OFFICE OF RAIL AND ROAD

# Annual report and accounts
## 2024-25

July 2025

HC 1042

# Office of Rail and Road
# Annual report and accounts 2024-25

## For the period 1 April 2024 to 31 March 2025

Report presented to Parliament pursuant to section 74(3) of the Railways Act 1993

Accounts presented to the House of Commons pursuant to section 6(4) of the Government Resources and Accounts Act 2000

Accounts presented to the House of Lords by Command of His Majesty

Ordered by the House of Commons to be printed on 15 July 2025

HC 1042

This is part of a series of departmental publications which, along with the Main Estimates 2025-26 and the document Public Expenditure: Statistical Analyses 2025, presents the Government's outturn for 2024-25 and planned expenditure for 2025-26.

© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at https://www.gov.uk/official-documents

Any enquiries regarding this publication should be sent to us at contact.cct@orr.gov.uk

ISBN 978-1-5286-5497-5

E03307496 07/25

# 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 2024 to 31 March 2025 and is split into three main sections:

The **performance report** includes a summary of progress achieved in 2024-25 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 2025, and additional information designed to enable readers to understand these results.

# Contents

# Chief Executive's report

This year we continued to focus on securing safety, value and performance from the sectors we regulate. As well as this, we have continued to support the Government on rail reform, delivering, for example, preparatory work to enable the necessary safety permissions as English passenger train operators move into public ownership, and advising Government and working with stakeholders as the legislative plans for Great British Railways progress.

**John Larkinson,**
Chief Executive and
Accounting Officer

We supported the Government's growth agenda with a new piece of work on how to encourage more direct private investment into railway infrastructure. As part of the government's regulatory reforms, we began engaging with infrastructure managers on how to reduce the administrative burdens we impose and started a review of the service standards that we work to.

Our work to drive a better service for passengers who need support when travelling continued, with an important report at the start of the year on disabled passengers' experience of making complaints. We found inadequate standards of service and some non-compliance with the complaints code of practice and our accessible travel policy guidance and so asked all operators to report on the improvements they plan to make to rectify issues for disabled passengers.

Train performance also continued to be a key area of focus and, following our investigation into deteriorating performance across Network Rail's Wales & Western Region, we required the company to produce a robust improvement plan. We were pleased to see an increase in reliability for all users by the end of the year. We asked Network Rail's Eastern Region to follow a similar whole-system approach to address its own performance issues and to work with all stakeholders to deliver a comprehensive improvement plan.

As the combined safety and economic regulator, we reviewed how costs and benefits are assessed for safety initiatives and identified important learning points for ourselves and the rail industry to deliver best practice. Our economics team also reported on productivity – a major driver of economic growth and value – across the whole rail industry, providing a useful baseline as we look ahead to rail reform.

We successfully concluded the prosecutions of Network Rail for breaches of health and safety law that led to the tragic track worker fatalities at Margam East Junction and Surbiton. Network Rail received significant fines for both incidents.

Another major piece of work this year has been the conclusion of our 2024 periodic review of High Speed 1, which sets the charges for access to the network over the next five-year control period. In our final determination, we directed the company to lower its charges for passenger and freight operating companies to use the line, in the interests of affordability and asset sustainability.

On roads, we published the findings of our investigation into National Highways' performance, identifying the need for improvements to bring the company into compliance with its duty to deliver efficient, effective outcomes for road users, taxpayers and the public. We were pleased to see the company making good progress in delivering its post-investigation improvement plan over the last year.

In the 2024 Autumn Budget, the government announced that the start of the third road period would be delayed until 2026. Our roads team therefore worked at pace to ensure that an interim settlement for National Highways was in place for 1 April 2025, to support investment in critical infrastructure.

On corporate matters, we were pleased to launch our new three-year technology strategy, which will enable us to deliver the organisation's goals in a more tech-driven, streamlined and effective way, in line with civil service goals for efficiency and cost-savings. Our new HR helpdesk and case management system are examples of using technology and automation to support our people and processes more efficiently, with benefits to both ORR and the industries we work with.

These are just some highlights from a busy year, and we have of course remained focused on the essential day-to-day work our teams deliver across the rail and road industries, from authorising rail infrastructure and vehicles and approving access agreements to publishing official statistics and carrying out health and safety inspections. The rest of this report covers these areas more fully.

I would like to thank all colleagues for their expertise, professionalism and dedication in delivering ORR's work over the year.

# Chair's report

The past year has continued to be a period of change and transformation for the rail and road industries and ORR's work to facilitate the implementation of government policies, while protecting the interests of current and future users and the taxpayer, has remained as vital as ever.

**Declan Collier,** Chair

In the current environment, I am pleased that ORR is recognised as a trusted and independent source of expert advice to government, particularly in support of economic growth and industry and regulatory reform.

Over the past 12 months we have brought our expertise to bear as Great British Railways has taken shape and the first train operating companies have moved into public ownership. We have focussed on driving efficiencies in the industry and our own operations and have worked to create the right environment for investment in rail and road infrastructure. Our response to government requests to identify specific areas where regulation could assist with economic growth was welcomed by the Chancellor and HM Treasury, as was our advice on Transport for London's funding, and we continue to take action in these areas.

The external operating environment remains challenging, however – from rising costs to the visible impacts of climate-related extreme weather events. Our work with all industry stakeholders to support performance, productivity, safety and resilience has therefore continued to be core to our work throughout the year.

ORR has a prominent role in looking out for all passengers and users of rail and road, as well as the funders of these vital networks. For example, there have been some key pieces of work done to foster competition in the rail sector, such as on international rail routes and station catering concessions. Our review of revenue protection policies, in response to the Secretary of State's request last year, is another example of driving improvements in the interests of passengers, the rail industry and taxpayers.

When it comes to how ORR operates, it has been important in the current climate of change that we continue to be a reliable and ethical source of independent interventions, advice and resolution where required, drawing on the skills and experience of colleagues. But flexibility, innovation and responsiveness are also essential, as is the modernisation of our internal processes and systems, in line with civil service efficiency drives. The Board has therefore been pleased to support continued investment in training and diverse talent; greater use of technology to improve ways of working; and more cross-departmental collaboration to contribute new ideas and approaches.

Regarding the ORR Board, we are currently in a period of renewal, with the terms of office of two of our most experienced non-executive directors expiring, and a campaign now under way to recruit replacements, which we expect will deliver valuable new capabilities and skill sets.

I would like to thank my colleagues on the Board, particularly our retiring Board members, and also, last but certainly not least, all ORR staff for their hard work over the past year.

# 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 (formerly High Speed 1) 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, so that its customers enjoy journeys on England's roads.

# 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 (formerly High Speed 1) 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 360 professionals spanning 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 is 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 the periodic review for Network Rail; 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 HS1; 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, IT, facilities, estates.

**Communications** – communications services.

**Legal** – legal services.

**Private Office** – Chief Executive's office.

# 2024-25 overview

## April

- We reported on disabled passengers' experience of making complaints, finding inadequate standards of service and some non-compliance with the complaints code of practice and accessible travel policy guidance. We asked all operators to report on how they are rectifying issues for disabled passengers.
- We published an open letter to launch control period 7.
- We gave evidence to the Transport Select Committee on the draft Rail Reform Bill.

## May

- We launched our refreshed diversity and inclusion strategy, focusing on 'representation, ownership, leadership and engagement'.
- We began a programme of risk management training across the organisation.

## June

- We brought senior stakeholders in the international passenger services market together to discuss barriers and opportunities for competition and growth.
- We concluded our major market study on the provision of railway station catering services, recommending a number of remedies to increase competition.

## July

- We published our findings for the investigation into National Highways' performance and identified the need for improvements to bring the company back into compliance with its duty to deliver efficient, effective outcomes for road users, taxpayers and the public.
- We held our annual 'Year in Rail' event, allowing over 80 key stakeholders to hear about and discuss our annual rail reports.

## August

- We launched new guidance to the rail industry on managing fatigue in staff, which is often a causal factor in rail safety incidents.
- We submitted our report to the Department for Business and Trade demonstrating how we take account of the growth duty when delivering our health and safety regulatory work.
- We spoke at a Westminster, Environment, Energy and Transport Forum event on road infrastructure and road investment strategy 3 (RIS3).

## September

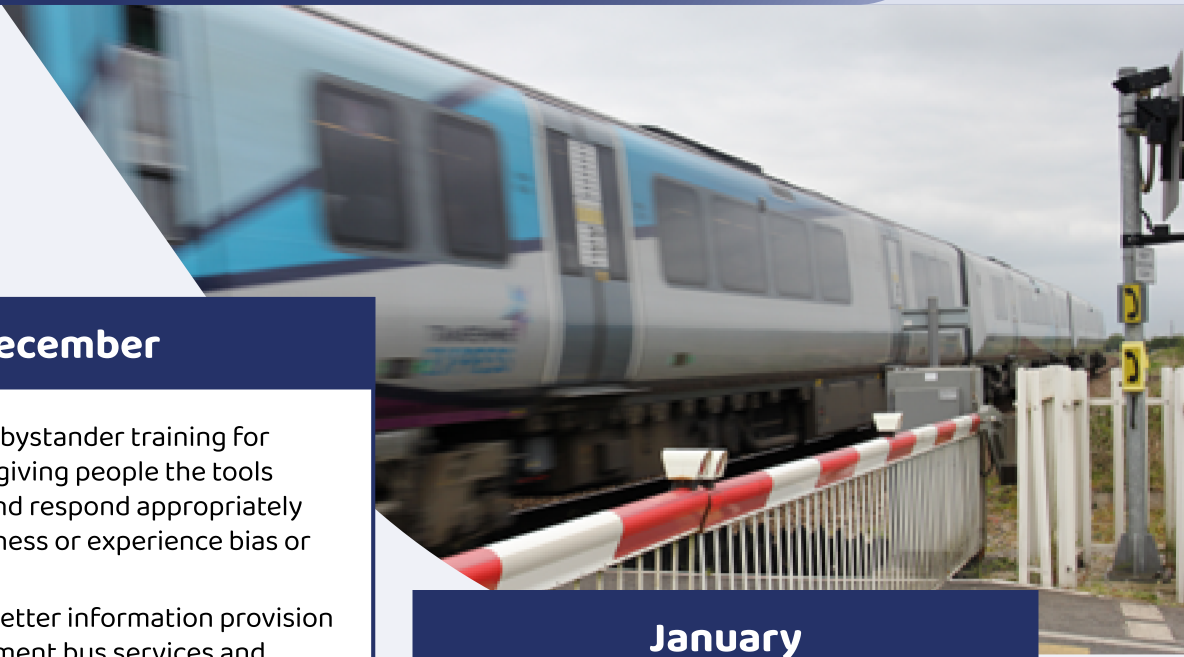
- We announced we were satisfied with Network Rail's improvement plan for the Wales & Western Region, following our investigation into deteriorating train performance, and have seen a welcome improvement in reliability for all users.
- We spoke at the Rail Freight Group conference.

## October

- We asked Network Rail to address significant performance issues across the Eastern Region, advising it to take a whole-system approach and work closely with train operators and stakeholders to deliver a comprehensive improvement plan.
- We spoke at Rail Partners' rail freight summit and at a Westminster, Environment, Energy and Transport Forum event on next steps for the UK freight industry.

## November

- We approved a new regional co-operative rail service in the West Country, giving it the opportunity to secure the finance it needs to start operations.
- We published our climate change adaptation report, a requirement under the Climate Change Act, providing an overview of the risks, impacts and barriers facing the main industry bodies we regulate.
- We addressed the Rail All-Party Parliamentary Group on the subject of international rail and spoke at a Westminster, Environment, Energy and Transport Forum event on next steps for infrastructure finance and development.
- We published our annual rail industry financials (UK) statistics.



## December

- We completed bystander training for all colleagues, giving people the tools to recognise and respond appropriately when they witness or experience bias or harassment.
- We called for better information provision on rail replacement bus services and tasked operators to review their approach and demonstrate fit-for-purpose processes. We followed up with an industry workshop.
- We welcomed the December 2024 deadline being met for Network Rail to return to compliance with timetable production milestones.
- We held webinars on rail industry finance for both Westminster and Scottish Parliamentarians.
- At the request of ministers, we launched our revenue protection review call for evidence.

## January

- We issued our final determination for High Speed 1, which sets the charges for access to network for control period 4 (CP4), the five years commencing in April 2025.
- We and Transport Focus brought together over 70 leaders from across the rail industry to work on improving the experience of passengers when trains are stranded between stations, following a number of high-profile incidents in 2024.

## February

- We worked at pace to ensure that an interim settlement for National Highways was in place for 1 April 2025, to support investment in critical infrastructure.
- We held a series of workshops with the Heritage Railway Association to support health and safety leadership across the heritage sector, with positive feedback.
- We saw the successful prosecutions of Network Rail for the fatal incidents of track workers struck by trains at Margam and Surbiton.
- We spoke at the Rail Industry Association's future of rail reform conference.
- We launched our HR helpdesk and case management module - tech-driven solutions to support our people more efficiently.

## March

- We published a report looking at how costs and benefits are assessed for safety initiatives on the railway, identifying best practice learning points for the industry.
- We produced our assessment of safety performance on the strategic road network that challenged National Highways to deliver more improvements.
- We published a report revealing productivity levels across the whole rail industry, providing a useful baseline for the future as we look ahead to rail reform.
- Our annual parliamentary drop in took place allowing us to explain more about our role to interested Peers and MPs.
- We addressed the Rail All-Party Parliamentary Group on rail reform and a Westminster, Environment, Energy and Transport Forum event on the next steps for Britain's rail network.

## 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 15 out of 15 service standards and 36 out of 44 business plan deliverables for 2024-25.

## Our funding

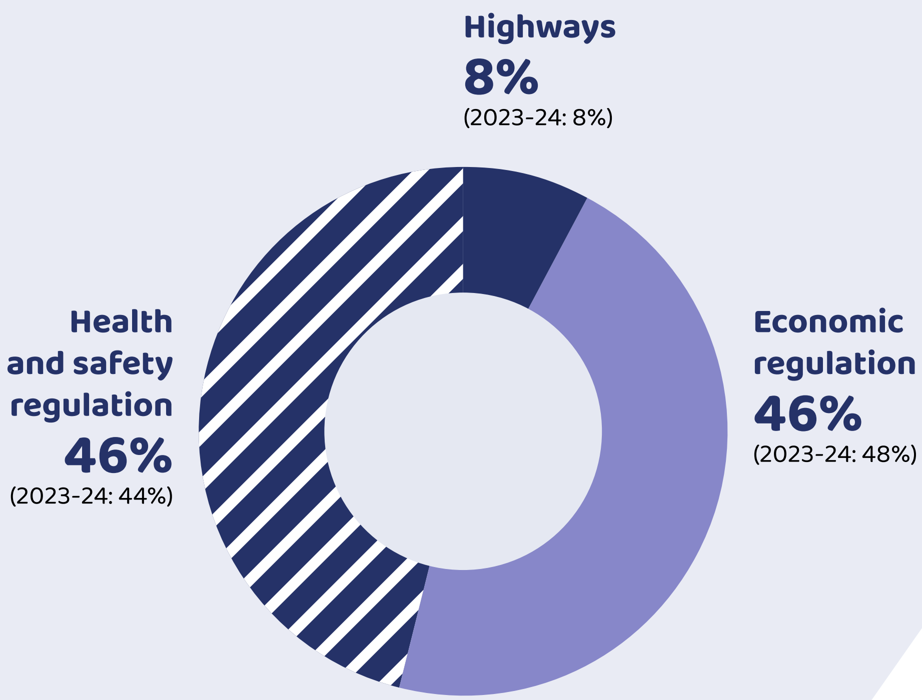
Our budget is agreed with HM Treasury through the Spending Review process and is then formalised by Parliament through the Supply Estimates procedure. Spending Review 2021 covered the years 2022-23 to 2024-25.

Our rail functions are funded almost entirely by the railway industry – broadly, passenger train and freight operating companies, plus Network Rail. We work within a defined budget and charge the industry via a safety levy and an economic licence fee. We also cover our regulatory costs relating to the Channel Tunnel, London St. Pancras Highspeed and Northern Ireland by charging the relevant organisations. Our charges are based on a full economic cost model, therefore without profit. Our combined charges and other income meet our rail-related costs in full. We receive grant funding from the Department for Transport (DfT) for our highways function. We have a token resource budget of £2,000 provided by Parliament.

Our capital departmental expenditure limit (CDEL) was £1,220,000 in 2024-25 and £1,620,000 in 2023-24.

## Where we spent our money

In 2024-25 we spent a total of £40.8m (2023-24: £40.8m) compared to a budget of £42.0m, ending the year 2.8% below budget. The chart below shows the spend by key work area.




A more detailed comparison of what we spent this year compared to the Estimate is provided on page 57.

## Principal risks

The key corporate risks we faced and actively managed in 2024-25 were:

- lack of sufficient trained and competent safety specialist staff to deliver our statutory and regulatory functions;
- holding Network Rail to account for declining train service performance;
- our reputation as a health and safety regulator is diminished by fatal accident inquiries, challenges to enforcement decisions or negative media coverage;
- not keeping pace with emerging cybersecurity threats which results in a cyber-attack on the critical infrastructure of the business;
- new plans for rail reform are based on misunderstandings of the industry structure and regulatory framework; and
- delays and challenges in setting the road investment strategy 3 (RIS 3) 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 44.

# 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 2024-25.

## 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.

In July 2024 we published our annual report of health and safety on Britain's railways. These continue to be amongst the safest in the world, but we cautioned against complacency, given the significant challenges the industry faces.

## Network Rail and mainline operators

In 2024-25 we remained focused on supporting Great Britain's railways to run safely through a period of considerable change. New dedicated internal resource allowed greater integration between health and safety and economics colleagues to progress the safety aspects of Network Rail's delivery plan for control period 7 (CP7).

