INDEPENDENT REGULATORY REVIEW OF THE OFFICE OF RAIL AND ROAD (ORR)

Dr Richard Judge
September 2026

Review commissioned by:
Department for Business and Trade

Executive Summary

This independent review sets out an achievable pathway for the Office of Rail and Road (ORR) to evolve from a respected regulator into an organisation with a rebalanced remit that also serves as an independent strategic advisor to the Secretary of State (SofS) on the overall rail system. In doing so, ORR can contribute to the ambitions of rail reform and a more integrated, resilient and efficient transport system. Realising this opportunity will require alignment on vision, sustained commitment and collaboration across government, industry and ORR itself.

Collectively, the review's recommendations provide the early steps on that pathway. These provide a basis for a refocused ORR to generate significant value and support economic growth by addressing recognised gaps and bolstering whole-of-system perspectives. They also take ORR into new territories and call for new mindsets, always easier said than done.

• Opportunity

ORR's independence is central to its credibility and trustworthiness. It allows ORR to produce objective, evidence-based advice; gather insights that might not otherwise be shared; act as a "fair" intermediary and provide assurance with no perceptions of bias.

This is an asset that can be deployed in many ways while recognising and respecting Great British Railways' (GBR) future role as the railways' "directing mind". Applied judiciously in support of the SofS, and backed by investment in skills, capability and culture, ORR's independent expertise can underpin the advice and assurance that helps to unlock system-wide change and deliver the ambitions of both rail and road reform.

The ORR's independent expertise already delivers significant value. The report highlights opportunities to extend this, in areas such as long term stewardship of roads and by greater integration of lessons, insights and expertise across its rail, roads and safety functions (potentially also supporting DfT's "Better Connected" strategy). Additionally, with the ambitions of many organisations deeply reliant on rail and/ or road infrastructures, including national governments and mayoral authorities, ORR's impartiality could make it well placed to advise the SofS as they navigate the multiple interfaces and strategic trade-offs involved.

• Regulatory Performance

ORR is generally respected as a regulator, valued for its independence and recognised for its economics and safety capabilities (underpinned by a depth of rail and road sector experience). Examples cited by stakeholders include ORR's:

- Rail Safety Directorate playing its part in contributing to Great Britain being consistently amongst the safest railways in Europe;
- Roads Team supporting anticipated efficiency savings of £0.5 – 1.2bn in the recent Roads Investment Strategy (RIS3);
- Rail economists boosting investor confidence by fostering stable, predictable investment conditions.

Stakeholders identified opportunities to build on these strengths through greater strategic awareness, stronger whole-of-system thinking and improved integration of its multi-disciplinary expertise. These need investment in capability. Enhancing visibility of the overall operational and economic impacts of its decisions was seen as a key element of rebalancing operational detail and strategic, system level contexts. When applied to safety contexts, stakeholders drew out parallels to a recent review of Nuclear Regulation[1].

ORR expects to take on a significant new role as the regulator for any future roads project built under a regulated asset base (RAB) financing model, with the first application being the Lower Thames Crossing (LTC). Whilst ORR will be building on existing regulatory experience, new capability and skills will still be needed to support this.

Maintaining effectiveness will require continuing investment in robust frameworks and partnerships that enable ORR to anticipate and adapt to emerging technologies and evolving cyber threats. Future demands may be markedly different from those its current practices were designed to address. This risk could be compounded by the pace and scale of change widening knowledge imbalances between ORR and the industries it regulates.

[1] Nuclear Regulatory Review 2025 (24 November 2025)

• ORR and rail reform

The key elements of ORR's future role are understood at headline level. However, the range of stakeholder expectations about the associated scale of change highlight the need for even greater clarity on how the vision translates into practice.

Without practical clarity and alignment on the long term "end state", the full opportunity of rail reform may be missed. An understandable focus by ORR and DfT teams on Day 1 readiness and operational continuity, coupled with deeply embedded analytical methods and approaches, could default to incremental change rather than the fundamentally reformed ways of working and cultural shift that some stakeholders are envisaging. Maintaining a clear link between immediate implementation decisions and longer-term ambition will also be essential to ORR's organisational redesign, and the skills, capability and culture audit that will underpin that design.

DfT's proposed policy for GBR licence and accountability frameworks[2] and ORR briefing on its future role[3], show how the necessary clarity is steadily developing. These reinforce that GBR will take integrated decisions as the single "directing mind" for the railways, with ORR providing independent expert advice and assurance for the SofS on strategic matters such as GBR performance, funding and overall rail system outcomes. ORR will also enforce the new GBR licence.

The vision for ORR's reformed role would be strengthened by clear examples of what success will look like in practice, as well as expected new opportunities. Providing a practical sense of the intended end state would help align stakeholder expectations on themes such as the pace of change, future approaches to assurance, and what a "whole-of-system" focus means.

