,003	884
HM Revenue and Customs (VAT) receivable	158	37
Amounts due from the Consolidated Fund in respect of Supply	228	370
Total	**2,568**	**2,295**

Accrued income and prepayments were previously presented as one line in this note but they have been split into two lines for this year's report and the prior year figures have been re-presented.

10. Cash and cash equivalents

	2025-26 £000	2024-25 £000
Balance at 1 April	268	2,457
Net change in cash balances	(29)	(2,189)
Balance at 31 March	**239**	**268**

The following balances at 31 March were held at:

	2025-26 £000	2024-25 £000
Government Banking Service	239	268
Total	**239**	**268**

11. Reconciliation of liabilities arising from financing activities

			Non-cash			
	1 April 2025 £000	Financing cash flows £000	Additions £000	Finance costs £000	Other non-cash adjustment £000	31 March 2026 £000
Lease liabilities	5,093	(1,284)	301	74	(21)	4,163
Total	**5,093**	**(1,284)**	**301**	**74**	**(21)**	**4,163**

			Non-cash			
	1 April 2024 £000	Financing cash flows £000	Additions £000	Finance costs £000	Other non-cash adjustment £000	31 March 2025 £000
Lease liabilities	5.854	(1,211)	428	88	(66)	5,093
Total	**5,854**	**(1,211)**	**428**	**88**	**(66)**	**5,093**

12. Lease liabilities

Analysis of expected timing of lease liability discounted cash flows

	2025-26			2024-25		
	Buildings £000	Other £000	Total £000	Building £000	Other £000	Total £000
Not later than one year	1,181	3	**1,184**	1,094	2	**1,096**
Later than one year and not later than five years	2,129	9	**2,138**	3,091	-	**3,091**
Later than five years	841	-	**841**	906	-	**906**
Total	**4,151**	**12**	**4,163**	**5,091**	**2**	**5,093**

ORR's leases are for office accommodation and ziptaps. A break option is available for our Glasgow office but there are no plans to exercise this.

Amounts recognised in the statement of comprehensive net expenditure

	2025-26 £000	2024-25 £000
Interest expense	74	88
Depreciation	898	783
Low value and short-term leases	27	19
Total	**999**	**890**

Amounts recognised in the statement of cash flows

	2025-26 £000	2024-25 £000
Repayments of principal on leases	(1,284)	(1,211)

13. Trade and other payables

	2025-26 £000	2024-25 £000
Amounts falling due within one year		
Trade payables	400	269
Payroll payables	1,411	1,270
Other taxation and social security	4	5
Accruals	1,427	1,839
Deferred income	319	1,234
Balance of Intergovernmental Commission levy payable to the Consolidated Fund	386	394
Balance of DfT roads funding payable to the Consolidated Fund	81	244
Total	**4,028**	**5,255**

In previous years, payroll payables has been referred to as "Other payables". This has been updated to improve clarity of reporting. Deferred income has reduced by £915k as a result of how income is recognised, set out in note 1.8. Invoiced amounts are based on estimated costs and when actual costs vary, this leads to the accrual or deferral of income which can vary by year.

14. Provisions for liabilities and charges

The provision for dilapidations has been established in order to satisfy the obligation to return our offices to their original condition, calculated on a cost per square foot basis and discounted from the end of the lease date.

	2025-26		2024-25
	Dilapidations £000	Total £000	Total £000
Balance at 1 April	732	**732**	629
Provided for in the year	114	**114**	109
Provisions no longer required	-	**-**	(12)
Borrowing costs (unwinding of discounts)	7	**7**	6
Balance at 31 March	**853**	**853**	**732**

Analysis of expected timing of discounted cash flows

	2025-26		2024-25
	Dilapidations £000	Total £000	Total £000
Not later than one year	77	**77**	**66**
Later than one year and not later than five years	733	**733**	-
Later than five years	43	**43**	**666**
Total	**853**	**853**	**732**

15. Pension liabilities

Analysis of movement in scheme liability

	2025-26 £000	2024-25 £000
Net pension liability at 1 April	639	639
Interest cost	32	31
Actuarial loss/(gain)	(22)	12
Benefits paid	(44)	(43)
Net pension liability at 31 March	**605**	**639**

Former rail regulators and a former ORR Chair benefit from a defined benefit pension scheme by-analogy with the PCSPS. An actuarial assessment was carried out on the scheme by the Government Actuary's Department (GAD) as at 31 March 2026. The current Chair has no pension arrangements with ORR.

The pension provision is unfunded, with benefits being paid as they fall due and guaranteed by the employer. There is no fund, and therefore no surplus or deficit.

ORR has recognised all actuarial gains and losses immediately through the general fund.

Present value of scheme liabilities

Liability in respect of	2025-26 £000	2024-25 £000
Current pensioners	605	639
Total present value of scheme liabilities	**605**	**639**

Liability in respect of	Value at 31/3/26 £000	Value at 31/3/25 £000	Value at 31/3/24 £000	Value at 31/3/23 £000	Value at 31/3/22 £000
Current pensioners	605	639	639	680	953
Total present value of scheme liabilities	**605**	**639**	**639**	**680**	**953**

Actuarial assumptions

Under IAS 19 employers must disclose any other material actuarial assumptions used for the assessment. The main actuarial assumptions used by the actuary are shown below:

Liability in respect of	2025-26	2024-25
Gross discount rate	5.60%	5.15%
Rate of increase of pensions in payment	2.55%	2.65%
CPI inflation	2.55%	2.65%

Rates are as prescribed by HM Treasury.