The challenges of the funding settlement are resulting in fewer asset renewals and an increasing reliance on maintenance and refurbishment. We examined Network Rail's approach to maintaining the safety of its assets and realising the benefits of its 'modernising maintenance' programme. We delivered a strategic, structured and targeted intervention programme, concluding in early 2025-26.

We worked cross-departmentally to address concerns about Network Rail's ability to manage both the safety and performance of its structural assets, to ensure legal compliance and timely, well-informed decisions that maintain asset life and performance.

We continued to support the government on its proposals for rail reform and the creation of Great British Railways (GBR). The first train operators to return to public ownership have submitted applications to ORR for safety authorisation, as required by the Railways and Other Guided Transport System (Safety) Regulations 2006 (ROGS). We have a programme in place to complete the timely assessment of these and further applications as they arrive.

During the year we contributed to the Rail Resilience Strategy Development Group (RRSDG) and its vision of a resilient railway that is better able to detect, prevent and manage current and future threats – such as climate change, extreme weather, major power outages, and engineering integrity. We will work with RRSDG to progress an agreed action plan.

Extreme weather events in particular, and their impact on buildings and structures management, have continued to be a significant issue for the industry. As part of our multi-year strategic intervention programme, we undertook several observations of regional extreme weather preparation meetings in the run-up to named storms and warnings. This allowed us to assess whether Network Rail's current standard had been met and is sufficient to achieve the level of control required. We completed this year's interventions by carrying out regional assurance audits of Network Rail's arrangements, with the aim of developing a national picture of compliance within the requirements of health and safety law. Further work will inform a consolidated report in 2026.

In May we commenced discussions between track and train duty holders on their approach to protecting passengers during stranded train events, following a number of high-profile incidents in 2024. Further details on this work can be found in the 'better rail customer service' section.

We welcomed efforts by industry this year to collaborate on risk management maturity model (RM3) assessments and action plans. Through our membership of industry groups, we worked with train operating companies and Network Rail on areas such as risks to passengers at the platform-train interface (PTI), participating in regular cross-sector workshops.

Our strategic liaison with the Freight Safe Working Group has focussed on embedding RM3 industry self-evaluation of management systems. The need to make significant improvements in welfare provision (for example, for lone freight drivers working out-of-hours) has been recognised and a workstream is being developed for a more coordinated industry approach. Our inspection visits to freight yards and depots have prioritised ensuring adequate welfare provision.

Fatigue in railway staff is a causal factor in rail incidents and failure to manage this properly can have catastrophic consequences. Following a consultation, our updated managing rail staff fatigue guidance was published in August. We hosted an event with stakeholders to discuss how to work with the guidance and better manage fatigue risk. Interventions planned in 2025-26 will determine industry's awareness of the guidance and how it has helped.

The occupational health, safety and wellbeing of railway workers has remained a priority this year. We have continued our focus on the health impacts of exposure to welding fumes and our interventions have allowed us to gather insights on Network Rail's progress in controlling these risks. Inspections next year will assess compliance with the use of appropriate risk controls and our findings will be used to generate specific region and route reports, informing a national overview.

We continued to provide input on industry policy, legislation and guidance as it relates to health and safety on the railways. Throughout the year we worked closely with DfT on the proposed policy to lower the minimum age for licensed train drivers from 20 to 18 years, supporting the government's consultation and management of responses, and providing advice on how we would expect industry to prepare for this change. We will work with DfT to introduce the necessary legislation and with the sector to review implementation plans.

We have been influential in gaining ministerial commitment to resume work with DfT to explore potential wider legislative reforms of the train driving licensing regime, following our post implementation review of the Train Driving Licences and Certificates Regulations 2010. This work will roll into the next business year, when we will re-engage with stakeholders to develop firm policy proposals for consultation.

We refreshed our health and safety crowding position statement which sets out our public position on crowding on trains and at stations, and our expectations of operators and passengers. Whilst we did not identify any significant new research that would fundamentally alter the current statement, we took the opportunity to improve the language and presentation to allow everyone to locate relevant messages more easily.

New technologies and innovative approaches are being brought in across the industry. Throughout the year, as well as investing in our own expertise, we have continued to engage with stakeholders, including Network Rail and train operating companies, to understand how digital safety risks are being managed.

We presented at CyberSenate and a fleet cyber security conference on the need to manage digital safety risks through a complementary safety management system approach. As part of the UK health and safety regulators network, we have led an AI sub-group looking at how AI can be embraced as part of regulatory practice, and how we regulate AI itself. We have also engaged with the Light Rail Safety and Standards Board on their cyber security project for the sector. We have had regular engagement with DfT, the National Cyber Security Centre and Rail Safety and Standards Board (RSSB) on the topic of cyber security and the application of new digital technology. Work will continue into 2025-26, as we build capability.

## Non-mainline operators

A key achievement this year has been our work with Transport for London on asset management and management of change risk. We collaborated to understand the key safety challenges and risk control arrangements it has in place for the roll-out of London Underground's hugely ambitious four lines modernisation (4LM) project. Using expert support, we evaluated its approach and recommended actions to consider ahead of further progress of the project.

We have held the tramway sector to account for delivery of health and safety improvements, with a focus on how operators are managing the risk of collision between tram vehicles, other vehicles and vulnerable road users, through the use of effective management systems.

Supporting health and safety leadership across the heritage sector has also been a key area of work. In January and February, we delivered six, one-day, workshops  in collaboration with the Heritage Railway Association, at venues around the country. The events were successful in driving collaboration, exploring key issues and sharing the health and safety message more widely, and feedback has been positive.

Across the non-mainline sector we focused on asbestos exposure risks and will continue to support 'duty to manage' compliance checks throughout the coming year.

We have continued to engage with Strathclyde Partnership for Transport on the long-term modernisation project on the Glasgow Subway system, with a focus on the safe management of change. During 2024-2025 a step change was achieved as a fleet of new trains was successfully placed in service completely replacing stock ordered in the 1970s, and further work was undertaken to modernise and improve station safety. Our intervention work in this area is part of a multi-year engagement around significant changes to fleet, signalling and station safety arrangements as the system moves towards potential driverless operation.

We completed work with colleagues across ORR to support the successful introduction of the new 555 fleet on the Tyne and Wear Metro and will continue to monitor health and safety related arrangements as the implementation continues. We also conducted interventions focused on Nexus's asset management system and PTI risk management arrangements during the year.

## 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. Nevertheless, we have been proactive in providing input into the drafting of the technical framework agreement.

Workshops were held in December 2024 and January 2025 with tunnel duty holders to help facilitate a smooth and effective transition through understanding the implications of the changes. We have continued to build positive relations with our colleagues at the French railway national safety authority, Établissement Public de Sécurité Ferroviaire (EPSF) following the establishment of the NSA sub-group last year.

## Regulation and certification

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. This year there has been a very high volume of train driver licensing work to process in relation to both new and renewed licences. We met all of our service standards for the year.

**1,454** new train driving licences issued

**1,257** train driving licence renewals processed

**10** doctors,

**24** psychologists and

**4** training and examination centres recognised and added to our registers

**24** level crossing orders

**1** revocation order

**3** directions

**1** authorisation delivered

**5** certificates of exemption from the relevant requirements of the Railway Safety Regulations 1999 relating to the operation of mark 1 rolling stock

**38** mainline and

**4** non-mainline safety certificates and authorisations issued

Reported to RAIB on

**83** recommendations:

**54** closed

**27** open

**0** reported as insufficient response

**2** reported as other public body

## 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 issued four improvement notices and no prohibition notices.

Where appropriate we prosecuted duty holders in the courts to ensure compliance with the law. We successfully concluded a number of prosecutions under the Health and Safety at Work etc. Act 1974.

In September, Severn Valley Railway (Holdings) PLC was fined £40,000 following an incident in 2021 in which a locomotive and carriage painter suffered neck and back injuries after falling 13 feet onto a concrete floor. The worker was working alone and was not wearing a safety harness. Our investigation found that the company had failed to put in place industry standard measures for working at height, and had not provided safe systems of work, instruction, planning or supervision.

In February, Network Rail Infrastructure Limited was fined £3.75 million after two track workers were fatally injured from being struck by a train at Margam East Junction in 2019, and a third narrowly avoided death or serious injury. ORR's investigation found systematic and wide-ranging safety failures by Network Rail in its measures to protect those working on or near the line. We subsequently served Network Rail two improvement notices, requiring it to implement preventive and protective measures.

Network Rail also pleaded guilty in February to breaching health and safety legislation following an incident in Surbiton in 2021, in which a track worker working in a four-person group was fatally injured after being struck by a train. ORR's investigation identified failings with the planning, monitoring and supervision of the work to ensure the workers were adequately protected and the company was fined £3.41 million.

Following learnings from the Margam and Surbiton prosecutions and Network Rail's compliance with ORR improvement notices in 2022, track worker safety near misses have reduced significantly in recent years from 65 per year to around 25 per year. We have continued to engage with Network Rail to ensure it embeds the commitments made in its CP7 track worker safety strategy and will monitor progress in 2025-26.

Another significant piece of work this year has been supporting the fatal accident inquiry to examine the full circumstances surrounding the tragic deaths of three people (two railway staff and one passenger) from the derailment of a train at Carmont, Aberdeenshire, in 2020. We continue to attend the preliminary hearings, in preparation for the final hearing expected later in 2025.

We provided evidence to the fatal accident inquiry into the death of a pedestrian at Saughton tram crossing in Edinburgh in 2018, working closely with the Crown and other parties.

We also supported the multi-agency investigation following the train collision incident at Talerddig, Powys, in October, when two Transport for Wales passenger services collided on the Cambrian line. One passenger died, four other people were seriously injured and eleven more sustained injuries requiring hospital treatment. Our investigation is ongoing.

We have continued to develop our internal systems and processes to improve management oversight, efficiency, consistency and delivery. Our new case management system helps to standardise information, processes and milestones so that everyone involved has easy access to data – from initial inspections through to investigations and prosecutions. The inspection app provides a digitised system for recording our inspection activity, tracking progress and extracting intelligence.

## Our performance against 2024-25 business plan deliverables

| 2024-25 Commitment | Status |
|---|---|
| Convene an event to bring together senior leaders from track and train dutyholders to engage in the industry's rail resilience capability | Met |
| Deliver a strategic, structured and targeted intervention programme on Network Rail's approach to maintaining the safety of assets, specifically focused on maintenance delivery activities (including 'modernising maintenance') | Met |
| Work with DfT to secure legislative changes following the Post Implementation Review of the Train Driving Licences and Certificates Regulations 2010. | Delayed [note 1] |
| Deliver a strategic, structured and targeted intervention programme to assess the adequacy of industry's risk management arrangements for operating during extreme weather | Met |
| Secure transfer to ORR of National Safety Authority (NSA) responsibilities for the UK half of the Channel Tunnel | Delayed [note 2] |
| Review and influence industry's new Platform Train Interface strategy | Met |
| Undertake a focused inspection programme to look at rail workers' welding fumes exposure | Met |
| Develop and deliver face-to-face engagement activities to drive improvements in health and safety risk management across the heritage sector. | Met |
| Review outputs from the rail resilience capability event to develop future areas of work | Met |

Note 1: We continue to work with DfT on legislative changes for the Train Driver Licences Regulations 2010 which are expected to be made later in the year.

Note 2: The transfer of NSA responsibilities to ORR is dependent on DfT's timetable.

## Future plans

In our deliverables for 2025-26, we have committed to the following priorities:

- monitoring Network Rail's CP7 Delivery Plan commitments, including delivery of safe and reliable assets;
- inspections on worker fatigue risk management;
- a targeted inspection initiative on level crossing safety;
- training for ORR inspectors to improve digital safety capability;
- working with DfT to implement the minimum age change for train drivers and secure wider reform of the train driving licensing regime;
- consulting with industry as part of ROGS statutory review;
- reporting on civil assets management by London Underground;
- delivering joint ORR/Heritage Association safety workshops; and
- reporting on the implementation of recommendations from our costs and benefits of safety report.

## 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 through an ombudsman where necessary.
- Ticket retailing, specifically the ease with which passengers can purchase tickets and, where necessary, receive a refund for their ticket.

Our Consumer Expert Panel has continued to provide independent advice and challenge and given us an important consumer perspective to our policy and regulatory decisions, which has helped keep our focus on passengers.

We do this work 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. We also provide transparency through publication of key statistics.

Another large area of our work to ensure better customer rail service on the railway is our regulation of access to the network for passenger services and freight companies.

## Passenger accessibility

Work continued this year on our priority area of accessibility to the rail network and services for all passengers, and particularly those with disabilities.

In November we carried out a review of station operators' processes for maintaining and operating help points at stations, which provide an important backup for passengers seeking journey information, assistance, or a way to report emergencies. Data on help points at more than 2,500 stations in Britain revealed that customers cannot consistently rely on these to request assistance. We recommended that operators review and improve their management and monitoring of help point availability, with regular inspection, maintenance and a better understanding of usage. We also recommended risk assessments for unstaffed and partially staffed stations on their network.

In December we unveiled plans to develop a new benchmarking process to rate how well train companies provide assistance to disabled passengers. We know from passenger feedback that when assistance is delivered it is usually done well, but when it fails it has a significant impact. Our new assessment, developed through engagement with disabled people's organisations, intends to strengthen our ability to hold operators to account for poor performance, highlight good practice to share across the industry, and drive improvements in the provision of this important service. Based on the outcome of our consultation on the proposals, the rating will launch in 2025.

We have started to publish biannual statistics on the performance of lifts at stations, the majority of which are managed by Network Rail. We expect Network Rail to deliver improved performance, which the company recognises, and it has shared an improvement plan, progress on which we will continue to monitor closely.

This year we had intended to consult on proposals to require operators to take passenger views into account when considering staffing changes that might affect how disabled passengers are supported. We have paused this project and are engaging with operators under current requirements in the accessible travel policy guidance.

## 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 December, we published a report calling for better information on board rail replacement bus services. We welcomed the good progress made over the past year on the quality of advance information, but concerns remain with the lack of information during the journey itself. We tasked operators to review their approach and demonstrate to us how their processes are fit for purpose. An industry workshop in early 2025 discussed the report's findings and recommendations.

Working with Transport Focus, in January we brought together over 70 senior leaders from across the rail industry to collaborate on improving the experiences of passengers on trains stranded between stations, following a number of high-profile incidents in 2024. The event heard from industry colleagues on work to review, update and test processes for helping passengers and keeping them safe. We were greatly encouraged by the level of engagement and we, together with Transport Focus, will work further with industry to ensure focus is maintained on this important issue.

Work continued on the transparency of fees charged by third party ticket retailers through their websites and apps. Seatfrog was added to the seven retailers we had previously written to with our concerns: MyTrainTicket, Omio, Raileasy, Rail Europe, Train Hugger, Trainline and Trainpal.

Following constructive engagement, we were pleased to confirm that all have now improved the presentation of information about their fees to address our concerns. Changes include incorporating fees into the total price at the earliest opportunity, more transparent fee information throughout the booking process, and improved FAQs. The Digital Markets, Competition and Consumers Act 2024, which took effect from April 2025, strengthens requirements and we recommended that retailers have processes in place to ensure compliance.

In November we were asked by the then Secretary of State to review train operators' and retailers' revenue protection practices, such as how they communicate ticket conditions and the use of penalty fares and prosecutions. We provided recommendations to Government in May 2025.

Our plans to review the existing retail information code of practice were paused while we undertook the revenue protection review and will now be delivered in 2025-26.

## Complaints handling and redress

In April we published a report on disabled passengers' experience of making complaints, including access to redress, following last year's comprehensive review. We found that some disabled passengers experience inadequate standards of service in the complaints process, including accessibility issues and lack of information on how to seek redress for booked assistance failures. We also found that in the previous two years 36% of disabled passengers didn't complain when they believed they had cause to and 45% didn't seek redress on any occasion when they could have.

We identified some non-compliance with the complaints code of practice and accessible travel policy guidance and engaged with relevant operators to drive improvement. We also asked all operators to look at complaints specifically from disabled passengers and report what they have done to rectify the issues in their annual reports. We will continue to follow up on the research findings and monitor operators' actions.

We have continued to hold the Rail Ombudsman to account for effective delivery of contractual requirements and improvements. This includes improving passenger and train operator user experience through the rollout of a new website and case management system. These new systems will also meet the recently updated web content accessibility guidelines, and the website will provide consumers with a British Sign Language video version of their quick start guide.

In July we published the annual consumer report, highlighting the work that we had undertaken in the previous year to protect the interests of passengers and improve their experience of the 1.6 billion rail journeys they made. We committed to continuing targeted interventions to tackle under performance and drive service improvements.

## Access (capacity use including timetabling) and licensing

We continued to engage closely with DfT and the GBR transition team on proposals for reform of the law and our role on access to the network. We published updates to our evidence on assessing the costs and benefits of open access passenger services. We also updated our guidance on starting new rail operations and on open access, including taking into account the new government's expectations.

During the year, we continued to perform our statutory role of reviewing, approving and where necessary directing alternative decisions taken by Network Rail on the use of network capacity (as well as station and depot assets). This enabled Network Rail and train operating companies to enter contracts to provide new or amended train services for the benefit of passenger and freight customers.

Meeting all our service standards for access within our statutory timescales, we reviewed and approved 202 new and amended track access contracts for passenger (including open access) and freight operators; and reviewed and approved 613 access contracts for stations, depots, freight terminals, other service facilities and connecting networks. In April 2024, we initiated a programme of work with Network Rail to progress a large number of interacting access applications across some of the most congested parts of the rail network, and we have publicly held Network Rail to account for its delivery against that programme.

Over the course of Autumn 2024, we facilitated the access contractual changes needed to support First Group's acquisition of Grand Union Trains operations supporting First's investment of £500 million in new rolling stock to be manufactured in the UK. In November, we approved a new regional co-operative service in the West Country – giving it the opportunity to secure the finance it needs to start operations. At the end of March 2025, we agreed a long-term extension to Grand Central's open access contract enabling its owner Arriva to invest £300 million in new hydrogen-powered trains.