Maintaining effectiveness will require continuing investment in robust frameworks and partnerships that enable ORR to anticipate and adapt to emerging technologies and evolving cyber threats. Future demands may be markedly different from those its current practices were designed to address. This risk could be compounded by the pace and scale of change widening knowledge imbalances between ORR and the industries it regulates.

Background context

This review forms part of the Department for Business and Trade's programme of regulator reviews, designed to assess performance and strategic alignment with government priorities, including economic growth. It examines how ORR is preparing for rail reform while continuing to deliver its established responsibilities across rail safety, non-mainline rail and roads.

The review is grounded in extensive evidence, including more than 100 confidential interviews with stakeholders from across government, industry and transport authorities, supported by analysis from DBT and an independent expert panel. It reflects perspectives from passenger, freight, infrastructure and supply chain organisations across public and private sectors.

The findings provide a snapshot of ORR between December 2025 and June 2026, a period of significant change as the Railways Bill progressed through Parliament and the supporting policy and implementation details continued to be developed.

2 DfT (28 May 2026) GBR licence and the Accountability Framework

3 ORR (16 June 2026) Briefing: What the Railways Bill means for the role of ORR (updated)

Summary of Recommendations

R1 Set out what delivery of ORR's revised purpose means in practice

Action:	DfT, with ORR/ NR/ DFTO, to publish a shared understanding of how ORR's revised purpose will be delivered in practice, including intended changes over time, success measures, and the key choices and assumptions made. *by December 2026*
Risk/ issue/ opportunity:	Stakeholders are clear on the principles of ORR's revised purpose, but expectations vary on how this might be put into practice. Mismatched expectations could lead to tensions that undermine future effectiveness and hinder ORR's transformation.

R2 Deliver an organisational redesign, informed by a skills, capability and culture audit

Action:	ORR (a) to define key parameters for its organisational redesign, informed by R1 and the intended cultural shift; (b) complete a comprehensive skills, capability and culture audit against these and finalise its redesign. *(a) by December 2026 (b) by June 2027*
Risk/ issue/ opportunity:	Before finalising its detailed organisational redesign, ORR needs an agreed view of intended outcomes (R1) and how current skills/ cultures match these. A common "red flag" for major transformation programmes is rushing to action prematurely.

R3 Establish a system-wide dashboard for rail system performance

Action:	DfT and ORR, jointly, to design a system-wide dashboard with objectives and key results to track overall rail system performance, and with visibility of relevant benchmarks, trade-offs and implications for railway users. *by September 2027*
Risk/ issue/ opportunity:	ORR's transition from decision maker, directly involved in operational detail, to a more strategic, system-level advisory role is significant. Inevitable institutional inertia needs to be overcome. This is a practical action by which the key players can work together to build mutual understanding of shared goals and foster new mindsets.

R4 Account for "whole-of-system" impacts when assessing proportionality of risk controls

Action:	ORR, with industry, to establish a structured programme that identifies future options to account for varied "whole-of-system" effects in ALARP assessments (such as wider rail system factors, societal externalities, and risk transfer to roads). *by March 2027*
Risk/ issue/ opportunity:	The extent of consideration given to whole-of-system effects when assessing the proportionality of risk controls is widely cited as an area for early, meaningful change. This includes how local decisions play out at system level; interactions and trade-offs between multiple discrete safety interventions; externalities beyond the rail system.

R5 Publish "ways of working" principles for applying cost–benefit analyses

Action:	ORR, with industry, to set out ways of working principles (spanning behaviours, communications and processes) based on existing legislation that assist in applying cost–benefit analyses and incorporating "wider rail system factors". *by March 2027*
Risk/ issue/ opportunity:	Both industry and ORR have initiatives underway to support more consistent cost benefit analyses for risk controls. Clear "ways of working" principles would augment these by supporting shared expectations and should enhance effectiveness.

R6 Improve transparency around regulatory priorities and interventions

Action:	ORR to enhance transparency of the rationale behind its safety priorities and interventions, with improved visibility of factors considered (e.g. trade-offs, cost considerations, and system impacts**).** *by March 2027*
Risk/ issue/ opportunity:	Enhanced transparency responds to feedback and creates opportunity to strengthen stakeholder confidence, reduce potential areas of friction, and demonstrate more clearly how ORR considers whole-of-system impacts.

R7	Refresh and realign roads statutory and policy documents
Action:	DfT, consulting ORR and NH, to refresh and re-align key statutory and policy documents, addressing any inconsistencies and supporting a shared understanding of the roles of all parties to Roads Reform. by March 2027.
Risk/ issue/ opportunity:	Key statutory documents and related guidance have evolved and become misaligned since their introduction in 2015, creating scope for mismatched expectations.

R8	Take stock of the funding model for ORR's roads function
Action:	DfT to consider how best to ensure that ORR's funding enables it to discharge its roads duties in a meaningful way, including options for aligning funding more closely with the models used for rail by March 2027
Risk/ issue/ opportunity:	Prompted by new regulatory functions to support RAB funding, the scope for evolving existing duties and anticipated future needs for greater multi-modal integration.

