

# ORR Growth Goals

## **Growth Goal 1**

**Outcome Goal:** Ensure NR remains on track to deliver the regulatory efficiency target (currently set at £3.9bn) of sustainable efficiencies by March 2029.

### **Key Results:**

- Network Rail remains on track to deliver the regulatory efficiency target (currently set at £3.9bn) in verifiable efficiency savings through its Operations, Maintenance and Renewals spend over the life of the current Control Period (Control Period 7).
- ORR will ensure that these efficiencies are delivering real and sustainable benefits. ORR will ensure that these efficiencies are delivering real and sustainable benefits, with clear linkages to overall financial performance and long-term asset condition.
- Efficiencies will support the supply chain and sector innovation – Committed spend and deliverable plans show Network Rail R&D or innovation spend on track to meet HLOS expectations on R&D over the control period.

### **Impact Narrative:**

Network Rail's delivery of efficiency and financial performance is essential to minimise the cost of the railway to end users and taxpayers while delivering required outcomes.

The railways are a key part of the Government's plan for economic growth. The current Control Period (Control Period 7) settlement was agreed recognising that there was a need for continued modernisation and improved productivity to support the sustainability of the railway and its underlying assets over the long-term and the benefits it provides to passengers, freight and the economy and growth.

Network Rail has an (approximately) £40 billion, 5-year funding and planning cycle. This means that the Network Rail efficiency programme, cannot be a simple cost-cutting (although eliminating waste may form part of it). It must ensure:

- **Passengers:** it must ensure a sustainable railway that benefits passengers and minimizes disruption so the growth benefits of railway are realized and maximised
- **Taxpayers:** to ensure the overall cost-base of the railways is minimized so that public money is used effectively and fares and public funding kept balanced
- **Sector and Supply chain:** to support an innovative competitive supply chain, reducing unit cost, driving up productivity and creating a sustainable and affordable railway.

The goal is to encourage opportunities to innovate, share best practice, collaborate and scale over time. It also drives productivity and innovation in the wider industry and leads to better, more reliable infrastructure. Benefits arise from ORR challenging at the outset and then monitoring delivery through the course of the funding period, challenging Network Rail to go further where required. Strong focus on efficient delivery also ensures value for money for both taxpayers and users. This provides Network Rail, operators and the supply chain to sustainably reduce the overall cost-base of the industry.

(<https://www.orr.gov.uk/sites/default/files/2024-04/03-pr23-final-determination-overview-england-and-wales.pdf>)

<https://www.orr.gov.uk/media/24663/download>

<https://www.gov.uk/government/publications/railways-high-level-output-specification-2022>

<https://www.orr.gov.uk/annual-efficiency-and-finance-assessment-network-rail-2025>

<https://www.orr.gov.uk/sites/default/files/2026-03/2026-rail-industry-productivity-report.pdf>

## **Growth Goal 2**

### **Outcome Goal:**

ORR will complete all the actions necessary for transformation to its amended role from GBR Day one. This will include the necessary governance and organisational change to undertake its new roles as GBR monitor and track access appeals body. It will also have successfully moved consumer functions to the Passenger Watchdog and have the necessary structures in place to support the functions of the Passenger Watchdog.

### **Key Results:**

From GBR Day 1:

1. Regulatory certainty at transition
  - Statutory regulatory roles transferring to or changing under GBR (including licensing, access appeals, online retail oversight and funding advice) are clearly defined in legislation by GBR Day 1, with published supporting documents that include details of transition from existing arrangements.
  - The ORR's regulatory processes critical to GBR Day 1 are effectively implemented, with interim arrangements and consultations (for example on access appeals) ensuring continuity of decision-making and no disruption to live cases.
  - There are no material delays to GBR-critical regulatory decisions arising from unresolved role ambiguity, with existing rights and processes respected during the transition period.
2. Effective and predictable decision-making
  - Industry reports no systemic regulatory delays attributable to ORR during the first year of GBR operation.
3. Increased confidence for delivery and investment
  - GBR, licensed passenger and freight operators, and key rail supply-chain partners confirm, through feedback to DfT or ORR, that ORR's post-reform role is clear, proportionate and predictable, supporting confident planning and investment decisions.

- Where new processes are introduced to support where ORR's role is expanded (for example, online retail oversight or whole-system monitoring), these are designed to be proportionate, clearly signposted, and implemented in consultation with operators and the supply chain, avoiding unnecessary duplication or burden.
4. Leadership, people and culture
- DfT Leadership is reassured through established governance mechanisms, that ORR has the leadership, people, culture, skills and processes in place to enable it to undertake its new role confidently and successfully. Where gaps are identified, DfT and ORR agree mitigations and phased implementation plans, with escalation through existing governance where necessary.

**Impact Narrative:**

Rail reform is intended to reduce fragmentation, speed up decision-making and create clearer accountability for delivery through GBR as the directing mind, accountable to the Secretary of State. Regulatory uncertainty, delay or over-intervention during transition could slow investment, increase delivery risk and push costs onto passengers, freight customers and taxpayers.

This goal focusses on the ORR being ready to support GBR Day 1 by providing a clear, predictable and proportionate regulatory framework. This goal focusses ORR on enabling growth through regulatory readiness and predictability. By clearly operationalising its reset role from Day 1, ORR helps to unlock GBR's and industry's ability to deliver the objectives of reform, including supporting economic growth.

To ensure that GBR is fully empowered to deliver growth as intended, the intended oversight approach must also be in effect. This means ORR must deliver its internal reforms that allow GBR to act effectively as the directing mind.

We will support ORR to deliver the effective institutional, cultural and sectoral change that will provide confidence in its oversight of GBR. This then ensures GBR has the freedom, accountability and remit to break free from the short-termism of the current system; and incentivises stability and confidence to investors, making it easier to introduce innovation and seize new opportunities as they emerge, promoting sectoral and wider growth. Importantly, establishing oversight arrangements in the right way would enable GBR as Directing Mind to focus on delivery, including of its Growth objectives.

Cementing these reforms will put industry experts in the driving seat, grow a diverse, skilled workforce, and unlock the long-term and strategic leadership and growth opportunities the sector identified through the review and subsequent consultation. For the rail sector, the benefits could be substantial, with partners from freight, the supply chain and open access benefiting from GBR's directing mind.