Regarding international passenger services, we brought senior stakeholders in the market together in June to discuss barriers and opportunities for competition and growth. This identified that depot capacity for international trains is a key constraint, and at the end of March 2025 we published our initial findings from our independent investigation into the availability of capacity at Temple Mills International Depot. We are continuing to work closely with government, London St. Pancras Highspeed, Eurotunnel and operators, including in response to applications for us to direct access to Temple Mills.

Resilient and high-performing timetables are an essential part of providing a good service to passengers and freight customers. In our 2023 periodic review determination, we required Network Rail to return to compliance with timetable production milestones, which results in a published timetable 12 weeks in advance, by December 2024. It is to Network Rail's and the industry's credit that compliance was achieved and has been sustained.

Our licensing work protects the public interest by ensuring that operators of rail assets are fit and proper. During 2024-25, we issued 11 licences or licence exemptions for operators of railway assets, meeting our timescale commitments to industry in every case.

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 10 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. Under Network Rail's financial ringfence licence condition, we also gave the company consent to assist in the construction of a new rail spur, to facilitate the development of Sizewell C's new power plant.

We conducted our annual reviews of network statements for Eurotunnel, HS1, Northern Ireland Railways, Crossrail Central Operating Section, Heathrow Airport and Core Valley Lines. 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.

## Our performance against 2024-25 business plan deliverables

Whilst we have made every effort to achieve our customer-focused deliverables for 2024-25, a number of them have been impacted by factors outside of our control, including rail reform.

| 2024-25 Commitment | Status |
|---|---|
| Consult on proposals to require operators to take passenger views into account when considering station staffing changes | Paused [note 1] |
| Report and consult on a review of our open access economic assessment methodology | Met |
| Publish six-monthly data on ORR and industry's compliance with sale of access and timetabling deadlines | Partially met [note 2] |
| Assess and report on the quality of passenger information for planned rail replacement services | Met |
| Develop a new approach to benchmarking operators' performance on provision of assistance to passengers | Not met [note 3] |
| Conclude and publish the outcome of the review of the Retail Information Code of Practice | Paused [note 4] |
| Conduct annual review of network statements for Network Rail, Eurotunnel, HS1, the Heathrow Airport Link and Core Valley Lines | Met |

Note 1: The consultation on proposals to take passenger views into account when considering staffing changes has been paused until government policy in this area becomes clearer.

Note 2: The publication date of the second six-monthly report was delayed to 29th April 2025 to provide more time to assess and include information relating to the December 2025 timetable. Data for the first six-month period has been published.

Note 3: The public consultation on our proposed approach to benchmarking operators' performance on provision of assistance to passengers resulted in a wide range of responses from both industry and consumer groups, and we are revisiting aspects of the design of the framework. We now plan to publish the consultation response in Q2 2025-26.

Note 4: The review of the Retail Code of Practice is temporarily paused as it will be directly impacted by the findings of the Revenue Protection Review.

## Future plans

In our deliverables for 2025-26, we have committed to the following priorities:

- a focus on passengers who require assistance by developing benchmarking of train companies' assistance provision and reporting on the effectiveness of communications between stations;
- completion of our review of the Retail Information Code of Practice;
- recommendations to government on rail companies' revenue protection practices;
- review our Accessible Travel Policy guidance requirements for failed passenger assistance;
- conclusion of our examination of depot capacity for new international train services and decision on who will use this capacity;
- publication of data on ORR and industry's compliance with sale of access and timetabling deadlines; and
- our 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 (formerly High Speed 1) and the UK portion of the Channel Tunnel. In addition, we have a number of roles that help secure a better deal for rail users now and in the future.

## Holding Network Rail to account

Marking the commencement of control period 7 (CP7), we published an open letter in April outlining Network Rail's work for the period. Throughout the year we engaged with the company, monitoring progress against its delivery plan and advising funders, to ensure that the settlement funding is well spent.

Train performance, and how Network Rail can support a more punctual and reliable service for both passengers and freight customers, has been a key focus.

In September we announced we were satisfied with the improvement plan we had ordered Network Rail to produce for the Wales & Western Region, following our 2023 investigation into deteriorating train performance. We have since seen a welcome improvement in reliability for all users, which we will continue to monitor closely.

In October we asked Network Rail to address significant performance issues across the Eastern Region. We advised the company to take a whole-system approach and work closely with train operators and stakeholders to deliver a comprehensive improvement plan.

We have started work with industry to reset Network Rail's passenger train performance trajectories and incentive regime for the last three years of CP7 (2026-27 to 2028-29). In December, after extensive engagement with industry and other stakeholders, we concluded on measures that will help track and train come closer together in delivering more reliable services for passengers and supporting the economy. In 2025-26, we will finalise the passenger train performance targets and the recalibration of associated financial incentives.

In July we published our annual assessment of Network Rail's delivery to its stakeholders across its regions and functions in the final year of control period 6 (CP6). We found that following a period of declining train service performance, Network Rail had implemented regional improvement plans and train reliability and punctuality had largely stabilised during the year, with the exception of Wales & Western and barring the effects of severe autumn and winter weather.

In October we followed up with our annual efficiency and finance assessment. This concluded that Network Rail delivered its efficiency targets, with £1.1 billion of improvements in the final year of CP6 and £4.0 billion of efficiency improvements in CP6 as a whole. However, the company's financial underperformance meant that it spent £2.8 billion more than expected for what it delivered.

During the year, through engagement with industry experts, we identified an initial set of suitable whole industry "explanatory" indicators on train performance but have accepted stakeholder views that this is not the right time to finalise and publish this data.

Looking ahead to the next funding period (CP8), we engaged with industry and commissioned external research on potential approaches to charges for passenger and freight operators. Our discussion paper, produced in March, is designed to support the industry as the development of the access charges framework moves to GBR.

## Cross-industry and government engagement

As the combined safety and economic regulator, we reviewed how costs and benefits are assessed for safety initiatives. Our report, published in March 2025, identified learning points for ORR and industry to deliver best practice.

In the same month we published a 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 shows that it has improved since the pandemic (in 2020-21) as more trains are run and costs reduce. However, productivity is lower than a decade ago and lags the wider economy for both passenger and freight operators. The report provides a useful baseline for measuring future productivity changes as we look ahead to rail reform.

Throughout the year we have continued to engage with government on how our regulatory activity can support the right environment for investment at a time of transformation in the industry.

## High Speed 1 (HS1)

A significant piece of work this year has been our 2024 periodic review (PR24) of High Speed 1 (HS1) (now London St. Pancras Highspeed), which sets the charges for access to the network for control period 4 (CP4), the five years commencing this April. This was our third periodic review for the route infrastructure and our first review of the four stations. We published our draft determination in September and, following detailed consultation, our final determination in January.

Looking in particular at affordability and asset sustainability, we announced that we would direct the company to lower its charges for passenger and freight train operating companies to use the high-speed line. We identified specific areas for further improvements in the company's spending plans, resulting in savings to users. This will support growth in the freight market and long-term increases in passenger traffic, including the potential introduction of new operators.

In July, we published our annual report on the company, noting that in the period April 2023 to March 2024 traffic volume on the route increased by 3 per cent compared to the previous year but was still 18 per cent lower than before the pandemic.

## Promoting competition

In June 2024 we concluded our major market study on the provision of railway station catering services, recommending a number of remedies to increase competition. In February, in light of our findings, we also shared our views on lease protection with the Law Commission as part of its review and consultation related to part 2 of the Landlord and Tenant Act 1954.

We also began looking again at the passenger rolling stock leasing market. In March we launched a review of the transparency order originally imposed by the Competition Commission (now Competition and Markets Authority (CMA)) in 2009, to determine whether there has been a material change in the market that alleviates the competition problems identified. We will complete the review later this year.

We continued to support the CMA on rail-related mergers and, reflecting our concurrent powers in relation to competition law, considered complaints about potential anti-competitive behaviour (although determined that there were insufficient grounds to open formal investigations this year). We continued to provide other competition advice to government and stakeholders, including on matters related to open access.

## Information and analysis

ORR is the publisher of official statistics for rail, and our transparent reporting and analysis helps us hold industry to account. We have increased our use of technology and improved internal processes to provide this valuable information to the public, policymakers and other stakeholders in a more efficient, accessible and engaging way.

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 2023-24 train fare revenue rose by 14 per cent on the previous year, but more slowly than passenger journeys, which rose 16 per cent, and both remained short of pre-pandemic levels. Government support remained substantial at £12.5 billion, just under half of the income for the day-to-day running of the railway. In addition to this, Government provided £9.6 billion of enhancements funding, which included £7.3 billion for HS2.

## Our performance against 2024-25 business plan deliverables

| 2024-25 Commitment | Status |
|---|---|
| Publish open letter on conclusion of PR23 and outline future CP7 work | Met |
| Publish final report on railway station catering market study | Met |
| Publish annual assessment of Network Rail | Met |
| Publish annual assessment of HS1 | Met |
| Produce draft determination for HS1 (PR24) | Met |
| Publish Network Rail annual efficiency and finance assessment | Met |
| Publish annual assessment of Network Rail's stakeholder engagement | Met |
| Publish annual rail safety statistics | Met |
| Publish annual rail industry finance statistics | Met |
| Publish statistics on annual estimates of station usage | Met |
| Produce final determination for HS1 (PR24) | Met |
| Consult on approach to charges for CP8 | Met |

## Future plans

In our deliverables for 2025-26, we have committed to do the following:

- consult on and complete the CP7 passenger train performance reset;
- report on productivity in the rail industry;
- complete our review of the rolling stock market transparency order;
- monitor and report on open access;
- publish our annual assessments of Network Rail and London St. Pancras Highspeed;
- publish our annual assessment of efficiency and finance;
- report on Network Rail's stakeholder engagement;
- release annual statistics on rail safety, station usage estimates and rail industry finance;
- report on our initial engagement with Network Rail to reduce administrative burdens we impose;
- publish the initial findings of our deep dive into the rail investment framework; and
- review our rail industry-facing KPIs following engagement with the sector.


## Strategic objective 4: Better highways

ORR is the independent regulator for National Highways. We hold it to account to ensure that it manages, operates and improves the strategic road network (SRN) in England efficiently and effectively on behalf of road users and taxpayers.

## Assessing National Highways' performance

During the year we published our annual assessment of National Highways' performance and the outcome of our investigation into the company's performance and delivery.

Our assessment, published in July, reported that National Highways was at risk of not being able to fully deliver the expected benefits of the second road investment strategy (RIS2, 2020-25) for road users and taxpayers. This was due to a combination of factors within and outside of its control. Our assessment for 2024-25 will report on delivery of RIS2 at the end of the road period.

In the same month our investigation report found National Highways to be non-compliant with its licence in relation to information the company must collect, record and provide to enable us to ensure that it is delivering efficiently and effectively for road users and taxpayers. We identified improvements that the company needed to make to address this. The investigation further identified areas where the company needed to improve, particularly on how it gathers and provides evidence of how it makes decisions and how it learns lessons and then applies them to improve its performance and/or delivery.

The company shared its post investigation improvement plan (PIIP) with us in September and we have been monitoring implementation. The plan was comprehensive. The company made good progress delivering the plan over the last year and is continuing to do so into 2025-26. In the round we are pleased with the progress made. It demonstrates clear buy-in from senior leaders and reflects the significant amount of work done to date by the company. It is important that the company continues to implement the improvements it has identified in its plan. This includes improving its ability to understand the basis upon which it makes interventions, their impacts and how these translate into improved efficiency, effectiveness and performance for road users and taxpayers.

## Safety on the strategic road network including smart motorways

Our third annual assessment of safety performance on the SRN was published in March 2025. We found that apart from during the pandemic, when there was significantly less traffic, 2023 had the fewest deaths and serious injuries ever recorded on the SRN. However, it is improbable that National Highways will meet its safety target for the end of 2025.

We found that stopped vehicle detection technology on smart motorways was achieving performance requirements at a national level, but our ability to conclusively assess technology performance this year was affected by the amount of roadworks taking place for the national emergency area retrofit programme.

In March 2025 we also published our quality assurance of National Highways' smart motorways safety update report. We found that the data and evidence included in the report were relevant and appropriate, and that the company continued to follow appropriate analytical assurance processes to ensure the reliability of its analysis.

## Preparing for the third road investment strategy (RIS3)

As part of the 2024 Autumn Budget, the government announced that it was delaying the start of the third road period (RP3) until April 2026. As such, the development of RIS3, and our efficiency review, has been delayed. The government also announced that the intervening year would be covered by an interim settlement. In response, we undertook a rapid review of National Highways' plans for the interim period and advised the government on the deliverability and affordability of those plans, and the performance outcomes and delivery outputs that should be expected for the available funding. We will continue to work with DfT and the company over the coming year, to ensure a challenging and deliverable performance framework is in place for the start of RP3.

The delay to RP3 also impacted our plans to refresh our policy on how we hold National Highways to account.

In September we completed a public consultation on this and in 2025-26 we will respond to that consultation and prepare a refreshed policy to come into effect from 1 April 2026. We adjusted our timeframe for issuing the new policy to provide certainty and consistency to the company during the interim settlement year (2025-26).

## Our performance against 2024-25 business plan deliverables

| 2024-25 Commitment | Status |
|---|---|
| Carry out efficiency review of National Highways' strategic business plan for RIS3 | Met |
| Quality assure National Highways' annual smart motorways safety update report | Met |
| Publish the outcome of our investigation into National Highways' performance, delivery and capability | Met |
| Publish our annual assessment of National Highways' performance | Met |
| Publish regional benchmarking of National Highways' performance | Met |
| Publish our third annual assessment of safety performance on the strategic road network | Met |
| Refresh our policy on how we will hold National Highways to account for the third road period (RP3) | Paused [note 1] |

Note 1: We have completed a public consultation on our 'holding National Highways to account' policy but have reforecast this commitment as a result of the government announcement to delay RIS3. We intend to publish the response to the consultation and our updated policy ahead of the start of the third road period (RP3) in April 2026.

## Future plans

In our deliverables for 2025-26, we have committed to publishing the following:

- an efficiency review of National Highways' strategic business plan for RIS3;
- our annual assessment of National Highways' performance and regional benchmarking of performance;
- our fourth annual assessment of safety performance on the strategic road network;
- our refreshed policy on how we hold National Highways to account; and
- a consultancy report on how National Highways engages with stakeholders.

## Our people and performance

As an organisation, we are committed to carrying out our regulatory duties efficiently, effectively and transparently, to deliver the best value for money for all stakeholders. This year we have made good progress on modernising our ways of working and supporting and developing our people.

## Technology, data and processes

A significant piece of work this year has been development of our new three-year technology strategy, 'empowering ORR through digital transformation', launched in February. This has allowed us to understand how technology can support delivery of the organisation's goals in a more efficient way, by streamlining and automating processes and harnessing artificial intelligence (AI), in line with civil service objectives. It also improves our ability to upskill our people at scale to use the new, more efficient digital administrative tools we have made available.

A good example of our implementation of tech-driven solutions has been the launch of our HR helpdesk, which contains self-help resources for people to manage queries themselves, before escalating to HR if necessary. This has freed up our HR expertise to focus on key organisational needs, such as providing training and strategic insights. A new service level agreement will enable insights into the types of questions coming to HR and drive further development of the library of tools and communications.

Alongside the helpdesk we launched a new case management tool to help HR support employee relations, and we expect smarter management of workflows to lead to a reduction in the time taken to resolve cases.

Ensuring that our critical systems and data are safeguarded against potential cyber threats and disruptions has remained a high priority. In line with the 'secure by design' objective in our new technology strategy, we have completed the first cycle of our rolling 12-month cyber security plan, implementing recommendations from audits, security testing and measures required by central government, to align the organisation with industry best practice. We are using AI where possible to help predict cyber threats and enhance protection on our systems.

We have worked with public sector partners externally on exercises to enhance business continuity and ran a successful internal campaign on phishing, which enhanced staff awareness of ever-evolving cyber threats.

## Supporting and developing our people

In May we launched our refreshed diversity and inclusion (D&I) strategy, focusing on 'representation, ownership, leadership and engagement'. As we come to the end of year one, a key achievement has been an increase in disability disclosure rates. We have run mandatory equality impact assessment training for our senior leaders, who are disseminating the training to their teams. We have also regularly showcased the good practice and positive organisational impact of people's D&I activity. In November our planned audit of our culture and behaviours gave valuable insights, and we are integrating the feedback into how we operate in a more efficient way, with fewer silos and greater collaboration.

As part of our cycle of D&I learning, we ran mandatory bystander training for all colleagues. This was received positively, giving people the tools to recognise and respond appropriately when they witness or experience bias or harassment in an informal setting. The training was followed by awareness sessions and plans to introduce bystander e-learning into new joiner inductions. Our new sexual harassment risk assessment process went live in March, to examine where colleagues may be most vulnerable to harassment and provide prevention mitigations.

We provided risk management training to our risk champions in May and to deputy directors in July, with positive feedback, and e-learning training was then rolled out to colleagues in the rest of the organisation. We also provided fraud awareness training to everyone in our corporate functions, which is inherently the highest risk area.

As part of our focus on talent management and enhancing our leadership and management capabilities, we ran monthly learning and development interventions for employees at all levels, focussing on various skills required by the organisation, from project management to presenting data. Our plan to introduce new people data dashboards for managers was cancelled following an announcement in the Government's 2024 Budget to stop all non-essential consultancy spending. However, we have continued to develop our people data packs that are shared quarterly at Executive Committee meetings, containing insights on employee demographics, skills gaps, and so on, to help us identify any interventions needed.

Over the summer, as part of our expanded intern programme to support early careers, we welcomed seven students into our teams. This gave them exposure to subject matter experts, insights into how a professional environment functions, and opportunities to build technical and soft skills. We also continued our successful multi-discipline apprenticeship programme and currently have 15 apprentices.