R9	Establish a robust mechanism for ORR to support SRN long term asset stewardship
Action:	DfT to consider how ORR might be enabled and funded to play a more explicit role in supporting the SRN's long-term asset health, ideally within refreshed duties, potentially aligning to comparable future rail duties by March 2027.
Risk/ issue/ opportunity:	Independent strategic challenge on short/ long-term trade-offs could add value as an enabler of growth through promoting investor and supply chain confidence, innovation and better management of ageing infrastructure.

R10	Design a RAB regulatory framework for the Lower Thames Crossing
Action:	ORR, with DfT, to design and populate a robust regulatory framework for LTC RAB financing that supports investor confidence and independent oversight, drawing on lessons from other sectors, e.g. Ofgem, Ofwat and NISTA by September 2027
Risk/ issue/ opportunity:	The early and visible involvement of ORR in establishing independent regulatory oversight should support investor confidence in the use of the LTC RAB model.

R11	Enhance integration of ORR's multi-disciplinary expertise
Action:	ORR to identify and embed opportunities for greater road and rail integration within its future organisational design and internal working practices by September 2027
Risk/ issue/ opportunity:	There is immediate scope for unlocking wider benefits through structured cross sector engagement. The future demands of mobility, and integrated transport, will drive increasing need for collaboration across multi-disciplinary ORR teams.

R12	Set out how ORR should support the Better Connected strategy
Action:	DfT to set out clear expectations for ORR's role in supporting the Better Connected Strategy, including how ORR should respond to strategic SofS steers that are not directly aligned with its duties, powers and objectives by March 2027
Risk/ issue/ opportunity:	Delivering an integrated transport strategy will need shared language and tools across sectors to enable consistent appraisal of investment choices and trade-offs, and to facilitate knowledge exchange and skills transfer across transport sectors.

Note: further detail on the recommendations is often embedded in the accompanying text. In addition, further suggestions for action and improvement are included throughout the main body of the report for taking forward as ORR and DfT see fit.

Frequently used acronyms and terms

Organisations and People	
DBT	Department for Business and Trade
DfT	Department for Transport
DFTO	DfT Operator
GBR	Great British Railways
NH	National Highways
NISTA	National Infrastructure and Service Transformation Authority
NR	Network Rail
ORR	The Office of Rail and Road
RAIB	Rail Accident Investigation Branch
RSD	ORR's Rail Safety Directorate
RSSB	Rail Safety and Standards Board
SofS	Secretary of State (for Transport)
TOC	Train Operating Company

Technical abbreviations	
ALARP	As Low As Reasonably Practicable
CBA	Cost-Benefit Analysis
HSWA	Health and Safety at Work Act, 1974
RAB	Regulated Asset Base
RIS	Road investment strategy
ROGS	The Railways and Other Guided Transport Systems (Safety) Regulations 2006
RTP	Railways Transformation Programme
SRN	Strategic Road Network: most of the Motorways and A-roads

Contents

1. Introduction 7
Scope of this review 7
Methodology 7

2. Overview 8

3. Mainline Rail Regulation 9
A revised ORR role 11
Preparing for rail reform 12
ORR's Future Purpose: What will success look like? 14
Cultural shifts and organisational redesign 17
Skills and capability 19

4. Railways: Safety regulation 24
Overview of the regulatory system 24
Railway safety: Performance and pressures 25
ORR Safety regulation 27
Whole-of-system impacts 29
Skills and capability 35
Transparency 36
Horizon scanning and thought leadership 37

5. Roads: Monitoring national highways 39
Overview of the regulatory system 39
Strategic road network: Performance and pressures 40
ORR Roads: Regulatory framework 42
ORR Performance 44
ORR Roads: Opportunities 46
Roads investment (RAB financing model) 48

6. Rail and road: Transport integration 51
Integrated transport 51
ORR integration 51

Annex A: The Office of Rail and Road (ORR) 54
Annex B: Terms of Reference 55
Annex C: Acknowledgements 57

1. Introduction

1.1 This independent review was commissioned by the Department for Business and Trade (DBT). It is one of a series of reviews to support the Government's intent to increase strategic alignment between government and regulators, and to strengthen accountabilities.

1.2 An overview of the Office of Rail and Road (ORR) is provided as Annex A.

SCOPE OF THIS REVIEW

1.3 The Terms of Reference for this review are provided as Annex B.

1.4 This review assesses core aspects of ORR's operations, including its purpose, capability, performance, governance, and transparency. It examines strategic alignment with government priorities such as growth, and whether ORR has the resources, leadership and capabilities needed to meet its future objectives. It evaluates how effectively ORR delivers its services, engages with stakeholders, and upholds strong standards of accountability.