Life expectancy at retirement

The life expectancies shown below illustrate the longevity assumption used for the assessment. There were no future pensioners in the scheme at 31 March 2026 or 2025.

	2025-26		2024-25	
Current pensioners exact age	Men (years)	Women (years)	Men (years)	Women (years)
60	26.6	28.6	26.5	28.5
65	22.0	23.7	21.9	23.6

Cumulative amount of actuarial gains and losses

The cumulative actuarial loss for the year to 31 March 2026 amounts to £255,000 (31 March 2025: £277,000).

Sensitivity of the defined benefit obligation (DBO) to changes in the significant actuarial obligations

Change in assumption [note 1]		Impact on DBO (%)	Impact on DBO (£000)
Gross discount rate	+0.5% a year	(5)	(28)
Rate of increase in CPI	+0.5% a year	4	27
Life expectancy: each member assumed 1 year younger than their actual age		2	13

Note 1: Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in the assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and, given the interdependencies between the assumptions, the impacts may offset to some extent.

16. Financial and capital commitments

16.1 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2025-26 £000	2024-25 £000
Information technology	-	170

Capital commitments in 2024-25 were for enhancements to the train driver licencing portal and the public consumption API.

16.2 Other financial commitments

ORR has entered into non-cancellable contracts (which are not leases, PFI contacts or other service concession arrangements), for licences for the HR and Finance system. The payments to which the department are committed are as follows:

	2025-26 £000	2024-25 £000
Not later than one year	180	261
Later than one year and not later than five years	-	155
Later than five years	-	-
Total	**180**	**416**

17. Financial instruments

As the cash requirements of the department are mainly met through the licence fee, safety levy and grant, with advances from the Contingencies Fund to cover timing differences between income and expenditure, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. We are therefore exposed to little credit, liquidity or market risk. ORR is also not exposed to any significant interest rate or foreign currency risks.

Fair values

The carrying amounts for current assets (Note 9) and current liabilities (Note 13) approximate to their fair value due to their short-term nature.

18. Contingent liabilities

There are no contingent liabilities at 31 March 2026 or 2025.

19. Related party transactions

The ORR has numerous transactions with the Consolidated Fund (see notes 9, 13, the Statement of Cash Flows and the Statement of Changes of Taxpayers' Equity). In addition to these the ORR has received grant funding from the Department for Transport and there have been a small number of transactions with other government departments and other central government bodies.

No Board member, key manager or other related parties has undertaken any material transactions with ORR during the year, other than remuneration. Full details of compensation for key management personnel are disclosed in the remuneration report.

20. Events after the reporting period

John Larkinson left his role as Chief Executive and Accounting Officer on 29 April 2026, after the reporting period. He has been replaced on an interim basis by Feras Alshaker.

The Accounting Officer authorised the issue of these financial statements on the date of the Comptroller and Auditor General's audit certificate. The financial statements do not reflect events after this date.

Annex: Common Core Tables

The following tables present actual expenditure by ORR for the period 2021-22 to 2025-26 and planned expenditure for 2026-27 to 2028-29, with a further year of planned expenditure for Capital DEL.

The tables present net expenditure and fuller details on how the net expenditure figures are split between income and expenditure, how they contribute to the department's strategic objectives and the trends in expenditure over time can be found elsewhere in the annual report, particularly in the Our Finances section on page 63. The tables mirror the net expenditure figures in the Statement of outturn against Parliamentary Supply, starting on page 95.

Table 1 – Public Spending

	Outturn					Plans			
£000s	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Resource DEL									
A Economic regulation, admin, associated capital and other expenditure	1	1	1	2	2	2	2	2	
B Safety regulation, admin and other expenditure	1	1	-	-	-	-	-	-	
C Other regulation, admin and other expenditure	1	1	1	-	-	-	-	-	
Total Resource DEL	**3**	**3**	**2**	**2**	**2**	**2**	**2**	**2**	
Capital DEL									
A Economic regulation, admin, associated capital and other expenditure	295	233	546	425	508	711	720	720	720
B Safety regulation, admin and other expenditure	324	217	505	421	496	-	-	-	-
C Other regulation, admin and other expenditure	-	-	-	-	-	-	-	-	-
Total Capital DEL	**619**	**450**	**1,051**	**846**	**1,004**	**711**	**720**	**720**	**720**

Table 2 – Administration Budgets

The following table presents the total administration budget for the ORR. The figures presented here are the total of the Resource DEL and Capital DEL in Table 1 above. Please note that the 2029-30 plan is for Capital DEL only.

	Outturn					Plans			
£000s	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Total Administration Budget	**622**	**453**	**1,053**	**848**	**1,006**	**713**	**722**	**722**	**720**

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