An objective in last year's business plan was to revise our procurement policy and procedures to comply with the new Procurement Act 2023 and in February we published our updated procurement policy.

**Recruitment activity**

**4,991** total applications received leading to **54** new starters

**Our people survey**

A response rate of **74%** and an engagement score of **63%** overall

**Learning and development**

**91%** of all staff completed active bystander training

**Employee benefits**

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

**Management**

**83%** of managers have completed the new Civil Service line manager standards

## Our performance against 2024-25 business plan deliverables

| 2024-25 Commitment | Status |
|---|---|
| Provide risk management training for ORR employees | Met |
| Provide fraud awareness training for ORR employees | Met |
| Introduce people information dashboards for managers | Re-planned [note 1] |
| Complete the first cycle of our rolling 12-month cyber security plan | Met |
| Hold an ORR business insight day in partnership with Access Aspiration | Met |
| Revise ORR procurement policy and procedures to comply with new procurement legislation | Met |
| Deliver bystander intervention training | Met |
| Evaluate and benchmark organisational culture via a culture audit | Met |
| Finalise ORR's new 3-year technology strategy | Met |

Note 1: Following the Government's request to stop non-essential consultancy spend, work on a people information dashboard was re-planned.

During 2024-25 we also met a commitment from 2023-24, to fully implement a new case management system.

## Future plans

Our deliverables for 2025-26 are to:

- conduct a hardware review and begin a phased rollout of new hardware;
- formalise the digital champions network within ORR;
- embed our new HR helpdesk;
- launch a new recruitment applicant tracking system; and
- provide staff training on new sexual harassment legislation.

# 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. The service standards below were published in our business plan for 2024-25. 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 | 100% |
| ROGS safety certificate and authorisations (Railway and Other Guided Transport Systems Regulations) | 100% determined within 4 months of receiving completed application | 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 | 100% |
| Approve the accessible travel policy of a new licence holder | 100% approved within 6 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% |
| Operator licence and licence ex-emption applications | 100% decided within 2 months of receipt of all relevant information | 100% |
| Freedom of information requests | 90% 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 | 98% |
| Prompt payment of suppliers' invoices to ORR | 90% paid within 5 days of valid invoice | 90% |
| 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 | 100% |
| Market studies | 100% of final market study reports published within 12 months of launch of market study | 100% |
| Proactive preventative regulatory interventions | 50% (minimum) of ORR inspector time spent on proactive, preventative regulatory interventions. | 52% |

# Risk profile

The key corporate risks managed by ORR during 2024-25 were as follows:

| Principal risks and mitigating actions | Risk category | Change in the year |
|---|---|---|
| **Lack of sufficient trained and competent safety specialist staff to deliver our statutory and regulatory functions.**<br><br>We have increased oversight of operational work and improved risk-based work planning to manage the loss of experienced staff and target allocation of resource to where it is most needed (including statutory work and legal casework).<br><br>We have strengthened learning and development support, to address the significant challenges caused by the loss of experienced staff and high proportion of junior and trainee inspectors.<br><br>We continued to address competency gaps, such as in quantified risk assessment and digital safety, to avoid falling behind the evolving industry risk profile.<br><br>We conducted succession planning by embedding a fixed annual trainee programme to maintain future inspector numbers. | Reputational | Score was raised during the year and then remained stable |
| **ORR does not hold Network Rail to account for declining train service performance.**<br><br>We held Network Rail to account in accordance with our holding to account policy, escalating concerns with train service performance where relevant.<br><br>We publicly reported on Network Rail's contribution to train service performance, including through our Network Rail annual assessment report.<br><br>We concluded our investigation into Network Rail's contribution to train service performance in its Wales & Western Region and issued an order, requiring it to develop and deliver a holistic improvement plan. We also required the Eastern Region to provide a performance improvement plan.<br><br>We engaged with industry stakeholders on our approach to holding to account for train service performance. | Reputational | Score remained the same throughout the year |
| **New plans for rail reform are based on misunderstandings of the industry structure and regulatory framework.**<br><br>We have worked closely at all levels within DfT to provide support and have engaged with HMT and other key stakeholders to understand their positions and advise.<br><br>We have ensured our internal experts feed into discussions on rail reform to ensure quality and effectiveness of our input to DfT and others. | Strategic | Score was raised during the year and then remained stable |

| 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.**<br>We continue to keep network management up to date and in accordance with Government standards and best practice.<br>Laptop and mobile device encryption and multi-factor authentication have been in place throughout the year.<br>We continue to review and maintain security policies, including how our data is accessed.<br>Colleagues are reminded of their responsibilities in respect of data security and are encouraged to report potential problems. Regular testing and simulated phishing attacks are used to support colleagues in this area.<br>We monitor threats and implement security measures with advice from partner organisations where appropriate. | Operational | Score remained the same throughout the year |
| **ORR's reputation as a health and safety regulator is diminished by Fatal Accident Inquiries (FAIs), challenges to enforcements decisions or negative media coverage.**<br>We collaborated closely with our communications teams to manage media narratives and maintain stakeholder confidence, including in coroners' courts and to ensure consistent, informed engagement with external stakeholders to maintain credibility in regulatory decision-making.<br>We implemented strategic and resource-focused approach to managing the increasing scrutiny from FAIs, particularly high-profile cases like Carmont.<br>We strengthened oversight of enforcement decisions to mitigate challenge from dutyholders.<br>We put in place processes to learn from legacy incidents through prior role reviews (PRRs), act on PRR recommendations, and support cross-agency initiatives on health and safety risk policy. | Reputational | Score was raised during the year and then remained stable |
| **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.**<br>Following the government's decision to delay the start of the third road period, we undertook a rapid review of National Highways' plans for the interim period and advised government on their deliverability and affordability.<br>RIS3 development has continued throughout the year. We have maintained a flexible approach to the changing programme to ensure that we can provide high quality advice in a timely manner. | Reputational | Score remained the same throughout the year |

# Sustainability report

Our regulatory functions give us significant influence on the environmental impact of the rail and road industries. We have different environment and sustainability duties for rail and road, and the industries are subject to different goals and legislation. We are also subject to sustainability and reporting duties as a public authority through the Greening Government Commitments.

We regularly meet with statutory environmental bodies across England, Wales and Scotland and contribute to various forums to understand the key sustainability challenges for the industries we regulate, and potential ways to address them.

Looking at work across both rail and road, in November we published our climate change adaptation report as part of the fourth round of reporting (ARP4), a requirement under the Climate Change Act to support government understanding of infrastructure-related climate change risks and progress in managing and mitigating them. Our report provides a high-level overview of the risks, impacts and barriers facing the main industry bodies we regulate, like Network Rail, National Highways and London St. Pancras Highspeed. It also looks at railway passenger and freight operating companies to understand what they are doing on climate change adaptation in line with their statutory duties.

## Holding Network Rail to account

In the past year we have continued to have an increased focus on environmental sustainability across the national rail network, to ensure it is on track to meet key legislative requirements for decarbonisation, biodiversity and environmental improvement.

In this first year of CP7 we have monitored delivery of the more robust environmental outcomes we set Network Rail during PR23, covering carbon emissions, biodiversity and air quality. We are also working with the company to agree new environmental performance measures for whole life infrastructure and circular economy, which will be formally agreed early in year two of CP7 under the PR23 'managing change' process.

### Carbon emissions

We are pleased to say that Network Rail has started to address many of the recommendations made by an independent reporter, published in January 2024. This includes updates to Network Rail's forecasts for scope 1 and 2 carbon emissions reductions based on a consistent, best practice methodology for all regions and also now covering emissions from route services operations.

We remain in discussion on these updated forecasts and the assumptions on which they are based and expect to reach agreement early in the new business year. Our focus is on ensuring they represent stretching targets that accurately capture benefits from grid decarbonisation, financial investments in buildings and infrastructure energy efficiency, and transition of Network Rail's fleet of around 10,000 vehicles to zero-emission. We are aware that Network Rail is currently in discussion with DfT regarding possible exemptions to the current DfT milestone for fleet transition of December 2027, and we will work with Network Rail to ensure updated forecasts take account of any exemptions agreed by DfT.

Network Rail's performance in the first year of CP7 fell short of its current target across the network for reducing scope 1 and 2 emissions. Only Eastern Region met its target, with three regions, North West & Central, Scotland and Wales & Western falling significantly short of their targets. We expect Network Rail to significantly improve its carbon emissions reductions programme in year two of the control period to meet its network-wide and regional plans for decarbonisation.

For scope 3 and infrastructure carbon emissions, Network Rail Scotland has provided a measure and forecast for scope 3, which we anticipate being signed off by ORR early in Q2 2025-26.

We are concerned at Network Rail's delay in producing a robust and fit-for-purpose measure and forecast for whole life infrastructure carbon emissions across the GB network. Moreover, this performance measure does not fully meet the requirements set out in the PR23 final determination. We have taken action to ensure Network Rail demonstrates greater commitment to the development of this measure and forecast. We anticipate signing off an interim measure for year two of CP7 early in Q2 2025-26. We will work with the company in the coming year to produce a more robust measure for the start of year three.

### Biodiversity

A metric on biodiversity units on the railway was adopted for the first time in PR23. We have also worked with Network Rail to develop additional assurance performance measures to report performance on managing habitat and reporting biodiversity improvement. These include woodland being actively managed on the railway estate; control of invasive species, which is now being reported; and implementation of nature-based solutions for reporting in years two to five of CP7. This and the feedback that ORR has previously provided on Network Rail's second state of the nature report has been incorporated into future reporting.

There has also been progress by Network Rail on the development of lineside habitat management practices, with the company adopting our recommendations and building these into its performance reporting to ORR on habitat management plans.

## Circular economy

We have seen progress over the last year with Network Rail developing a new supporting measure performance metric for the circular economy metric, which will be 'waste re-use'. We are also encouraged to see Network Rail agreeing a number of additional circular economy assurance measures, covering circular design, circular operations and sustainable procurement. This bodes well for the rest of the control period.

## Air quality at stations

We have continued to work with Network Rail and DfT on new requirements for the production of air quality improvement plans for priority stations and ensuring these are updated annually. During the year, we worked with the company to agree a definition of the performance measure against which it will report progress over CP7. We anticipate agreement on this during the second quarter of the year. In future, Network Rail will be producing performance milestones in its improvement plans, setting specific actions to improve air quality at stations, and we will be holding the company to account on delivering these milestones.

## Weather resilience and climate change adaptation

The impacts of extreme weather, such as Storm Eowyn in early 2025, have continued to cause disruption for the railway. We hold quarterly meetings with Network Rail's weather resilience team to understand their preparedness for seasonal weather events and operational readiness.

CP7 included a new metric for Network Rail on weather resilience, as part of its asset sustainability measures. We have consistently pushed for the company's weather resilience and climate change adaptation (WRCCA) plans to be strengthened, incorporating updated climate forecasts, improved understanding of weather impacts, and clearer, more regionally-focused actions to support resilience.

We have agreed a reporting regime and template to support consistent tracking and are now monitoring delivery against the metric at regional level, working with Network Rail to ensure alignment with its wider business plans. As we move forward, our focus will be on monitoring the delivery of WRCCA plan actions and the adaptation pathways programme.

We have actively engaged at rail industry forums (such as RSSB's climate change adaptation working group) and with other regulators in this area, including the Environment Agency, Natural Resources Wales, and collective forums. This joined-up approach is useful in determining what metrics may be required in the future whilst also considering risk, funding and long-term outcomes.

# Holding National Highways to account

We hold National Highways to account on progress against its commitment to deliver better environmental outcomes on the strategic road network. For the second road period (RP2) covering April 2020 to March 2025, this includes holding the company to account on its performance against four key indicators: biodiversity, carbon emissions, noise and air quality.

We also track progress against several other environmental performance indicators covering carbon emissions from the supply chain, the condition of cultural heritage assets, water quality and litter.

In July, as part of our annual assessment of National Highways' performance in 2023-24, we reported that:

- National Highways has robust plans in place to meet its KPI target to deliver no net loss in biodiversity by the end of RP2. At the end of March 2024, the company was forecasting a net gain of 2,814 biodiversity units. National Highways had responded well to our challenge earlier in the road period, when it was forecasting to miss its target, by developing and delivering a substantial pipeline of biodiversity schemes and we were pleased to see it on track.

- National Highways' corporate carbon emissions continue to be worse than expected. Data showed that at the end of March 2024 the company was off-track to meet its target of a 67% reduction in emissions (from a 2017-18 baseline) by the end of RP2, with a forecast reduction of 65%. This projected gap is equal to 1,360 tonnes of $CO_2$, or 15,173 petrol car journeys from London to Glasgow. Concluding that the additional actions that National Highways identified to meet its target were not expected to be sufficient, we continued to challenge the company to provide more robust evidence to support the decisions it has made.
- National Highways was on track to deliver its target on noise mitigation for those living near the strategic road network. Since the start of RP2 the company's programme of works had mitigated noise for 5,197 households (68% of its target), meaning it would need to deliver a further 2,303 mitigations in the final year of RP2. National Highways had identified 2,431 mitigations that it had high confidence of delivering in time but, given this left little contingency for delays, we have been closely tracking delivery throughout the remainder of the year.
- National Highways appears to have made reasonable progress to date in delivering its obligation on air quality. It is designing and implementing improvement measures for 21 sections of the strategic road network that still exceed legal limits on nitrogen dioxide, a pollutant common in vehicle exhaust emissions, to bring them into compliance.

Our next annual assessment is due to be published in summer 2025, when we will report on National Highways' progress against these environmental metrics during 2024-25.

## ORR's own environmental strategy

We are committed to delivering the 2021-25 Greening Government Commitments (GGCs), which set goals for reducing emissions and resource use in the UK Government's estate and operations. 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. It showed that we have already reduced our environmental impacts across several GGC metrics in recent years but that there are opportunities for further savings in the short-term and beyond 2025. Our environmental performance data since the 2017-18 baseline year is reported on page 51.

## 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 (all recommended disclosures)
- Risk management (disclosures (a) to (c))
- Metrics and targets ((disclosures (a) to (c)).

This is in line with central government's TCFD aligned disclosure implementation timetable. We plan to make disclosures for strategy future reporting periods in line with the central government implementation timetable.

## 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 political and societal focus on environmental issues as a wider external trend and increased environmental impacts on road and rail as an industry-related trend. The Board also discussed ORR's environment duty in the context of rail reform. The Board also had oversight of the periodic review process of HS1 Ltd (PR24), which included HS1's environmental strategies and plans.

## 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 70. 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, and the director-level risk owner for this risk is responsible for ensuring that it is actively managed.

## Metrics and targets

We align our reporting with the current Greening Government Commitments framework covering the period 2021 to 2025, and targets are measured against a 2017-18 baseline to be achieved by March 2025. At March 2025 we had met all the GGC targets which are relevant to us, except for the target to reduce domestic flight emissions by 30%, where we have reduced emissions by 23%. 2024-25 was distorted by two colleagues who were required to travel frequently for specific timebound pieces of work. If we exclude these flights we would have met the target. In 2025-26 we will increase monitoring of flights taken.

Our work holding Network Rail and Highways England to account for their KPIs for environmental performance is set out above.

| | 2017-18 baseline | 2024-25 | % reduction | GGC headline targets |
|---|---|---|---|---|
| Emissions from electricity, gas and oil (tonnes $CO_2$)[1] | 277 | 138 | 50% | ✓ Reduce overall greenhouse gas emissions from a 2017-18 baseline |
| Business travel emissions (tonnes $CO_2$)[2] | 244 | 136 | 44% | |
| Domestic flights emissions (tonnes $CO_2$)[2] | 44 | 34 | 23% | ✗ Reduce emissions from domestic business flights by at least 30% from a 2017-18 baseline |
| Total waste[1] (tonnes) | 20 | 3 | 85% | ✓ Reduce the overall amount of waste generated by 15% from the 2017-18 baseline |
| Paper use (A4 reams)[2] | 2,158 | 455 | 79% | ✓ Reduce government's paper use by at least 50% from the 2017-18 baseline |
| Water consumption ($m^3$)[1] | 2,329 | 1,240 | 47% | ✓ Reduce water consumption by at least 8% from the 2017-18 baseline |

[Note 1] London data for both years, Glasgow data for 2017-18 only.
[Note 2] all offices

In the past year we have continued to gather data where available on our own environmental performance as an organisation and we report this to government through DfT. 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 do not currently receive data for the Government Property Agency offices in which we are resident but are expecting that we will start receiving it in 2025.

## Mitigating climate change: working towards net zero by 2050

We have made good progress against this headline target and are on track to meet the sub-targets which are relevant to us.

### Greenhouse gas emissions

| | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---|---|---|---|---|---|---|---|---|
| Tonnes $CO_2e$ | **Scope 2** | 277 | 274 | 107 | 24 | 99 | 116 | 153 | 138 |
| | Indirect emissions from the consumption of purchased gas, electricity and oil | | | | | | | | |
| | **Scope 3** | 244 | 169 | 195 | 31 | 77 | 126 | 150 | 136 |
| | Emissions from domestic and international travel | | | | | | | | |
| | **Total emissions** | **521** | **443** | **302** | **55** | **176** | **242** | **303** | **274** |

We do not have any scope 1 emissions. Scope 3 includes emissions from domestic and international travel. The GGC emissions reduction target applies to domestic business travel only. For a breakdown of domestic and international travel, see travel data below.

### Energy consumption

| | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---|---|---|---|---|---|---|---|---|
| KWh | **Electricity – non-renewable** | 440,157 | 480,562 | 243,175 | - | - | - | - | - |
| | **Electricity – renewable** | 32,261 | 33,342 | 103,567 | 88,734 | 109,752 | 110,280 | 96,567 | 97,398 |
| | **Gas** | n.a | n.a. | n.a. | n.a. | 414,783 | 509,160 | 709,462 | 646.615 |
| | **Oil** | 251,016 | 209,180 | 66,742 | - | - | - | - | - |
| **Expenditure (£)** | **Energy** | 83,075 | 82,709 | 73,896 | 75,411 | 77,007 | 162,873 | 172,608 | 271,284 |

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. Gas consumption for 2024-25 increased due to increased occupancy and due a fault with the heating system which meant that the temperature was temporarily increased. When this was fixed, consumption reduced to a normal level. The figure for total expenditure is for all utilities for the London office and for Glasgow until November 2022.