1.5 This review considers how ORR is preparing for rail reform while continuing its existing responsibilities in areas such as railways safety, non-mainline rail and roads. Some areas, such as future changes to ORR's rail duties, and rail sector ownership models are outside the scope of this review due to ongoing parliamentary scrutiny and ministerial decisions.

1.6 It also considers interactions between key actors in the rail and road "regulatory systems", and those issues arising at, or across, the interfaces. The regulatory system is the totality of those organisations involved (supporting or on the receiving end of regulatory activity), their interactions and information flows, and the tools applied to achieve a given regulatory outcome. Ultimately, this review aims to identify actions that will enable ORR to remain relevant and fit for purpose well into the future, and to successfully support rail reform.

1.7 Oversight and leadership of the overarching Railways Transformation Programme (RTP) rests with Department for Transport (DfT) and is subject to its own assurance processes. The RTP includes the implementation of the Railways Bill and creation of Great British Railways (GBR), together with the rail public ownership and other associated reforms. The focus in this review has been on the subset of activities directly involving ORR.

1.8 This report is an evidence-based snapshot of ORR, including its progress in preparing for rail reform at the time of the review (December 2025 to June 2026). The report and its recommendations should be viewed in that context: highlighting areas for attention and focus as detail continues to get developed and future ways of working shaped.

METHODOLOGY

1.9 This report reflects the views of an independent review team, with the key elements being:

a) Fieldwork (December 2025 – March 2026), based largely on more than 100 confidential interviews with individuals from ORR, DfT and a breadth of key stakeholders.

b) Synthesis and expert engagement (April – May 2026) to shape the overall report and findings, drawing on DBT analysis and desk-based research, together with the practical experience and insights of an "expert panel" (Annex C)

c) Validation (June 2026) checked for factual accuracy with ORR and DfT, which included testing that the intent of the recommendations was sufficiently clear.

1.10 The review benefitted from high-level information provided by ORR and DfT relating to on-going operations and transformation planning. Given the extensive evolution of policies associated with rail reform, and latterly with roads financing, the review team used publicly

2. Overview

2.1 This overview highlights recurring strategic themes across ORR's activities. Subsequent sections set out observations on its core functions: rail economic and safety regulation, roads monitoring, and closes on those areas where a more integrated approach could add value.

2.2 The opportunity: collectively, the review recommendations are enablers for a refocussed ORR to generate significant value and economic growth by playing an even stronger system level role than today. Applied judiciously in support of the Secretary of State (SofS), its independent expertise could underpin a capacity for advice and assurance that helps unlock positive system-wide change and enables the ambitions of both rail and road reform.

2.3 Respected independent expertise: ORR is generally respected as a regulator, valued for its independence, and recognised for its economics and safety capabilities. Its domain knowledge in both rail and road is viewed as important. It has shown itself able to add value to taxpayers and users through assurance and challenge of infrastructure managers and operators. It is seen by industry and investors as a credible intermediary, supporting a stable, predictable investment environment that has supported their confidence to invest.

2.4 Future purpose: There is positive intent to enable ORR's transition towards the more strategic, outcome focused advisory role envisaged under rail reform. Stakeholders are clear on the principles of ORR's revised purpose, but expectations vary on how this might be put into practice and on the extent of their expert advisory role on "overall rail system". There is a need to set out what will be different over time, how success will be measured, and the key choices and assumptions made. These are the foundations on which other changes rely.

2.5 Independence: ORR can produce objective, evidence-based recommendations; gather insights that might not otherwise be shared; function as a "fair" intermediary and provide assurance with no perceptions of bias. Independence is central to ORR's credibility and trustworthiness. This is an asset that can be deployed in many ways to support the Secretary of State (SofS) and enable the ambitions of rail reform and roads investments. Descriptors like "critical friend", that may undermine perceptions of independence, are best avoided.

2.6 Organisational change: Uncertainty about how ORR's future purpose will be put into practice is reflected in differing stakeholder views on the scale and pace of change needed. ORR leadership is committed to transformation. The understandable focus on "Day 1 readiness", changing responsibilities and operational continuity has led some stakeholders to question whether the potential scale of the cultural shift required is yet fully recognised.

2.7 Skills, capability and culture: While ORR's technical expertise is widely respected, stakeholders consistently highlighted the need to balance operational detail with greater strategic awareness. More "whole-of-system" thinking was a common theme, including better consideration of the operational and economic impacts of decisions and stronger integration of its multi-disciplinary expertise. This will be critical to ORR's advice to the SofS on the overall rail system. As future demands on ORR become clearer, a comprehensive skills, capability and culture review should inform its organisational redesign.

2.8 Knowledge asymmetries: the pace of change enabled by emerging technologies is such that significant knowledge imbalances and gaps could arise between ORR and GBR/ industry. Emerging challenges could be vastly different from what ORR practices are designed for or the organisation is used to dealing with. This highlights the importance of mechanisms and partnerships that support anticipating and adapting to future developments.

