ORR's annual assessment of Network Rail's Eastern region 2025 to 2026

Letter

14 July 2026

Dear Ellie,

Subject: ORR’s annual assessment of Network Rail’s Eastern region

I am writing to you, separately to our 2025-26 Annual Assessment of Network Rail, to summarise our assessment of Eastern region’s performance in 2025-26. Eastern region has continued to deliver for passengers and freight customers this year. Three of its four regions improved punctuality, there was strong freight performance and growth, and the new timetable was well prepared for and successfully implemented. The region has a well-structured approach to renewals and it has outperformed its efficiency assumptions. Our teams have worked well together over the last year. I look forward to that continuing going forward.

Delivering a reliable and punctual service for passengers

In response to our challenge, we received your performance improvement plan at the end of Year 1 of control period 7 (CP7). During Year 2 the region has implemented the performance improvement plan, with three out of its four routes delivering improvement. Time to 3 has worsened slightly, from 85.0% at the end of Year 1 to 84.5% at the end of Year 2, there has been improvement in the last three periods of the year. The main reason for the reduction in Time to 3 was a decline in Anglia route from its previous high level of punctuality. Following close engagement and continued review of data trends, we are confident that you understand the reasons and are undertaking actions address this. Anglia’s performance has been more stable in the last three periods of Year 2 and it remains the most punctual route on the network, as measured by Time to 3.

Passenger cancellations have improved from 3.9% at the end of Year 1 to 3.4% at the end of Year 2. The key driver of this improvement is fewer traincrew cancellations in three of the region's four routes.

The timetable change in December 2025 saw significant increases in traffic and changes to timetables across the whole East Coast Main Line route. Eastern prepared well for the timetable change and engaged well with affected train operators and stakeholders prior to the change. The timetable has performed broadly as expected and is continuing to deliver since the full service pattern was introduced in March. We will continue to monitor performance closely.

Delivering for freight

Freight train cancellations reduced to 0.9% in Year 2 from 1.6% at the end of Year 1, exceeding the CP7 Year 2 target of 1.3%. Reduced disruption from severe weather and fixed infrastructure failures was a major driver of this improvement.

Freight growth in Eastern remained strong in Year 2 at 5.5%, exceeding the year-end target of 3.0%. Changes in shipping alliances increased freight via London Gateway, driving higher intermodal volumes and notable growth in bulk traffic.

Improving asset reliability

Eastern delivered 173% of its planned renewals (effective) volumes, with over-delivery in all asset types except earthworks. The under delivery of earthworks was due to third-party access restrictions. Signalling volumes were significantly higher, mainly because the Cambridge resignalling project was commissioned over Christmas 2025, rescheduled from the previous year.

In Year 1, the region reduced its planned renewal volumes for the remaining years of the control period in track, earthworks, signalling and structures to fund Schedule 8 payments. In Year 2, while the other England and Wales regions continued to reduce renewal volumes, Eastern reprioritised renewals and made targeted reductions in signalling, structures and earthworks and has been able to reverse some earlier deferrals to track and Electrification and Power. At the end of Year 2, Eastern has a more stable CP7 workbank than the other England & Wales regions allowing it to focus its efforts on mitigating the cuts, through minor works and maintenance. However, this will lead to an increased risk to asset reliability and sustainability in both CP7 and beyond. This is discussed further in our 2025-26 Annual Assessment of Network Rail. We consider that the region needs to do more to demonstrate how it will mitigate this impact.

There is significant structural assessment non-compliance across Eastern's structures and operational property portfolios. Eastern is delivering a recovery plan to reduce this, with risk assessments in place for all non-compliant assets and capacity now recorded for all assets. We have commissioned an independent reporter review to identify the root causes, which will complete in autumn 2026.

Enhancing the network

Eastern has continued to deliver enhancements across the region. In North and East, the opening of Blyth Bebside, Northumberland Park and Bedlington stations completed the reintroduction of passenger services to southeast Northumberland. The new platform zero at Bradford Forster Square enabled an enhanced passenger service.

In Anglia, Beaulieu Park station opened in October 2025 and work continued at Cambridge South, which opened in June 2026. The Northern City Line achieved 'signals away' between Moorgate and Finsbury Park in May 2025. The East Coast Digital Programme continued refining its delivery schedule, migration strategy and affordability assumptions. Its next key milestone is commissioning the Level 2 ETCS overlay between Welwyn and Hitchin in Year 3.