## Business travel

| | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---|---|---|---|---|---|---|---|---|
| **Tonnes $CO_2e$** | **Domestic travel** | | | | | | | | |
| | Air | 44 | 28 | 39 | 1 | 7 | 21 | 32 | 34 |
| | Rail/underground/ tram | 89 | 89 | 98 | 5 | 30 | 54 | 62 | 57 |
| | Car (personal vehicle) | 88 | 40 | 40 | 22 | 28 | 34 | 23 | 31 |
| | Hire car | 13 | 4 | 8 | 3 | 11 | 13 | 10 | 8 |
| | **Total domestic travel** | **234** | **161** | **185** | **31** | **76** | **122** | **127** | **130** |
| | **International travel** | | | | | | | | |
| | Air – short haul | 4 | 8 | 6 | - | 1 | 3 | 6 | 5 |
| | Air – long haul | 2 | - | 4 | - | - | 1 | 17 | 1 |
| | International rail | 2 | - | - | - | - | - | - | - |
| | **Total international travel** | **8** | **8** | **10** | **-** | **1** | **4** | **23** | **6** |
| | **Total business travel** | **242** | **169** | **195** | **31** | **77** | **126** | **150** | **136** |
| **Expenditure £** | **Expenditure on official business travel** | **629,267** | **651,810** | **784,837** | **100,104** | **283,916** | **522,771** | **664,318** | **611,381** |

| | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---|---|---|---|---|---|---|---|---|
| **Km** | **Domestic air travel** | **312,512** | **210,798** | **299,279** | **6,608** | **81,502** | **160,347** | **200,862** | **210,917** |
| | **International air travel** | | | | | | | | |
| | Short haul – economy | 64,314 | 90,666 | 75,494 | 3,396 | 16,718 | 29,855 | 59,322 | 47,175 |
| | Short haul – business | 1,027 | - | - | - | - | - | - | - |
| | Short haul – first class | 463 | 601 | 2,956 | - | - | 880 | - | - |
| | Long haul – economy | - | - | - | 2,288 | - | 9,846 | 19,373 | 10,972 |
| | Long haul – premium economy | - | - | 35,087 | - | - | - | 38,746 | - |
| | Long haul – business | 20,307 | - | - | - | - | - | 24,027 | - |
| | **Total international air travel** | **86,111** | **91,267** | **113,537** | **5,684** | **16,718** | **40,581** | **141,468** | **58,147** |

| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---|---|---|---|---|---|---|---|
| **No. of domestic flights** | 530 | 139 | 564 | 14 | 155 | 311 | 409 | 418 |

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

We have met the sub-targets which are relevant to us.

## Waste

| | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---|---|---|---|---|---|---|---|---|
| **Tonnes** | Non-hazardous recycled | 12 | 11 | 20 | 1 | 3 | 1 | 1 | 1 |
| | Non-hazardous incinerated/ energy from waste | 8 | 7 | 36 | 5 | 7 | 4 | 1 | 2 |
| | **Total waste** | **20** | **18** | **56** | **6** | **10** | **5** | **2** | **3** |
| **Expenditure (£)** | Waste collection | 5,279 | 8,125 | 36,415 | 1,795 | 3,242 | 1,818 | 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.

## Paper use

| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---|---|---|---|---|---|---|---|
| **Paper consumption (A4 reams)** | 2,158 | 1,520 | 995 | 150 | 100 | 355 | 386 | 455 |
| **Expenditure (£)** | n.a | n.a | n.a | n.a | n.a | n.a | 615 | 1,229 |

n.a = Data not available

Paper consumption is for all offices and has decreased significantly since 2017-18. 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

| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---|---|---|---|---|---|---|---|
| **Water consumption ($m^3$)** | 2,329 | 2,063 | 866 | n.a | 971 | 1,285 | 1,332 | 1,240 |
| **Expenditure (£)** | 5,480 | 4,820 | 2,628 | 1,992 | 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 staff to reduce use.

## Procuring sustainable products and services

Sustainability is integrated into our procurement strategy proportionate to the spend and suitability of each procurement. We focus on sourcing products and services that align with our environmental and social goals, managing internal demand, and selecting sustainable suppliers where appropriate.

We use Crown Commercial Service (CCS) frameworks for streamlined procurement, thus ensuring environmental, social, and economic factors have been considered alongside price and quality. These cover a diverse range of needs, from everyday office supplies to comprehensive, end-to-end solutions.

We integrate sustainability early into suitable procurements, balancing social, economic, and environmental factors with price and quality for best value, prioritising suppliers with strong sustainability practices to support net zero targets. We follow best practices and guidelines, ensure fair competition, transparency, and proportionality, collaborating with suppliers to promote ethical practices, and encourage small and medium enterprise (SME) involvement to deliver a diverse and sustainable supply chain.

Our practices follow Government Buying Standards 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 developing a climate change risk assessment for our London office, and to contribute to our landlords' efforts in our regional offices.

## Reducing environmental impacts from ICT and digital

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.

# 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 2024-25 Estimate is shown in the table below.

| | 2024-25 outturn (£000) | 2024-25 Estimate (£000) | 2023-24 outturn (£000) |
|---|---|---|---|
| Economic regulation income | (18,898) | (19,382) | (19,429) |
| Health and safety regulation income | (18,711) | (19,154) | (17,917) |
| Highways regulation income | (3,212) | (3,463) | (3,418) |
| **Total income** | **(40,821)** | **(41,999)** | **(40,764)** |
| Staff costs expenditure | 31,440 | 31,891 | 30,731 |
| Other costs expenditure | 9,295 | 10,042 | 9,971 |
| Finance costs | 88 | 68 | 64 |
| **Total expenditure** | **40,823** | **42,001** | **40,766** |
| **Net operating cost/net resource outturn (RDEL)** | **2** | **2** | **2** |
| **Net capital outturn (CDEL)** | **846** | **1,220** | **1,051** |
| **Net cash requirement (NCR)** | **370** | **2,000** | **(1,973)** |

This table ties directly to the statement of outturn against Parliamentary Supply on page 91, 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, HS1 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 2024-25 we spent a total of £40.8m compared to a budget of £42.0m and an outturn of £40.8m in 2023-24.

The majority of ORR's costs are staff costs, which accounted for £31.4m (77%) of total costs, compared to £30.7m (75%) in 2023-24. We spent £0.4m (1%) 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 2024-25 was £83,175 compared to £82,168 in 2023-24.

We spent £0.6m (30%) less on consultancy than expected and £0.7m (33%) less than last year. The underspend on consultancy was a result of the Cabinet Office request to stop all non-essential consultancy in November 2024.

### Assets and liabilities

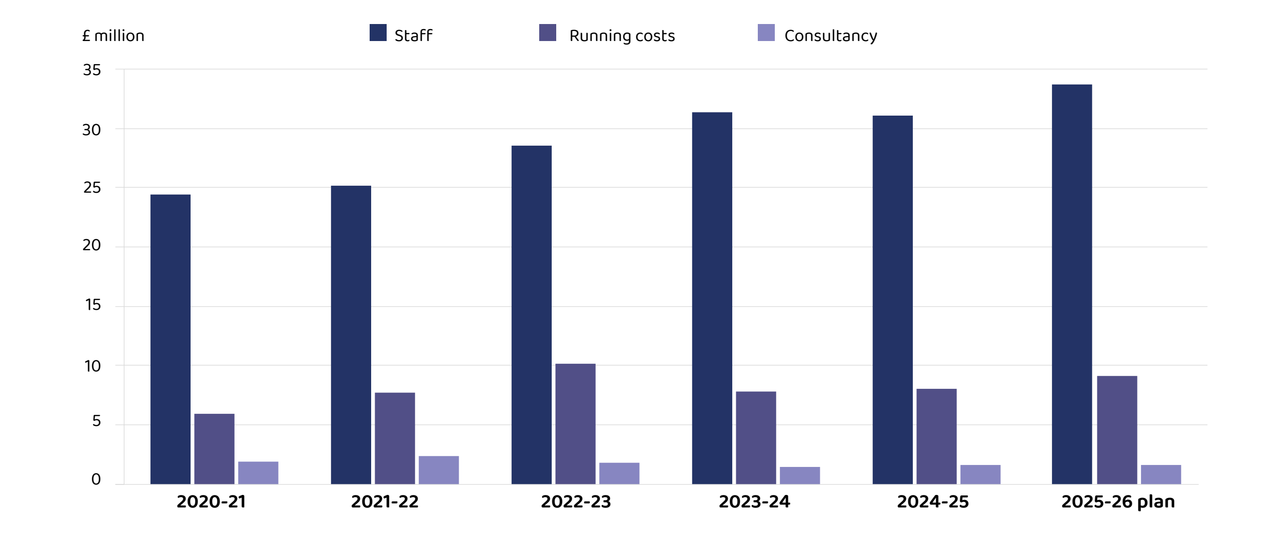
At 31 March 2025, ORR remains in a net liability position. Net liabilities have decreased from £2.7m at 31 March 2024 to £2.2m at 31 March 2025. This has been mainly driven by a £0.7m increase in receivables due to an increase in court fees outstanding at the reporting date and the receivable due from HM Treasury's Consolidated Fund which was a payable at 31 March 2024 (see notes 9 and 13 in the financial statements).

There has also been a decrease of £2.2m in the cash at bank but this is matched by a similar £2.3m decrease in trade and other payables showing that payments have been settled in year rather than accrued. There was also a £0.9m decrease in non-current assets as a result of the depreciation charge being higher than the additions to property, plant and equipment and other assets; and a £0.7m reduction in non-current liabilities as lease liabilities have been settled.

### Long-term expenditure trends

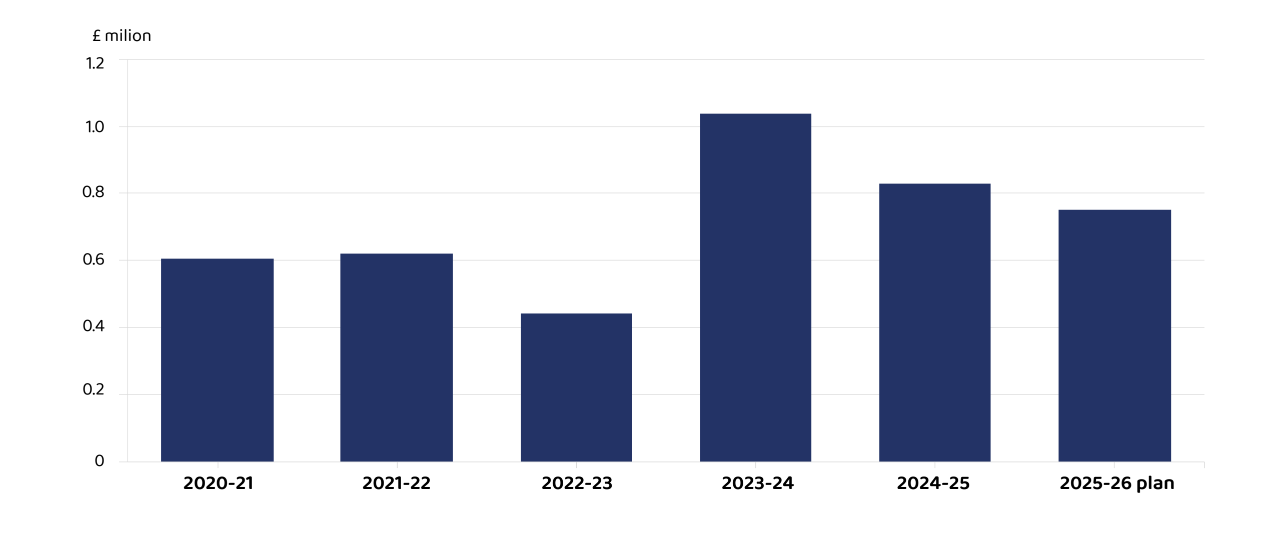
The chart below shows our spending pattern, in cash terms, over the last five years and for the 2025-26 plan, split by key work area.

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 £0.8m compared to £1.2m budget due to planned moves into larger office space not taking place. The chart below shows CDEL outturn for the last five years and for the 2025-26 plan. Capital expenditure was higher than usual in 2023-24 at £1.0m due to a new IFRS 16 lease being entered into.




## Net cash requirement

We had a net cash requirement (NCR) of £0.4m compared to £2.0m requested in the Estimate. We request an NCR to cover timing differences.

## Future plans

We agreed our 2025-26 budget with HMT Treasury through phase 1 of Spending Review 2025 (SR25). Our overall operating expenditure budget will be £43.5m. We have also secured £0.7 million of capital budget, which we will use largely for renewal of operational assets. Our budget for 2026-27 to 2028-29 will be agreed through phase 2 of SR25.

# 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 2024-25 100% of invoices were paid within 30 days (100% in 2023-24). We adopted the government standard of 90% of invoices paid within 5 days in 2024-25 and achieved 90%. In 2023-24 we achieved 93% of invoices paid within 10 days (our previous target was 80% paid within 10 days).

## 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 2024-25 we received five 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.

| | 2024-25 | 2023-24 |
|---|---|---|
| No. of general enquiries and complaints received | 1,419 | 1,232 |
| % cleared within 20 working days | 98% | 97% |
| No. of freedom of information requests received | 156 | 135 |
| % responded to within 20 working days or within the permitted extension deadline | 100% | 99% |

## Smarter regulation/ regulatory reform

In May 2024 Government issued the White Paper titled, 'Regulation for innovation, investment and growth: working with regulators to deliver a world-class service'.

One of the reforms within the White Paper was the introduction of the Growth Duty Performance Framework which aimed to enhance transparency and provide accountability for the year-on-year performance of regulators. In August 2024, we submitted our report to the Department for Business and Trade demonstrating how we take account of the growth duty when delivering our health and safety regulatory work, and we continue to look for opportunities to improve and streamline the regulatory framework and our supporting processes.

This year also saw the development of the government's growth mission and regulatory reform agenda. We responded to the Prime Minister's December 2024 letter calling on regulators to propose reforms that will boost economic growth. Our pledge, 'conduct a deep dive into the rail network investment framework with the rail supply chain to encourage direct investment into railway infrastructure' was outlined in a 31 March 2025 government policy paper titled 'New approach to ensure regulators and regulation support growth'. This pledge is included in our 2025-26 business plan as a Q1 deliverable, along with other deliverables linked to the reform of regulators.

From January 2025 we responded to a number of regulatory reform related commissions which supported our sponsoring department, the Department for Transport, with ongoing assessments of our regulatory roles and functions.

With more announcements on regulatory reform and the growth mission due in the coming year, we will continue to support with these requests.

Throughout the year, we worked collaboratively with other economic regulators, principally through the UK Regulators Network (UKRN) of which we are an active member.

## 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 2024-25. Fraud awareness training was provided to all members of staff in corporate functions during the year.

## Engagement with Parliament

We are accountable to the House of Commons' Transport Select Committee 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 committee on rail reform.

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 2024-25 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 two online webinars explaining rail industry financials for all parliamentarians – one focused on the UK financials and one with a Scottish focus. We also produced four parliamentary newsletters which went to all MPs and Peers.

**John Larkinson**
Accounting Officer

8 July 2025

# 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 65.

### Register of interests

The Board Secretary maintains a register of interests, a version of which is published on our website. Any interests with the potential to cause a conflict are managed in accordance with the Board's rule of procedure.

### Personal data-related incidents

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

**John Larkinson**
Accounting Officer

8 July 2025

# 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.

The 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.

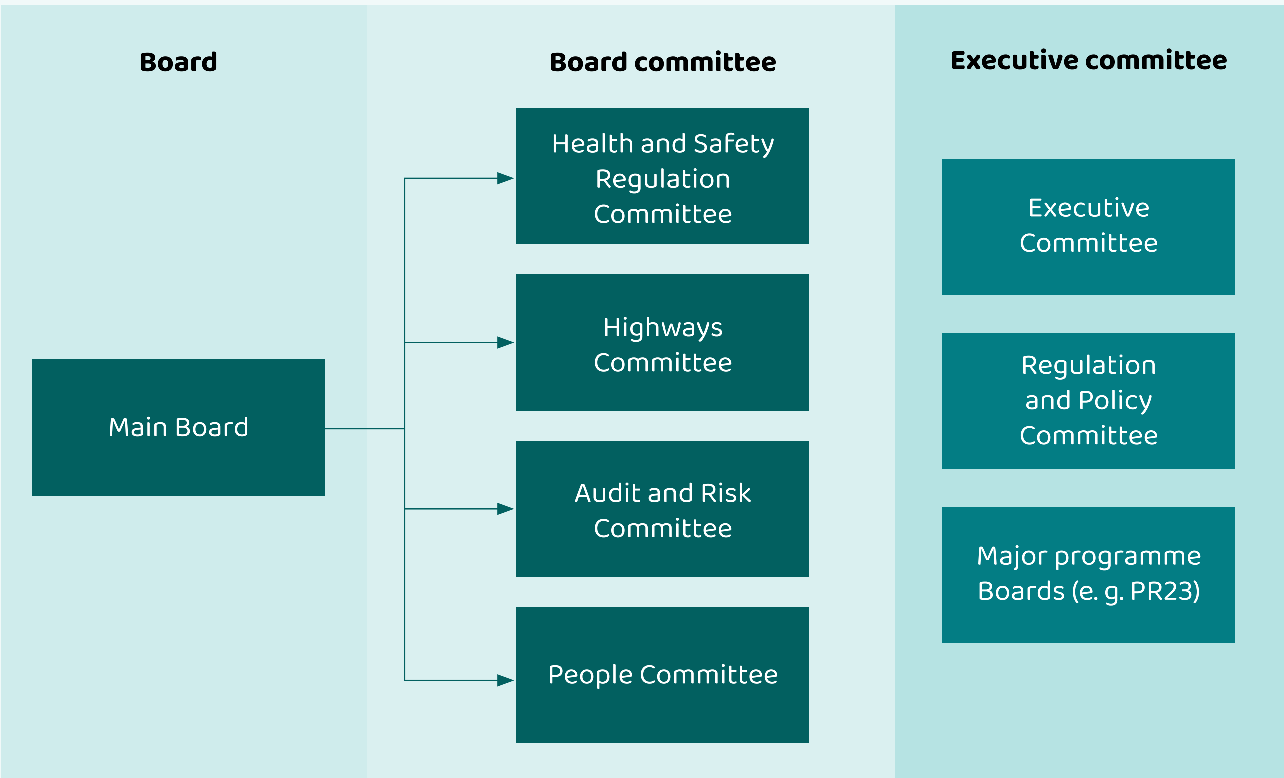
# Governance statement

This statement explains the governance arrangements of ORR, including the management of risk and resources.