2.9 Integrated transport: ORR's rail and road duties reflect a legacy of treating the two sectors separately. Although duties are broadly similar, differences in emphasis may become more pronounced as the focus increasingly shifts towards an integrated transport system. Consistent approaches, together with stronger cross-sector engagement, could enable more systematic sharing of lessons, expertise and information between road and rail, benefiting both networks. With reforms underway, now is an opportune time to forge closer alignment.

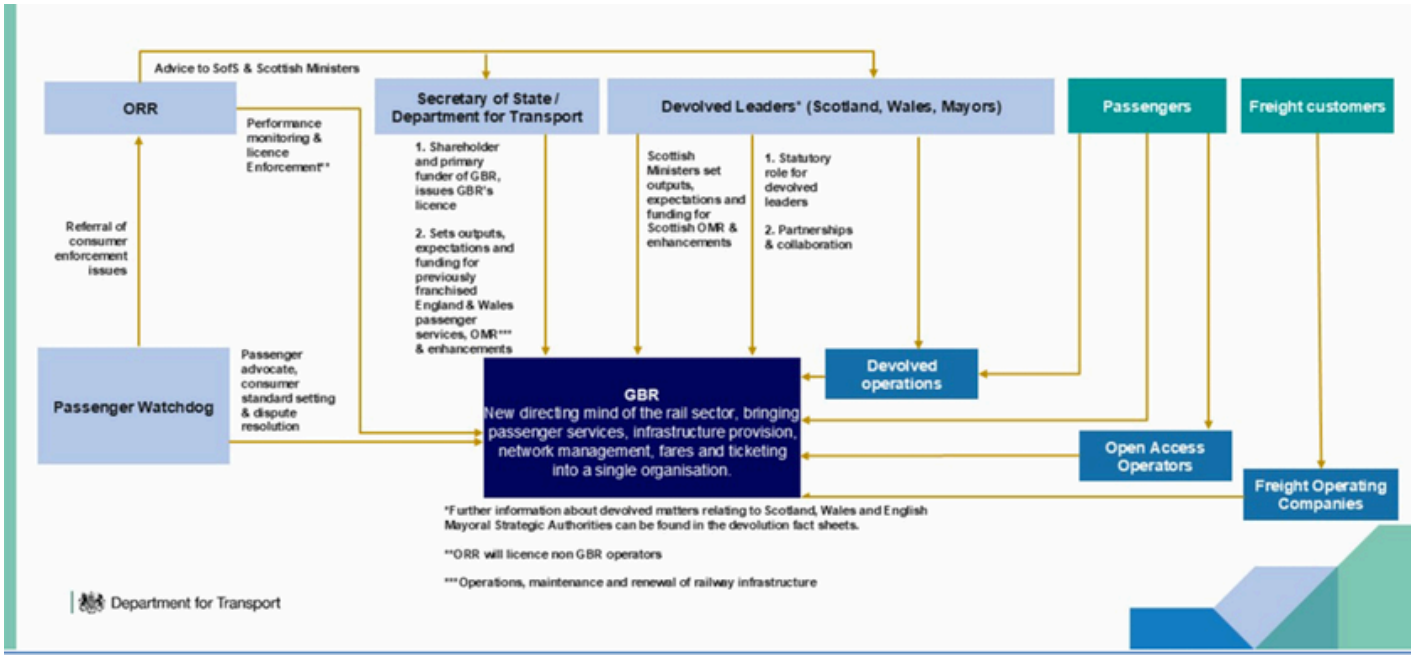
3. Mainline rail regulation

3.1 The government is committed to transforming Britain's railways through consolidating infrastructure and operational services into Great British Railways (GBR). It is a complex, large scale transformation involving 17 different organisations: Network Rail (NR), the Department for Transport Operator (DFTO) which runs nationalised train companies, 14 private train operators being brought back into public ownership, and the Rail Delivery Group which provides information and services directly to passengers. GBR will be responsible for managing over £10bn of annual funding from the government and is expected to exceed a hundred thousand employees post consolidation[4].

3.2 The government is working at pace with sector partners to stand up GBR after the Railways Bill receives Royal Assent. An outline of the high-level path to establishing GBR, with implementation stages and target timings is planned for publication in Autumn 2026[5]. As part of this, bringing passenger services back into public ownership is well advanced. Four Train Operating Companies (TOCs) under contract with DfT had transferred into DFTO by February 2026, a further three transfers are planned for 2026, and the remainder are due to be completed by end 2027[6].

3.3 Key outcomes of reform mean that system-wide operational decision making will be centralised in GBR with strategy, policy direction and funding determined by the SofS for Transport . The SofS will become the primary authority for holding GBR to account, with support from ORR who will function as an independent monitor and advisor on the whole-rail system. A clearer separation of decision-making responsibilities is intended to streamline accountability and reduce fragmentation and complexity. The details continue to be finalised as the Railways Bill makes its way through Parliament.