On the East Coast route, upgrades to Darlington station progressed well in Year 2.

The Transpennine Route Upgrade programme brought diversionary routes west of Leeds into service and the electrified the York–Church Fenton section. A key Year 2 achievement was the 30-day Huddersfield station blockade, during which substantial station and track works were completed and new bridge decks installed as planned.

Delivering better environmental outcomes

According to Network Rail's latest reporting, Eastern region reported a 12.4 percentage points (pp) reduction in scope 1 & 2 carbon emissions so far for Year 2, significantly better than the target set for Year 2 of 7.6pp. Given changes to UK electricity conversion factors, we anticipate that a significant proportion of the reported emissions reductions are attributable to grid decarbonisation. We are awaiting further evidence from Network Rail to quantify this effect and distinguish it from reductions resulting from operational changes. Eastern made modest progress on zero emission vehicles transition, with 8.0% of its fleet electric at the end of year 2 compared to 2% at the end of Year 1. In line with the periodic review 2023 expectation, Eastern should develop a more ambitious forecast.

We expect Eastern to incorporate the new whole life infrastructure carbon measure into its renewals and maintenance work bank and set itself an ambitious target.

Eastern is starting to deliver biodiversity net gain at some locations; a notable success this year was enhancing the estuarine habitat at Cattawade. We expect it to adopt the recommendations from our targeted assurance review of its biodiversity and habitat management plans.

Eastern delivered all 16 air quality improvement milestones for its two air quality improvement plans (AQIPs) at Leeds and London Kings Cross stations. It has also undertaken additional assessment of air quality data for London Liverpool Street station, over and above requirements. Year 3 delivery will need to see the region continue strong delivery of its AQIP milestones, and to work closely with operators on implementing idling policies, especially at Leeds station.

Delivering efficiently

Eastern made good progress in its efficiency delivery in Year 2, achieving £158 million of savings, 3% above its revised delivery plan and 36% of its original Year 2 delivery plan target of £116 million. Performance in the year benefited from strong and stable workbank planning and effective resource management.

Eastern delivery in the year continues to support its longer-term proactive approach to deliver efficiencies early in the period to smooth out its efficiency trajectory. This approach is increasingly important given Network Rail's aim to deliver additional efficiencies across CP7 to manage ongoing financial pressures, notably inflation. Eastern has been challenged to deliver an additional £69 million of saving over CP7, bringing its total CP7 target to £990 million. Based on progress over the first two years of the control period, the region is well placed but will need to continue demonstrating its capability to deliver this stretch.

Despite strong efficiency performance, Eastern reported a £10 million underperformance against its annual budget for Year 2. This represents a significant improvement on the £73 million underperformance reported in Year 1. The underperformance was driven by wider cost pressures across maintenance and renewals, particularly high inflation and increases from scope changes, access constraints and programme delays. Schedule 8 compensation pressures also contributed, although these were managed well, with costs reducing as train performance improved.

Eastern's leading indicators suggest the region is well prepared for delivery in Year 3, with efficiency plans 89% developed. Renewals planning indicators also show strong signs of future delivery and the majority of required access has been secured to deliver planned work.

Looking ahead to Year 3

A key priority for Eastern for Year 3 is to continue to improve train service performance and minimise any negative performance impacts from the opening of Cambridge South station.

Recent geopolitical events have increased oil prices and market expectations for UK inflation over the next couple of years. This is likely to put pressure on future renewals volumes. The region will need to continue to make proactive value-based decisions to manage these pressures. It will also be important that Eastern continues to deliver its increased CP7 efficiency targets.

Eastern's already planned reductions in effective volumes of renewals are forecast to negatively impact future asset condition. Eastern region should continue to mitigate negative impacts. We will focus on this as a priority in Year 3.

Eastern should also continue refining the East Coast Digital Programme's schedule, migration strategy and affordability assumptions, including where renewals will be deferred to the next funding period.

Over the coming year, it will be important that the region progresses its preparations for Great British Railways, including developing ever closer integration with train operations building on Anglia's work so far and developing its integrated plans for Funding Period 1. It will also be vital that the region retains its focus on safety during this period of change.

Yours sincerely,

[signed]

Tim Griffiths

Deputy Director, Economics and Finance