## Governance structure

Our governance structure for 2024-25 is shown below:

**Figure 1: Governance structure**



## 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 2025 were as follows:

## Non-executive directors

**Declan Collier,** Chair, reappointed to 31 December 2028

**Justin McCracken**, Deputy Chair, reappointed to 30 September 2025

**Xavier Brice**, appointed to 16 January 2027

**Ian Dobbs,** appointed to 1 December 2029

**Anne Heal**, reappointed to 30 September 2026

**Madeleine Hallward**, reappointed to 12 April 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 Ian Prosser (executive director) ended on 26 June 2024.
- Richard Hines was appointed as an executive Board member from 27 June 2024.
- The term of appointment of Bob Holland (non-executive director) ended on 31 December 2024.
- Ian Dobbs was appointed as a non-executive director from 2 December 2024.

## Board meetings

The Board held 15 formal meetings in 2024-25.

### Key areas of discussion

- Regular reports on health and safety risks across the rail industry, as well as oversight of cross-office work to review how duty holders assess the costs and benefits of safety interventions.
- Progress on the rail reform agenda.
- Performance of Network Rail, with particular attention to train reliability and punctuality, financial efficiency, asset reliability, weather risk safety management, environmental targets, and safe operation of the railway, as well as freight performance and freight growth.
- Holding to account of Network Rail for the delivery of its performance obligations further to the findings of an investigation into the Wales & Western Region.
- Delivery of PR23, including CP7 passenger train performance reset and measures for 2026-29.
- Key stages of the periodic review process of HS1 Ltd (PR24), approving the final determination agreed in December 2024.
- Performance of HS1, with particular attention to health and safety targets, asset management, train service provision, and financial performance and efficiency.
- Competing and complex track access applications, including open access services.
- Performance of National Highways, with particular attention to efficiency, enhancements, asset management and environmental targets, and oversight of ORR's third annual assessment of safety on the strategic roads network.

- Holding to account of National Highways to determine whether it is compliant with the Road Investment Strategy (RIS) and its licence, in regard to performance, delivery, and capability.
- Sponsorship of the rail ombudsman, including an update on contract management, performance, and use of data.
- Oversight of ORR's work on improving the rail passenger experience and its role as competition authority for the rail industry, as well as reviewing train revenue protection practices.
- Progress in delivering the data strategy implementation plan to maximise the value of data within ORR.
- ORR's role in improving sustainability, including its current role and remit across both rail and road.
- 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 (namely transport in Scotland and the freight sector).
- Analysis of TfL funding, commissioned and funded by DfT.
- Regular reporting of ORR's financial performance and capability, progress against the business plan for 2024-25, communications strategy, and strategic risks.
- The annual review of effectiveness of the Board.

## 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.

Ian Dobbs was appointed to the Audit and Risk Committee from December 2024. Madeleine Hallward stepped down from the Audit and Risk Committee in December 2024.

Bob Holland stepped down as Chair of the Audit and Risk Committee in December 2024 and was replaced by Daniel Ruiz.

The committee met five times during the year.

### Key areas of discussion

- Internal and external audit plans and progress against those plans, including progress made in implementing audit recommendations.
- Key strategic and corporate risks for ORR and how they are managed.
- Renewal of the internal audit contract with RSM.
- Changes to the presentation of risks to the Audit and Risk Committee.
- Learning and development spend controls.
- Regular reporting on cybersecurity, including threats, trends and cyber effectiveness.
- The annual report and accounts and draft governance statement.

## 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.

The committee, which comprises three 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 its senior civil servants, ensuring that this is consistent with the annual guidance produced by Cabinet Office for the senior civil service as a whole and meets Secretary of State approval.

- Implementation of ORR's pay and reward and diversity and inclusion strategies.
- People and employee relations data, including a deep dive into the structure of the Railway, Planning and Performance directorate and the Highways team.
- The annual civil service people survey results.
- An externally facilitated audit of the organisation's culture.
- The succession and talent management arrangements for senior civil servants covering critical roles at ORR.
- Advice and progress update on the recruitment of 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.

Bob Holland and Daniel Ruiz stepped down from the Health and Safety Regulation Committee in December 2024.

Ian Dobbs and Madeleine Hallward were appointed to the Health and Safety Regulation Committee in December 2024.

### Key areas of discussion

- ORR's strategic approach to health and safety regulation, including key performance indicators, risk profiling, formal enforcement, and activity planning (including a regulatory strategy for trains passing the end of their movement authority), and working with other relevant bodies such as RAIB and IGC (for Channel Tunnel matters).
- The development of health and safety-related policy, considering inter alia the management of fatigue, enforcement, train protection systems, and ORR strategic risk chapters.
- Industry and dutyholders' health and safety performance.
- Network Rail's work to improve track worker safety, fire safety, structures compliance, modernising maintenance, and extreme weather resilience.
- Safety performance and management of non-mainline sectors, including heritage operators, London Underground and UK Trams.
- Relevant 'lessons learned' reviews from inside and outside the rail industry.
- Emerging safety trends and challenges, including cybersecurity and high integrity software-based systems.

## 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 staff. It consists of a mix of non-executive and executive members. The committee met three times in the year.

### Key areas of discussion

- Reports from our monitoring framework for National Highways.
- National Highways' capital planning and asset management.
- Operational performance, including safety and efficiency.
- National Highways' safety performance, including the performance of safety systems on smart motorways.
- Consideration of options for the interim settlement year, in the absence of a RIS.

## Meeting attendance

Meeting attendance in 2024-25 was as follows:

| Member | Board | Audit and Risk Committee | People Committee | Health and Safety Regulation Committee | Highways Committee |
|---|---|---|---|---|---|
| Declan Collier | 15/15 | - | - | 4/4 | - |
| Xavier Brice | 13/15 | 5/5 | - | 4/4 | - |
| Ian Dobbs | 3/5 | 0/1 | - | 2/2 | - |
| Madeleine Hallward | 12/15 | 4/4 | - | 0/1 | 3/3 |
| Anne Heal | 15/15 | - | 4/4 | - | 3/3 |
| Richard Hines | 12/12 | - | - | 3/3 | - |
| Bob Holland | 9/12 | 4/4 | - | 2/3 | - |
| John Larkinson | 15/15 | - | - | 3/4 | 2/3 |
| Justin McCracken | 15/15 | - | 4/4 | 4/4 | - |
| Ian Prosser | 3/3 | - | - | 1/1 | - |
| Daniel Ruiz | 14/15 | 1/1 | - | 3/3 | 3/3 |
| Catherine Waller | 8/15 | 3/5 | 3/4 | - | - |
| Nicholas Bateson [note 1] | - | 5/5 | - | - | - |

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

## Board effectiveness

The Board and its standing committees are governed by the Board's rules of procedure. There is a formal appraisal system for all Board members, including executive members, undertaken by the Chair. Committee chairs report to the Board after each meeting and minutes are circulated to Board members. The Board is required to review its own performance, including that of the committees, on an annual basis (conducted externally at least every three years, most recently in 2022-23), and its rules of procedure on a biennial basis (most recently in January 2024).

In early 2025, an internal review of Board effectiveness was undertaken. The review highlighted several key strengths, including the Board's ability to monitor the political environment, the effective collaboration between the Chair and Chief Executive, and the objective and collaborative decision-making process. The Board also demonstrated a deeper understanding of ORR's core activities and strategic direction, supporting and debating ORR's strategy, and maintaining clear ways of working between the Board and executive.

The review noted the importance of stakeholder engagement, with several site visits and stakeholder dinners arranged throughout the year. Further attention was given to matters of risk, succession planning and effective working between committees and Board.

## 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. On the rare occasion where there is a risk of a conflict of interest, the Board must decide whether or not the relevant member must withdraw from the meeting during discussion of the relevant item, and this is recorded in the minutes. No issues arose during the year where a Board member was required to withdraw from a meeting.

## 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 two 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.

In addition, certain major workstreams have their own programme Board, for example, the PR23 programme. Programme Boards are made up of a task-appropriate mix of executive Board members, directors and staff.

## 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 2024-25 there was one exit where BARs were set. In 2023-24 there were no exits where BARs were required or set.

## 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 staff on our intranet. One internal whistleblowing complaint was raised and closed after an investigation in 2024-25. In 2023-24 no complaints were raised.

## 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

Management of risk is delegated to the Executive Committee. The Audit and Risk Committee is responsible for assuring the Accounting Officer and the Board on the adequacy of risk management processes.

Risk is managed in line with our risk management strategy. The strategy has been approved by the Executive Committee and agreed as appropriate by the Audit and Risk Committee. The risk management strategy is supported by a risk manual which provides guidance on the operational aspects of risk management for colleagues. Our risks are aligned to the risk categories in HM Treasury's risk management guidance – 'The Orange Book'. Risk management is the responsibility of all colleagues within ORR, and organisation-wide risk management training is available on our e-learning platform.

Our corporate risk dashboard contains largely operational and reputational risks with a close proximity which need to be actively managed. Risk registers are maintained by each directorate. Risk champions in each directorate are responsible for collating risks at directorate level. This ensures that risks at working level are captured. Risk champions come together as a group quarterly to discuss the top risks in their area and to provide an additional perspective on others' risks. The corporate risk dashboard is then discussed by the deputy directors' group, who moderate the scoring and provide assurances for the risks in their areas, ahead of discussion and challenge of the top risks by the Executive Committee. Corporate risks are reviewed quarterly by the Audit and Risk Committee. The key corporate risks we have faced and actively managed in the year are outlined in the performance analysis section on page 44.

The strategic risk register identifies those risks which have the potential to have a serious, critical or existential impact on ORR's ability to meet its strategic objectives and are typically longer-term risks which do not change quickly and require less active management. Strategic risks are informed through an annual horizon scanning exercise. They are reviewed quarterly by the Executive Committee and biannually by the Audit and Risk Committee. The Board considers the key strategic risks facing ORR annually.

## 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 maintain an information strategy as part of our wider technology strategy. ORR is registered as a data controller with the Information Commissioner and adheres to the provisions of the Data Protection Act 2018 and the UK General Data Protection Regulation. We have a data protection officer as mandated by the legislation who advises the office with regards to compliance. Our privacy policy is published 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 standards are assessed both independently using penetration tests, red team and purple team events and participation in Cabinet Office's GovAssure programme. Identified changes are handled through an ongoing cyber security plan to maintain strict technical controls across our network and devices.

## Internal audit

Our internal auditors for 2024-25 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 2025, 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. Recommendations made by RSM during the year have either been implemented already or will be implemented in 2025-26.

Following an audit of our data governance, we have updated our information strategy in line with the Cabinet Office functional standard Gov005 and have reviewed user access to our data warehouse. We have also expanded the remit of our Information Governance Group to provide a holistic view of our data, information and technology strategies across the organisation. Following an audit on cyber risk assessments, we have updated our policies on acceptable use of IT and passwords to ensure the organisation is following best practice on cybersecurity. Some outstanding recommendations cut across both the data governance and cyber risk audits and will be completed in 2025-26.

## Value for money from major contracts

It is our policy to utilise competitive tendering when seeking goods and services from third party suppliers, whenever practical. On occasions where a sole source approach is necessary, robust justification must be provided and signed off by a senior member of staff.

For high value contracts, we have four main routes to access the market, depending on the tender requirements: Crown Commercial Services frameworks, wider public sector frameworks, Dynamic Purchasing Systems (DPS), and open tenders. Our primary strategy is to use framework agreements through mini-competitions or direct awards where it can be demonstrated that the supplier offers value for money. These frameworks often include benchmarking provisions to ensure the contract retains its value for money. The DPS allows suppliers to join at any time and is particularly useful for procuring goods and services that are commonly available in the market and can be adapted to changing needs over time to ensure we have the widest reach in supplier base and secure the best value for money.

For consultancy tenders, we either use a framework or undertake an open competition, publicising the requirements through Contracts Finder and the Central Digital Platform. This approach opens opportunities to small and medium enterprises that often specialise in our specific consultancy needs. We focus on price and whole life costs as key criteria.

Our procurement process and strategy have been updated to comply with the Procurement Act 2023. Continuous professional development opportunities are provided to procurement staff to stay updated with the latest regulations and best practices, ensuring value for money in our procurement activities.

For high value contracts, we ensure a comprehensive contract management approach that includes regular performance reviews, supplier feedback mechanisms, and clear escalation procedures for addressing issues. Specific KPIs related to social value and sustainability are included in contract performance monitoring where it is appropriate to do so.

The transition from the previous Public Contracts Regulations 2015 to the Procurement Act 2023 has allowed us to transform our procurement approach, emphasising Most Advantageous Tender (MAT) and value for money. By modernising our processes to make them quicker, simpler, and more flexible, we ensure that our procurement activities are not only compliant with the latest regulations but also focused on achieving the best value for money. This approach helps us to maximise the efficiency and effectiveness of our spending, ensuring that we obtain high-quality goods and services at the most competitive prices.

## Procuring sustainable products and services

Sustainable procurement involves managing internal demand to ensure that only appropriate goods and services are obtained from third parties. This includes selecting suppliers with relevant sustainability credentials, utilising eTendering, and opening up procurements to small and medium enterprises (SMEs).

For a large proportion of our common goods and services, we continue to utilise the Crown Commercial Service (CCS) frameworks, which adhere to Government Buying Standards. These standards set out mandatory minimum requirements for goods and services such as paper, office equipment, ICT, cleaning products, furniture, construction, and fleet.

We have included additional sustainability questions in relevant tenders where proportionate to do so and will continue this approach in the coming year.

We aim to integrate environmental, social, and economic considerations into purchasing decisions, following systematic approaches such as using the Government Buying Standards. We are committed to supporting the government's target of achieving net-zero carbon emissions by 2050, and our contracts where appropriate specify the removal of single-use plastics and transition to renewable, low-carbon energy sources.

By continuously updating our procurement practices and incorporating sustainability criteria, we ensure that our procurement activities contribute to long-term environmental benefits for our organisation, society, and the economy.

## Functional standards

During the year we have assessed ourselves against Cabinet Office's functional standards. Most mandatory elements have been met at 31 March 2025. Where they have not been met and they are considered appropriate for ORR, there is an action plan in place to achieve compliance.

## Accounting Officer's statement

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.

My review of the effectiveness of the system of internal control for 2024-25 was informed by the Audit and Risk Committee, from assurance statements from directors across the organisation, and from information on levels of compliance with relevant government functional standards. This is further supported by independent assurances from internal and external audit.

As 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. I am not aware of any relevant audit information which has not been disclosed to the auditors.

I have considered the evidence that supports this governance statement and am assured that ORR has a strong system of internal control in place to support the achievement of its strategic objectives. During the year our internal auditors have made a number of recommendations to management to enhance governance, risk management and control. Where actions have not yet been completed, action plans are in place for all recommendations made.

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.

**John Larkinson**
Accounting Officer

8 July 2025

# 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 2024-25 these were Anne Heal (Committee Chair), Catherine Waller and Justin McCracken.

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.org.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 'Performance Management Arrangements for the Senior Civil Service' (Cabinet Office, March 2024 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 2024-25 (2023-24: none). One voluntary exit was agreed with a senior civil servant in 2024-25 (2023-24: none).

### 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 2024-25 directors' remuneration, with 2023-24 comparatives in brackets:

| Director | Salary £000 | Bonus payments £000 | Benefits in kind (to nearest £100) £ | Pension benefits £000 | Total £000 |
|---|---|---|---|---|---|
| **John Larkinson** [note 1]<br>Chief Executive | 180-185<br>(170-175) | 0-5<br>(5-10) | 600<br>(600) | 32<br>(31) | 215-220<br>(210-215) |
| **Feras Alshaker**<br>Director, Planning and Performance | 135-140<br>(125-130) | -<br>(-) | -<br>(-) | 61<br>(50) | 195-200<br>(175-180) |
| **Will Godfrey** [note 1]<br>Director, Economics, Finance and Markets | 140-145<br>(130-135) | 0-5<br>(5-10) | -<br>(-) | 26<br>(24) | 165-170<br>(165-170) |
| **Russell Grossman**<br>Director, Communications | 150-155<br>(140-145) | -<br>(-) | -<br>(-) | 130<br>(88) | 280-285<br>(230-235) |
| **Vinita Hill** [note 2]<br>Director, Corporate Operations | 100-105<br>(125-130) | 5-10<br>(10-15) | -<br>(-) | 51<br>(44) | 160-165<br>(180-185) |
| **Richard Hines** [note 3]<br>Director, Railway Safety | 125-130<br>(15-20) | 0-5<br>(-) | -<br>(-) | 60<br>(7) | 190-195<br>(20-25) |
| **Ian Prosser** [note 4]<br>Director, Railway Safety | 30-35<br>(140-145) | -<br>(0-5) | -<br>(-) | 1<br>(55) | 30-35<br>(200-205) |
| **Graham Richards** [note 1]<br>Interim Director, Corporate Operations | 145-150<br>(135-140) | -<br>(-) | -<br>(-) | 27<br>(25) | 170-175<br>(160-165) |
| **Liz Thornhill**<br>General Counsel | 130-135<br>(125-130) | 10-15<br>(-) | -<br>(-) | 60<br>(49) | 200-205<br>(170-175) |
| **Stephanie Tobyn**<br>Director, Strategy, Policy and Reform | 130-135<br>(125-130) | 0-5<br>(0-5) | -<br>(-) | 64<br>(49) | 200-205<br>(175-180) |

n.a. = not available.