Reformed Rail Sector Map[7]



4 NSAR (2024) Rail Workforce Survey
5 DfT (09 June 2026) Journey to Great British Railways: policy publication timetable
6 DfT (30 January 2026) Written parliamentary statement. Transfer of West Midlands Trains to Public Ownership
7 DfT (30 June 2026) Railways Bill factsheet: introducing and designing Great British Railways (updated)

3.4 GBR will manage infrastructure and passenger operations, integrating these elements and acting as the "directing mind" of the system. It will take day-to-day operational and commercial decisions, set fares, sell tickets, and determine which other operators can access the network and on what terms. GBR will plan and deliver services against a funded business plan aligned to long-term strategy, balancing national priorities with local needs. It will be responsible for performance, safety, and making best use of the network, with greater control over access and charging than under the current system.

3.5 The SofS is the sole shareholder and primary funder of GBR, accountable to Parliament for the railway system's overall performance. Supported by DfT, the SofS will set strategic direction through a statutory Long-Term Rail Strategy covering around 30 years. The SofS determines funding through multi-year settlements for infrastructure and three-year spending reviews for services and enhancements, and sets priorities such as rail freight growth. DfT defines the policy and governance frameworks within which GBR operates.

3.6 The future railway model depends on strong collaboration between national, devolved and local bodies. At present, the government works with mayoral strategic authorities and devolved governments such as Scotland and Wales. This balance of collaboration and local leadership is essential for long-term success, and there is government commitment to maintaining existing devolution arrangements in the rail sector and positioning GBR as an effective partner to devolved and local authorities[8].

3.7 Other operators: GBR will operate as part of a wider, integrated transport system. Based on current operations, a quarter of train kilometres or a third of passenger journeys on the GBR network could be delivered by operators outside of GBR[9]. This includes devolved nations and mayoral authorities, freight companies and other open access services. Such operators will run their services under a GBR-led access regime, where GBR sets access rights, allocates capacity and determines charging, while ensuring sufficient capacity for its own services.

3.8 Other infrastructure owners: GBR will also interface with infrastructure beyond its direct control, such as London St. Pancras Highspeed, the Channel Tunnel and other non-GBR assets, such as stations or depots. Managing the related interfaces effectively will be essential to maintaining the coherence that supports seamless passenger and freight movements.

3.9 ORR: will transition from being a traditional economic regulator for NR to deploy its independent expertise within a blend of regulatory, assurance and advisory duties in line with rail reform. Its expected future role rebalances its responsibilities and emphasis, as set out below (paras 3.11–3.16).

3.10 Passenger Watchdog (Transport Focus): passenger voice is strengthened by enhancing Transport Focus into a more powerful Passenger Watchdog. It will set and monitor consumer standards, investigate issues, require improvement plans, and escalate non-compliance to ORR. It will also oversee the Rail Ombudsman. This creates a clearer mechanism for holding both GBR and other operators publicly accountable for passenger experience, including accessibility, complaints handling and compensation.

8 DfT (30 June 2026) Railways Bill factsheet: devolved and local government (Updated)

9 ORR (16 June 2026) Briefing: What the Railways Bill means for the role of ORR (updated)

A REVISED ORR ROLE

Key findings

- The Railways Bill will lead to a shift in purpose and culture for ORR.
- Independence and expertise will remain central to ORR's legitimacy and credibility, applied to monitoring, advice and assurance for the SofS in relation to GBR's performance, funding and overall system outcomes; and to regulatory duties such as enforcement of GBR licence (on long term asset stewardship, retail and supporting the new Passenger Watchdog).
- This rebalance of responsibilities will expand ORR's role as they will advise and assure the SofS on overall system outcomes, including passenger operations.
- There are areas where current regulatory duties for rail will be retained, such as health and safety; rail statistics; competition and consumer law; and non-GBR infrastructure.

3.11 Transformation of the railways necessitates a fundamental shift in purpose and culture for ORR. It transitions from being a traditional economic regulator for NR to deploy its independent expertise within the blend of regulatory, assurance and advisory duties set out below. There is increasing clarity and shared understanding of the overall policy intent for ORR's future, reflected for example in DfT's proposed policy for GBR licence and accountability frameworks[10] and ORR briefing on its future role[11]. The underpinning detail of how strategic policy intent will be translated into ORR practice continues to be refined.

3.12 Independent expertise remains central to ORR's legitimacy and credibility. Its changing duties on mainline rail means that in future this will be applied to:

- **Advice, monitoring and assurance:** to support SofS decision making on strategic matters such as GBR performance, funding and overall rail system outcomes. As part of rail reform, GBR will take integrated decisions as the "directing mind", with ORR not replicating or second-guessing these decisions but instead providing independent expert advice and assurance for the SofS.

- **Regulation:** to enforce GBR licence conditions in areas that includes long-term asset stewardship, GBR's role in the management and operation of industry retail systems, as well as standards which the Passenger Watchdog will set and monitor and ORR will enforce[11]. In some areas ORR's existing activities are largely unchanged (para 3.15).

3.13 This shift of emphasis and rebalance of responsibilities will expand the scope of ORR's role. For example, as an independent 'whole rail system' advisor[12], responsible for monitoring and advising on GBR's integrated business plan, ORR will be providing a view across all GBR's services – including passenger operations.

3.14 ORR's focus in key areas will move from decision-making to influencing overall outcomes and system performance. Significant changes are expected to include:

- **Funding period review process.** ORR will have a revised role to oversee, advise and assure on the funding process. It will have statutory powers to set deadlines for funders and GBR to produce associated documents. As such it will set the timetable for funding period reviews, ensuring certainty and stability for the sector. ORR will also have a key role advising on the High-Level Strategic Objectives set out by funders, including on the feasibility of expectations and implications for the network and review GBR's integrated business plan for deliverability and efficiency.

10 DfT (28 May 2026) GBR licence and the Accountability Framework
11 ORR (16 June 2026) Briefing: What the Railways Bill means for the role of ORR (updated)
12 DfT (05 November 2025) A railway fit for Britain's future: government response)

- **System-level outcomes:** ORR will need to take a more strategic and integrated whole-of-system perspective when fulfilling its monitoring, assurance and advisory roles for the SofS, to include aspects such as overall rail system outcomes and confidence for the funders, investors and the public. ORR's role will expand to encompass all GBR's activities, therefore looking beyond its current infrastructure and asset management remits to include passenger services.

- **Network access:** ORR's role in access changes under the new model, with GBR taking primary decision-making responsibility as the system's "directing mind" while ORR retains an important independent new appeals function. ORR's appeals role allows third parties to challenge GBR's decisions relating to access to its infrastructure, charging or performance schemes, which ORR can require to be reconsidered using principles similar to judicial review (a focus on process and vires, as opposed to the substance of the decisions).

- **Retail:** ORR's primary new role will be to own, administer, and enforce a statutory Code of Practice ensuring GBR acts fairly and transparently alongside independent market participants. It retains its consumer law powers, which it uses to ensure transparency and prevent hidden fees during the ticket-buying process.

- **Passenger watchdog:** Most of the ORR's current passenger-facing roles are moving to a new dedicated body, to be grown out of Transport Focus. This new body will be specifically designed to advocate for passenger rights and drive service improvements.

3.15 There are also areas where ORR functions as an independent regulator that will not be impacted directly by the Bill. This includes health and safety regulation (Chapter 4); production of rail statistics; competition and consumer law enforcement; existing roles in relation to non-GBR infrastructure managers and the Channel Tunnel; and roads (Chapter 5). ORR will also continue to work closely with all operators, infrastructure managers and stakeholders who will not be part of GBR.

3.16 ORR's ability to establish a strong, trusted advisory role will be important in helping Government and GBR achieve their rail reform ambitions. ORR should be able to add considerable value by providing the independent expert advice and assurance that strengthens decision-making, informs strategic trade-offs and ensures the benefits of integration are realised in practice. Done well, ORR will contribute to building a fair, effective system that works for users, and maintains confidence among investors, the public and other stakeholders.

PREPARING FOR RAIL REFORM

Key findings

- ORR is working closely and effectively with DfT, NR/DFTO and other relevant parties to support delivery of DfT's overall Railway Transformation Programme.
- ORR has plans in place to deliver those essential tasks to enable "day 1" implementation of GBR during 2027, together with the associated transfer of responsibilities and assuring continuity of services and safety. Timelines are viewed as demanding but achievable.
- Positive progress is being made on taking forward those key elements of rail reform policy that ORR is responsible for, to translate overall policy intent into future practice.

3.17 Successful delivery of DfT's RTP relies on effective interactions across numerous interfaces. With multiple sub-projects and organisations, and significant interdependencies between them, managing the considerable scale and complexity of these interfaces would be a significant challenge for any major programme. DfT lead on the governance and delivery of the RTP, supported by independent assurance as appropriate. How ORR deliverables and timelines fit into delivery of the unified RTP was out of scope for this review.

3.18 Detailed RTP implementation planning within ORR began following the introduction of the Railways Bill. ORR established project tasks for areas within its control, with discrete activities set out in late 2025. While project management arrangements were relatively light touch, they addressed core issues of timelines, resources and risks. Engagement with ORR delivery teams indicated positive progress and an understanding of delivery pressures.

3.19 Deliverables are informally categorised into three discrete stages, reflecting timeline uncertainties and the need to retain adaptability. How this maps onto DfT programme plans and expectations was not assessed. The three stages were:

- **Transition:** the period from now until GBR is stood up as a new organisation, expected to be in late 2027. This covers the essential activities to set up and transfer responsibilities into a new business and to assure continuity of services and safety.