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: Vinita Hill left ORR on 31 December 2024. Her full year basic equivalent salary for 2024-25 was in the range £130,000 - £135,000.

Note 3: Richard Hines was appointed Acting Director, Railway Safety on 6 February 2024. He was then appointed Director, Railway Safety on 27 June 2024. His full year basic equivalent salary for 2023-24 was in the range £120,000 - £125,000.

Note 4: Ian Prosser left ORR on 26 June 2024. His full year basic equivalent salary for 2024-25 was in the range £140,000 - £145,000.

**Salary includes:** gross salary, overtime, reserved rights to London weighting or London allowances, 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 2024-25 relate to performance in 2023-24 and comparative bonuses reported for 2023-24 relate to performance in 2022-23.

**Benefits in kind** comprise subsidised gym membership.

**Pension benefits:** John Larkinson has a partnership pension. In 2024-25 employer contributions totalling £31,659 were made to the partnership pension provider for him (2023-24: £31,444). Will Godfrey has a partnership pension. In 2024-25 employer contributions of £25,675 have been made for him (2023-24: £24,452). Graham Richards has a partnership pension. In 2024-25 employer contributions of £26,557 have been made for him (2023-24: £25,293).

## 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 2024-25 was £185,000 - £190,000 (2023-24: £180,000 - £185,000). This was 3.0 times (2023-24: 3.0 times) the median remuneration of the workforce, which was £61,039 (2023-24: £60,317).

In 2024-25, no employees (2023-24: none) received remuneration in excess of the highest-paid director. Remuneration ranged from £22,550 to £186,244 (2023-24: £20,670 to £182,707).

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 | 2024-25 £ | 2023-24 £ | Change % |
|---|---|---|---|
| Salary and allowances | 182,500 | 172,500 | 6 |
| Performance pay and bonuses | 2,500 | 7,500 | -67 |

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 | 2024-25 £ | 2023-24 £ | Change % |
|---|---|---|---|
| Salary and allowances | 59,118 | 58,116 | 2 |
| Performance pay and bonuses | 1,361 | 2,459 | -45 |

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 | |
|---|---|---|---|---|---|---|
| | 2024-25 | 2023-24 | 2024-25 | 2023-24 | 2024-25 | 2023-24 |
| Total pay and benefits (ratio) | 4.1 | 4.1 | 3.0 | 3.0 | 2.6 | 2.6 |
| Total pay and benefits (£) | 45,511 | 44,570 | 61,039 | 60,317 | 70,978 | 70,692 |
| Salary (ratio) | 4.2 | 3.9 | 3.1 | 2.9 | 2.6 | 2.6 |
| Salary (£) | 43,777 | 44,285 | 59,623 | 60,150 | 69,244 | 66,880 |

The 25th and 50th percentile salary ratios have increased to 4.2 and 3.1 respectively (2023-24: 3.9 and 2.9) due to the average salary for staff in those quartiles decreasing slightly. There are no significant changes in the other ratios.

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 31/3/25 £000 | Real increase in pension at pension age £000 | Cash Equivalent Transfer Value at 31/3/25 £000 | Cash Equivalent Transfer Value at 31/3/24 £000 | Real increase in CETV £000 |
|---|---|---|---|---|---|
| **John Larkinson** [note 1]<br>Chief Executive | - | - | - | - | - |
| **Feras Alshaker**<br>Director, Planning and Performance | 20-25 | 2.5-5 | 281 | 220 | 33 |
| **Will Godfrey** [note 1]<br>Director, Economics, Finance and Markets | - | - | - | - | - |
| **Russell Grossman**<br>Director, Communications | 80-85 | 5-7.5 | 1,644 | 1,521 | 121 |
| **Vinita Hill**<br>Director, Corporate Operations and Organisational Development | 45-50 plus a lump sum of 10-15 | 2.5-5 plus a lump sum of 0-2.5 | 1,060 | 963 | 44 |
| **Richard Hines**<br>Acting Director, Railway Safety | 30-35 | 2.5-5 | 436 | 364 | 33 |
| **Ian Prosser**<br>Director, Railway Safety | 60-65 | 0-2.5 | 1,161 | 1,100 | - |
| **Graham Richards** [note 1]<br>Interim Director, Corporate Operations | - | - | - | - | - |
| **Liz Thornhill**<br>General Counsel | 35-40 | 2.5-5 | 528 | 447 | 33 |
| **Stephanie Tobyn**<br>Director, Strategy, Policy and Reform | 35-40 | 2.5-5 | 574 | 476 | 47 |

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

## 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 http://www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension 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

Some employees are 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 2024-25 there were no active members (2023-24: 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 (2023-24: 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 independent members of the Audit and Risk Committee for 2024-25 with comparatives for 2023-24 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) |
| **Bob Holland** (to 31 December 2024) | 15-20 | 2,100 | - | 20-25 |
| | (20-25) | (2,800) | (-) | (25-30) |
| **Justin McCracken** | 20-25 | 1,100 | - | 20-25 |
| | (20-25) | (1,300) | (-) | (20-25) |
| **Anne Heal** | 20-25 | - | - | 20-25 |
| | (20-25) | (-) | (-) | (20-25) |
| **Madeleine Hallward** | 20-25 | - | - | 20-25 |
| | (20-25) | (-) | (-) | (20-25) |
| **Xavier Brice** | 20-25 | - | - | 20-25 |
| | (20-25) | (400) | (-) | (20-25) |
| **Daniel Ruiz** | 20-25 | 2,000 | - | 20-25 |
| | (20-25) | (2,900) | (-) | (20-25) |
| **Catherine Waller** | 20-25 | - | - | 20-25 |
| | (20-25) | (1,900) | (-) | (20-25) |
| **Ian Dobbs** (from 2 December 2024) | 5-10 | 800 | - | 5-10 |
| | (-) | (-) | (-) | (-) |
| **Nick Bateson** [note 2] | 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: 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 2025. This includes both permanent and fixed term contracts. It excludes contingent labour.

| | 2024-25 | | | 2023-24 | | |
|---|---|---|---|---|---|---|
| | Male FTE | Female FTE | Total FTE | Male FTE | Female FTE | Total FTE |
| SCS 3 | 1 | - | 1 | 1 | - | 1 |
| SCS 2 | 5 | 2 | 7 | 6 | 3 | 9 |
| SCS1 | 6 | 5 | 11 | 6 | 5 | 11 |
| Employees | 186 | 149 | 335 | 193 | 153 | 346 |
| **Total** | **198** | **156** | **354** | **206** | **161** | **367** |

## Average number of persons employed (audited)

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

| | Permanent staff | Others | 2024-25 Total | 2023-24 Total |
|---|---|---|---|---|
| **Total** | **366** | **12** | **378** | **374** |

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

## Staff costs (audited)

| | Permanently employed staff £000 | Others £000 | 2024-25 Total £000 | 2023-24 Total £000 |
|---|---|---|---|---|
| Wages and salaries | 22,001 | 876 | 22,877 | 22,594 |
| Social security costs | 2,613 | 25 | 2,638 | 2,617 |
| Other pension costs | 5,925 | - | 5,925 | 5,598 |
| **Total costs** | **30,539** | **901** | **31,440** | **30,809** |
| Less: recoveries from outward secondments | - | - | - | (78) |
| **Total net costs** | **30,539** | **901** | **31,440** | **30,731** |

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

## Consultancy and temporary staff expenditure

Our expenditure on consultancy in 2024-25 was £1.4m (2023-24: £2.0m). 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 2024-25 was £0.9m (2023-24: £0.7m).

## Sickness absence data

The average annual working days lost per employee through sickness in 2024-25 was 4.8 (2023-24: 2.8). This compares to the civil service average of 7.8 days in 2024-25 (8.3 in 2023-24).

## Turnover

During 2024-25 staff turnover was 14.7% which is slightly higher than in 2023-24 (14.1%).

## Civil Service People Survey

ORR participates in the Civil Service People Survey. The 2024 survey, in which we had a high response rate of 74%, showed an engagement level of 63% compared to the civil service average of 64%.

## Exit packages (audited)

One voluntary exit package was agreed and accounted for during 2024-25, in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. This will be paid in 2025-26. No exit packages were agreed or paid in 2023-24.

## 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.

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. Employers' contributions of £5,721,072 were payable to Civil Service pension schemes in 2024-25. In 2023-24 employers' contributions were at 28.97% of pensionable earnings. Employers' contributions were £5,421,866 in 2023-24. 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 £173,552 were paid to an appointed stakeholder pension provider (2023-24: £150,179). 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 2024-25 employer contributions of £5,310 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 (2023-24: £4,322, 0.5%).

Contributions of £17,513 were due to the partnership pension provider at 31 March 2025 (31 March 2024: £nil).

No members of staff retired early on ill-health grounds (2023-24: none). There were no additional accrued pension liabilities (2023-24: £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. Employer contributions of £12,687 were paid to the trustees of the RPS in 2024-25 at a rate of 1.5 times the individual members' contributions, on the basis of actuarial valuations (2023-24: £18,272, 1.5 times). ORR matches some of the BRASS2 contributions (an AVC scheme) made by the members. In 2024-25, matching contributions of £2,174 were made (2023-24: £2,608). We expect contributions to be at a similar level in 2025-26.

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 (2023-24: £nil). The liability at 31 March 2025 is estimated at £639,000 (31 March 2024: £639,000).

## 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 and we have published a risk assessment to examine 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 new 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.

| | ORR 2025* | ORR Glasgow Office 2025 | Census England and Wales 2021 | Census Scotland 2022 |
|---|---|---|---|---|
| Female | 44% | 49% | 51% | 52% |
| Minority ethnic | 20% | 5% | 18% | 13% |
| Disability | 12% | 13% | 18% | 21% |
| LGBTQ+ | 7% | 8% | 3% | 4% |

*ORR includes all office locations

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.

## 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 have trained internal display screen equipment assessors in our offices, who undertake workstation assessments, with employees receiving an annual reminder to complete an assessment.

## Apprenticeships

We have 15 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 2025, earning £245 per day or greater

| | No. |
|---|---|
| Number of existing engagements as of 31 March 2025 | 3 |
| **Of which, number that existed:** | |
| for less than one year | 1 |
| for between one and two years | - |
| for between two and three years | 1 |
| 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 2025, earning £245 per day or greater

| | No. |
|---|---|
| Number of temporary off-payroll workers engaged during the year ended 31 March 2025 | 10 |
| **Of which:** | |
| Not subject to off-payroll legislation | 3 |
| Subject to off-payroll legislation and determined as in scope of IR35 | 3 |
| Subject to off-payroll legislation and determined as out of scope of IR35 | 4 |
| 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 2024 and 31 March 2025

| | 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 | 10 |

## Facility time publication requirements

The following disclosures are required under Statutory Instrument 328: The Trade Union (Facility Time Publication Requirements) Regulations 2017.

### Relevant union officials

| | No. |
|---|---|
| Number of employees who were relevant union officials during the relevant period | 5 |
| Full-time equivalent employee number | 4.4 |

### Percentage of time spent on facility time

| | No. |
|---|---|
| 0% | 3 |
| 1-50% | 2 |
| 51%-99% | - |
| 100% | - |

### Percentage of pay bill spent on facility time

| | |
|---|---|
| Total cost of facility time (£000) | 6 |
| Total pay bill (£000) | 30,539 |
| Percentage of total pay bill spent on facility time | 0.02% |

### Paid trade union activities

| | |
|---|---|
| Time spent on paid trade union activities as a percentage of total paid facility time | 72% |

**John Larkinson**
Accounting Officer

8 July 2025

# 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 56, 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 2024-25

| 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 2023-24 £000 |
|---|---|---|---|---|---|---|---|---|---|
| **Departmental expenditure limit** | | | | | | | | | |
| Resource | 1.1 | 2 | - | 2 | 2 | - | 2 | - | 2 |
| Capital | 1.2 | 846 | - | 846 | 1,220 | - | 1,220 | 374 | 1,051 |
| **Total** | | **848** | **-** | **848** | **1,222** | **-** | **1,222** | **374** | **1,053** |
| **Annually managed expenditure limit** | | | | | | | | | |
| Resource | 1.1 | - | - | - | - | - | - | - | - |
| Capital | 1.2 | - | - | - | - | - | - | - | - |
| **Total** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total resource** | | **2** | **-** | **2** | **2** | **-** | **2** | **-** | **2** |
| **Total capital** | | **846** | **-** | **846** | **1,220** | **-** | **1,220** | **374** | **1,051** |
| **Total budget expenditure** | | **848** | **-** | **848** | **1,222** | **-** | **1,222** | **374** | **1,053** |
| **Net cash requirement** | 3 | **370** | | | **2,000** | | **2,000** | **1,630** | **(1,973)** |
| **Administration costs** | | **848** | | | **1,222** | | **1,222** | **374** | **1,053** |

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.

# Notes to the statement of outturn against Parliamentary Supply, 2024-25

## 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 2023-24 £000 |
| **Spending in departmental expenditure limit (DEL)** | | | | | | |
| Voted: | | | | | | |
| A Economic regulation, admin, associated capital and other expenditure | 18,900 | (18,898) | 2 | 2 | - | 1 |
| B Safety regulation, admin and other expenditure | 18,711 | (18,711) | - | - | - | - |
| C Other regulation, admin and other expenditure | 3,212 | (3,212) | - | - | - | 1 |
| **Total spending in DEL** | **40,823** | **(40,821)** | **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 2023-24 £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 | 426 | (1) | 425 | 1,220 | (421) | 799 | 374 | 546 |
| B Safety regulation, admin and other expenditure | 422 | (1) | 421 | - | 421 | 421 | - | 505 |
| C Other regulation, admin and other expenditure | - | - | - | - | - | - | - | - |
| **Total spending in DEL** | **848** | **(2)** | **846** | **1,220** | **-** | **1,220** | **374** | **1,051** |

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 | **846** | **1,220** | **374** |
| **Accruals to cash adjustments:** | | | | |
| *Adjustments to remove non-cash items:* | | | | |
| Depreciation | | (1,796) | (1,917) | (121) |
| New provisions and adjustments to previous provisions | | - | (10) | (10) |
| Other non-cash items | | (573) | (80) | 493 |
| *Adjustments to reflect movements in working balances:* | | | | |
| Increase in receivables | | 691 | - | (691) |
| Decrease in payables | | 13 | 2,785 | 2,677 |
| Use of provisions | | 43 | - | (43) |
| Increase in provisions | | (67) | - | 162 |
| Repayment of principal on lease liabilities | | 1,211 | - | (1,211) |
| **Total adjustments** | | **(478)** | **778** | **1,256** |
| **Net cash requirement** | | **370** | **2,000** | **1,630** |

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.

## 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, 2023-24 | |
|---|---|---|---|---|
| | Accruals £000 | Cash basis £000 | Accruals £000 | Cash basis £000 |
| Excess cash surrenderable to the Consolidated Fund | - | - | 1,973 | - |
| **Total amounts payable to the Consolidated Fund** | **-** | **-** | **1,973** | **-** |

### 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, 2023-24 £000 |
|---|---|---|
| Balance of Intergovernmental Commission levy | 394 | 437 |
| Balance of DfT roads funding | 244 | 47 |
| **Amount payable to the Consolidated Fund** | **638** | **484** |
| Balance at start of year | 484 | 478 |
| Payments to Consolidated Fund | (484) | (478) |
| **Balance held at the end of the year** | **638** | **484** |

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.

One voluntary exit package costing £95,000 has been agreed and accounted for in 2024-25. This has been disclosed on page 83.

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

**John Larkinson**
Accounting Officer

8 July 2025

# 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 2025 under the Government Resources and Accounts Act 2000.

The financial statements comprise the department's

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; 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 2025 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 2025 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 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 Reports.

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: 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 the Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2022, 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; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including 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

9 July 2025

# Financial statements

# Financial statements

## Statement of comprehensive net expenditure

### For the year ended 31 March 2025

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 | 2024-25 £000 | 2023-24 £000 |
|---|---|---|---|
| Revenue from contracts with customers | 5 | (40,364) | (39,782) |
| Other operating income | 6 | (457) | (982) |
| **Total operating income** | | **(40,821)** | **(40,764)** |
| Staff costs | 3 | 31,440 | 30,731 |
| Other administration costs | 4 | 9,295 | 9,971 |
| **Total operating expenditure** | | **40,735** | **40,702** |
| **Net operating income** | | **(86)** | **(62)** |
| Finance expense | 12 | 88 | 64 |
| **Net expenditure for the year** | | **2** | **2** |
| **Other comprehensive net expenditure** | | | |
| Actuarial loss/(gain) on pension scheme liabilities | 15 | 12 | (27) |
| **Total comprehensive net income for the year** | | **14** | **(25)** |

The notes on pages 105 to 118 form part of these accounts.

# Statement of financial position

## As at 31 March 2025

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 | 2024-25 £000 | 2023-24 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 2,754 | 3,188 |
| Right of use assets | 8 | 3,804 | 4,171 |
| Intangible assets | | 392 | 505 |
| **Total non-current assets** | | **6,950** | **7,864** |
| **Current assets** | | | |
| Trade and other receivables | 9 | 2,295 | 1,604 |
| Cash and cash equivalents | 10 | 268 | 2,457 |
| **Total current assets** | | **2,563** | **4,061** |
| **Total assets** | | **9,513** | **11,925** |
| **Current liabilities** | | | |
| Lease liabilities | 12 | (1,096) | (1,103) |
| Trade and other payables | 13 | (5,255) | (7,458) |
| Provisions | 14 | (66) | - |
| **Total current liabilities** | | **(6,417)** | **(8,561)** |
| **Non-current assets less net current liabilities** | | **3,096** | **3,364** |
| **Non-current liabilities** | | | |
| Lease liabilities | 12 | (3,997) | (4,751) |
| Provisions | 14 | (666) | (629) |
| Pension liabilities | 15 | (639) | (639) |
| **Total non-current liabilities** | | **(5,302)** | **(6,019)** |
| **Total assets less total liabilities** | | **(2,206)** | **(2,655)** |
| **Taxpayers' equity** | | | |
| General fund | SoCTE | (2,206) | (2,655) |
| **Total taxpayers' equity** | | **(2,206)** | **(2,655)** |

The notes on pages 105 to 118 form part of these accounts.

**John Larkinson**
Accounting Officer
8 July 2025

# Statement of cash flows

## For the year ended 31 March 2025

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 | 2024-25 £000 | 2023-24 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net expenditure for the year | SoCNE | (2) | (2) |
| Adjustments for non-cash transactions | 4 | 1,922 | 1,896 |
| Finance costs | 12 | 88 | 64 |
| (increase)/decrease in trade and other receivables | 9 | (691) | 2,291 |
| Adjustments for non-cash transactions for lease liabilities | 8 | 428 | 777 |
| (Decrease)/increase in trade and other payables | 13 | (2,203) | 787 |
| Less: movement in payables relating to items not passing through statement of comprehensive net expenditure | | (427) | (763) |
| Less: movement in Consolidated Fund creditor not passing through statement of comprehensive net expenditure | | 2,189 | (1,539) |
| Adjustments to previous provisions | 7, 8, 14 | 67 | (64) |
| Use of provisions | 14 | - | (31) |
| Use of provisions – by analogy pension | 15 | (43) | (41) |
| **Net cash inflow from operating activities** | | **1,328** | **3,375** |
| **Cash flows from investing activities** | | | |
| Purchase of non-financial assets | | (421) | (291) |
| Adjustment – non cash | | (66) | 20 |
| **Net cash outflow from investing activities** | | **(487)** | **(271)** |
| **Cash flow from financing activities** | | | |
| Repayment of principal on lease liabilities | 12 | (1,211) | (1,131) |
| Financing from the Consolidated Fund (Supply) – current year | | - | - |
| 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** | | **(1,211)** | **(1,131)** |
| **Net (decrease)/increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund** | | **(370)** | **1,973** |
| Payments of amounts due to the Consolidated Fund (Supply) | | - | (440) |
| Payments of amounts due to the Consolidated Fund (non-Supply) | | (2,457) | (478) |
| Amounts due to Consolidated Fund but not paid over (non-Supply) | 13 | 638 | 484 |
| **Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund** | | **(2,189)** | **1,539** |
| **Cash and cash equivalents at the beginning of the period** | 10 | **2,457** | **918** |
| **Cash and cash equivalents at the end of the period** | 10 | **268** | **2,457** |

The notes on pages 105 to 118 form part of these accounts.

# Statement of changes in taxpayers' equity

## For the year ended 31 March 2025

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 2023** | | **(797)** |
| Excess cash surrenderable to the Consolidated Fund | | (1,973) |
| Net expenditure for the year | SoCNE | (2) |
| Actuarial gain relating to pension provision | 15 | 27 |
| Auditors' remuneration | 4 | 90 |
| **Balance at 31 March 2024** | | **(2,655)** |
| Amounts due from the Consolidated Fund | 9 | 370 |
| Net expenditure for the year | SoCNE | (2) |
| Actuarial loss relating to pension provision | 15 | (12) |
| Auditors' remuneration | 4 | 93 |
| **Balance at 31 March 2025** | | **(2,206)** |

The notes on pages 105 to 118 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 2024-25 'Government Financial Reporting Manual' (FReM) issued by HM Treasury. 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, modified to account for the revaluation of property, plant and equipment.

### 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 2025-26 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

*IFRS 17 Insurance Contracts replaces IFRS 4 Insurance Contracts* and is to be included in the FReM for mandatory implementation from 2025-26. This will not have an impact for ORR.

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 are not expected to have an impact for ORR.

### 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. Annual revaluations would not create a material difference to the carrying value of the assets.

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 adopted IFRS 16 Leases from 1 April 2022, as mandated by the FReM. The definition of a contract is expanded under the FReM definition to include intra-UK government agreements where non-performance may not be enforceable by law. This includes memorandum of terms of occupation (MOTO) agreements.

### Initial recognition

At the commencement of a lease (or the IFRS 16 transition date if later) ORR recognises a right of use asset, representing the right to use an underlying asset, and a lease liability, representing an obligation to make lease payments. Items with an underlying value of less than £5,000 or with a lease term of 12 months or less are excluded.

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 (0.95% for 2022, 3.51% for 2023, 4.72% for 2024, 4.81% for 2025). The weighted average discount rate applied to the lease liabilities on transition to IFRS 16 was 0.95%. This reflects the HM Treasury discount rate prevailing at the time of adoption.

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.

## 1.7 Cash

Cash and cash equivalents comprise cash in hand and current balances with banks. These are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value and have an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

## 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.

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 regulation 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 systematically over the period that the related costs are expensed.

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 systematically over the period that the related costs are expensed.

Since all rail-related costs are recovered via licence fees or the safety levy, which are invoiced 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. Revenue is stated net of VAT. Roads-related costs are funded by grant provided by the Department for Transport. Any unspent grant is paid over to the Consolidated Fund.

## 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. Liability for payment of future benefits is a charge on the PCSPS. PCSPS is accounted for as a defined contribution scheme. In respect of defined contribution schemes, ORR recognises the contributions payable for the year.

In addition, one present employee (2023-24: two) 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.

## 1.12 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, contingent liabilities and contingent assets, the department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of 'Managing Public Money'.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament is separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament. These are noted in the Parliamentary accountability disclosures on page 93.

## 2. Statement of operating expenditure by operating segment

| | 2024-25 | | | 2023-24 | | |
|---|---|---|---|---|---|---|
| | Gross expenditure £000 | Gross income £000 | Net expenditure £000 | Gross expenditure £000 | Gross income £000 | Net expenditure £000 |
| Economic regulation | 18,900 | (18,898) | 2 | 19,430 | (19,429) | 1 |
| Health and safety regulation | 18,711 | (18,711) | - | 17,917 | (17,917) | - |
| Highways regulation | 3,212 | (3,212) | - | 3,419 | (3,418) | 1 |
| **Total** | **40,823** | **(40,821)** | **2** | **40,766** | **(40,764)** | **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 £6.1 million safety levy in 2024-25 (£5.8 million in 2023-24).

**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

| | 2024-25 | | | 2023-24 |
|---|---|---|---|---|
| | Permanently employed staff £000 | Others £000 | Total £000 | Total £000 |
| Wages and salaries | 22,001 | 876 | 22,877 | 22,594 |
| Social security costs | 2,613 | 25 | 2,638 | 2,617 |
| Other pension costs | 5,925 | - | 5,925 | 5,598 |
| **Total costs** | **30,539** | **901** | **31,440** | **30,809** |
| Less: recoveries from outward secondments | - | - | - | (78) |
| **Total net costs** | **30,539** | **901** | **31,440** | **30,731** |

Further information is provided in the staff report, on page 81.

## 4. Other administration costs

| | Note | 2024-25 £000 | 2023-24 £000 |
|---|---|---|---|
| **Non-cash items** | | | |
| Depreciation | 7 and 8 | 1,611 | 1,644 |
| Amortisation | | 185 | 132 |
| Loss on disposal of property, plant and equipment | 7 | 2 | 1 |
| Loss on disposal of intangible assets | | - | 2 |
| Interest charges in respect of by analogy pension scheme | 15 | 31 | 27 |
| Auditors' remuneration and expenses (note 1) | | 93 | 90 |
| **Total non-cash items** | | **1,922** | **1,896** |
| **Provisions** | | | |
| Release of dilapidations provision | | - | (15) |
| Release of other provisions | | - | (45) |
| **Total provisions** | | **-** | **(60)** |
| **Other** | | | |
| Travel and subsistence | | 1,075 | 1,095 |
| Hospitality | | 18 | 17 |
| Consultancy | | 1,359 | 2,024 |
| IT and telecoms | | 1,290 | 1,641 |
| Rent | | 8 | 4 |
| Landlord service charges and rates | | 1,091 | 779 |
| Printing and stationery | | 80 | 89 |
| Recruitment and training | | 646 | 764 |
| Staff-related | | 166 | 145 |
| Building-related | | 650 | 651 |
| External services – internal audit, payroll, banking and finance | | 111 | 98 |
| External services – other | | 840 | 795 |
| Hire of office equipment | | 19 | 23 |
| Other costs | | 20 | 10 |
| **Total other** | | **7,373** | **8,135** |
| **Total other administration costs** | | **9,295** | **9,971** |

Note 1: The Comptroller and Auditor General carries out the audit of ORR's financial statements. The notional cost of auditing the financial statements was £93,000 (2023-24: £90,000). No remuneration, actual or notional, was paid to the National Audit Office for non-audit work (2023-24: none).

## 5. Revenue from contracts with customers

| | Note | 2024-25 £000 | 2023-24 £000 |
|---|---|---|---|
| Licence fees | | 19,446 | 19,625 |
| Less: income deferred to next year | 13 | (643) | (257) |
| Safety levy and related safety income | | 18,940 | 18,150 |
| Less: income deferred to next year | 13 | (591) | (1,154) |
| Income from roads regulation | | 3,212 | 3,419 |
| Less: income deferred to next year | 13 | - | (1) |
| **Total** | | **40,364** | **39,782** |

All revenue from contracts with customers relates to ORR's operating activities carried out throughout the year.

## 6. Other operating income

| | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| **Other operating income** | **457** | **982** |

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 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** |

| | Fitting out costs £000 | Furniture, office equipment and telecoms £000 | Information technology £000 | Total £000 |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 April 2023 | 4,975 | 623 | 1,187 | **6,785** |
| Additions | - | 1 | 140 | **141** |
| Revaluations | (20) | - | - | **(20)** |
| Disposals | - | (15) | (68) | **(83)** |
| **At 31 March 2024** | **4,955** | **609** | **1,259** | **6,823** |
| **Depreciation** | | | | |
| At 1 April 2023 | 1,797 | 270 | 733 | **2,800** |
| Charged in year | 545 | 65 | 307 | **917** |
| Disposals | - | (15) | (67) | **(82)** |
| **At 31 March 2024** | **2,342** | **320** | **973** | **3,635** |
| **Carrying amount at 31 March 2024** | **2,613** | **289** | **286** | **3,188** |
| **Carrying amount at 31 March 2023** | **3,178** | **353** | **454** | **3,985** |

All tangible assets are owned by ORR. 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 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** |

| | Buildings £000 | Other £000 | Total £000 |
|---|---|---|---|
| **Cost or valuation** | | | |
| At 1 April 2023 | 4,812 | 22 | **4,834** |
| Additions | 777 | - | **777** |
| Revaluations | (4) | - | **(4)** |
| **At 31 March 2024** | **5,585** | **22** | **5,607** |
| **Depreciation** | | | |
| At 1 April 2023 | 705 | 4 | **709** |
| Charged in year | 720 | 7 | **727** |
| **At 31 March 2024** | **1,425** | **11** | **1,436** |
| **Carrying amount at 31 March 2024** | **4,160** | **11** | **4,171** |
| **Carrying amount at 31 March 2023** | **4,107** | **18** | **4,125** |

A maturity analysis of lease liabilities is given within note 12 'lease liabilities'.

## 9. Trade and other receivables

| | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| **Amounts falling due within one year** | | |
| Trade receivables | 853 | 438 |
| Other receivables | - | 1 |
| Staff receivables | 9 | 7 |
| Prepayments and accrued income | 1,026 | 1,003 |
| HM Revenue and Customs (VAT) receivable | 37 | 155 |
| Amounts due from the Consolidated Fund in respect of Supply | 370 | - |
| **Total** | **2,295** | **1,604** |

## 10. Cash and cash equivalents

| | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| Balance at 1 April | 2,457 | 918 |
| Net change in cash balances | (2,189) | 1,539 |
| **Balance at 31 March** | **268** | **2,457** |

The following balances at 31 March were held at:

| | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| Government Banking Service | 268 | 2,448 |
| Commercial banks and cash in hand | - | 9 |
| **Total** | **268** | **2,457** |

## 11. Reconciliation of liabilities arising from financing activities

| | | | 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

| | 2024-25 | | | 2023-24 | | |
|---|---|---|---|---|---|---|
| | Buildings £000 | Other £000 | Total £000 | Building £000 | Other £000 | Total £000 |
| Not later than one year | 1,094 | 2 | **1,096** | 1,098 | 5 | **1,103** |
| Later than one year and not later than five years | 3,091 | - | **3,091** | 3,905 | 3 | **3,908** |
| Later than five years | 906 | - | **906** | 843 | - | **843** |
| **Total** | **5,091** | **2** | **5,093** | **5,846** | **8** | **5,854** |

ORR's leases are for office accommodation and ziptaps.

## Amounts recognised in the statement of comprehensive net expenditure

| | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| Interest expense | 88 | 64 |
| Depreciation | 783 | 727 |
| Low value and short-term leases | 19 | 23 |
| **Total** | **890** | **814** |

## Amounts recognised in the statement of cash flows

| | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| Interest expense | 88 | 64 |
| Repayments of principal on leases | (1,211) | (1,131) |
| **Total** | **(1,123)** | **(1,067)** |

# 13. Trade and other payables

| | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| **Amounts falling due within one year** | | |
| Trade payables | 269 | 65 |
| Other payables | 1,270 | 1,262 |
| Other taxation and social security | 5 | 7 |
| Accruals | 1,839 | 2,255 |
| Deferred income | 1,234 | 1,412 |
| Balance of Intergovernmental Commission levy payable to the Consolidated Fund | 394 | 437 |
| Balance of DfT roads funding payable to the Consolidated Fund | 244 | 47 |
| Excess cash surrenderable to the Consolidated Fund | - | 1,973 |
| **Total** | **5,255** | **7,458** |

In 2024-25, there is no excess cash surrenderable to the Consolidated Fund, and instead a receivable due from the Consolidated Fund has been recognised in note 9.

## 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.

| | 2024-25 | | 2023-24 |
|---|---|---|---|
| | Dilapidations £000 | Total £000 | Total £000 |
| **Balance at 1 April** | 629 | **629** | 728 |
| Provided for in the year | 109 | **109** | 12 |
| Provisions no longer required | (12) | **(12)** | (86) |
| Provisions utilised in the year | - | **-** | (31) |
| Borrowing costs (unwinding of discounts) | 6 | **6** | 6 |
| **Balance at 31 March** | **732** | **732** | **629** |

### Analysis of expected timing of discounted cash flows

| | 2024-25 | | 2023-24 |
|---|---|---|---|
| | Dilapidations £000 | Total £000 | Total £000 |
| Not later than one year | 66 | **66** | - |
| Later than one year and not later than five years | - | **-** | - |
| Later than five years | 666 | **666** | 629 |
| **Total** | **732** | **732** | **629** |

## 15. Pension liabilities

### Analysis of movement in scheme liability

| | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| Net pension liability at 1 April | 639 | 680 |
| Interest cost | 31 | 27 |
| Actuarial loss/(gain) | 12 | (27) |
| Benefits paid | (43) | (41) |
| **Net pension liability at 31 March** | **639** | **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 2025. 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. Contributions to the pension scheme in 2025-26 are expected to be £44,100.

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

## Present value of scheme liabilities

| Liability in respect of | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| Current pensioners | 639 | 639 |
| **Total present value of scheme liabilities** | **639** | **639** |

| Liability in respect of | Value at 31/3/25 £000 | Value at 31/3/24 £000 | Value at 31/3/23 £000 | Value at 31/3/22 £000 | Value at 31/3/21 £000 |
|---|---|---|---|---|---|
| Current pensioners | 639 | 639 | 680 | 953 | 919 |
| **Total present value of scheme liabilities** | **639** | **639** | **680** | **953** | **919** |

## 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 | 2024-25 | 2023-24 |
|---|---|---|
| Gross discount rate | 5.15% | 5.10% |
| Rate of increase of pensions in payment | 2.65% | 2.55% |
| CPI inflation | 2.65% | 2.55% |

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 2025 or 2024.

| | 2024-25 | | 2023-24 | |
|---|---|---|---|---|
| Current pensioners exact age | Men (years) | Women (years) | Men (years) | Women (years) |
| 60 | 26.5 | 28.5 | 26.7 | 28.2 |
| 65 | 21.9 | 23.6 | 21.9 | 23.3 |

## Cumulative amount of actuarial gains and losses

The cumulative actuarial loss for the year to 31 March 2025 amounts to £277,000 (31 March 2024: £265,000).

## 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) | (31) |
| Rate of increase in CPI | +0.5% a year | 5 | 31 |
| Life expectancy: each member assumed 1 year younger than their actual age | | 2 | 14 |

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:

| | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| Information technology | 170 | 10 |

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 and professional advice. The payments to which the department are committed are as follows:

| | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| Not later than one year | 261 | 54 |
| Later than one year and not later than five years | 155 | 54 |
| Later than five years | - | - |

Prior year figures are restated as the disclosure was nil in the 2023-24 accounts.

## 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 2025 or 2024.

## 19. Related party transactions

In addition to balances due from the Consolidated Fund (see note 9) and grant funding from the Department for Transport, 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

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.

E03307496

ISBN 978-1-5286-5497-5