- **Transformation:** the period between transition and end state, which many quoted as lasting some 5 – 7 years (itself likely to be optimistic given the scale of change). This is the most critical in terms of achieving the intended benefits enabled by the Bill. Stakeholders also flagged the importance of delivering tangible benefits in the early years (before end 2029) to ensure the intended positive impacts are widely visible.

- **End state:** when the changes set out in the Railways Bill and related railways reforms are fully implemented and embedded.

3.20 ORR's immediate priority is managing transition, supporting this with recruitment where needed. This includes, for example, confirming that newly publicly owned operators hold the appropriate licences and access contracts to ensure continuity of train services as private sector TOCs transition into public ownership. There are comparable demands relating to transitioning safety management systems. The activities were generally reported as requiring surge capacity and attention to detail, and manageable.

3.21 Work to support the "transformation" phase includes several activities planned for 2026/27 to support DfT's development of policy and the governance and funding frameworks for GBR. Examples of ORR led activities are set out in its business plan[13] and briefing documents[14], and DfT's policy publication timetable[15]. These include:

- **Funding framework:** preparing the framework for the new five-year Funding Period Review for GBR, including ORR's future role in assessing GBR's business plans and settlement viability and advising the SofS.

- **Network Access:** continuing to advise DfT and NR on development of GBR's access and use policy, acting as statutory consultee. ORR will also develop and engage on frameworks that set out how it will fulfil its own future role as an appeals body for GBR's decisions relating to infrastructure, charging or performance schemes.

- **Retail model:** working closely with DfT, the Rail Delivery Group and retailers to lead development of a new Retail Code of Practice that will set expectations for GBR as retailer and operator of key industry retail systems. The SofS will sign off this code.

- **Passenger watchdog:** supporting the creation of a new passenger watchdog, led by Transport Focus, and preparing for the transfer of some of ORR's current passenger facing functions to this new watchdog.

---

13 ORR (2026) Business plan 2026/27

14 ORR (16 June 2026) Briefing: What the Railways Bill means for the role of ORR (updated)

15 DfT (09 June 2026) Journey to Great British Railways: policy publication timetable

3.22 In parallel with the passage of the Bill, ORR continues to work on non-legislative aspects of the reform programme. Through this, ORR is engaging with DfT, Transport Scotland, Welsh Government, Mayoral Combined and Strategic Authorities, Network Rail, Transport Focus and all relevant stakeholders.

3.23 The agreed "end state" depends on the outcome of the Railways Bill and ongoing DfT policy development. There is increasing clarity and shared understanding of the overall policy intent for key elements of the Bill, seen for example in DfT's publication setting out their proposition for the new for GBR licence. The underpinning detail of how strategic policy intent might be translated into practice continues to be developed and refined through engagement with stakeholders.

3.24 Successful delivery of ORR's tasks and projects for rail reform relies on effective collaboration and information sharing, internally and with the other parties involved. As the programme and ways of working have matured since their inception in late 2025, the criticality of effective open collaboration has been recognised. Constructive engagement and information flow across project interfaces were reported (both internally within ORR and between ORR and DfT; NR/DFTO; other relevant teams). Positive examples were also given of scenario-based planning being used to test the practical realities of new policy frameworks, to clarify future roles and to anticipate issues. This is helping the project teams navigate uncertainties while responding at pace to the lead times needed to translate policy into operational practice.

3.25 As of June 2026, ORR has self-assessed overall delivery confidence in its transformation programme as amber, with the programme broadly on track. Progress continues across the reform workstreams despite the complexity of the wider RTP and its external dependencies. ORR continues to work closely with DfT and other stakeholders to maintain delivery momentum and readiness for GBR Day 1. The organisational design and culture programme is progressing from mobilisation into delivery planning, supported by progress on purpose, vision and design principles.

ORR'S FUTURE PURPOSE: WHAT WILL SUCCESS LOOK LIKE?

Key findings

- There is broad understanding of ORR's future purpose and its alignment with rail reform. The vision would be strengthened by practical examples of how success will be measured, that bring ORR's reformed role to life and highlight new opportunities.
- Defining how this high-level intent translates into day-to-day practice is work in progress. Stakeholder expectations differ on pace, approaches to assurance and the balance between local and system-level focus, with implications for ORR's future organisational design.
- Views vary on ORR's role as the SofS's independent expert advisor on the whole rail system. While a steer on direction of travel is helpful, not every detail needs to be settled now.
- Describing an independent ORR as a "critical friend" could create perceptions of conflicting responsibilities and blurred accountabilities. The term is best avoided.
- Lessons from the 2015 Roads Reform highlight the importance of all the key parties building a shared understanding of their respective roles, supported by clear arrangements for ways of working and information sharing across organisational interfaces.

3.26 Stakeholders broadly understood how the key element of ORR's overarching purpose will be changed as part of rail reform. The overall intent, at headline level, of what was being asked of ORR (as set out in paras 3.11–3.16), and how its revised duties will fit with those of the new Passenger Watchdog and GBR, was generally recognised.

3.27 Stakeholders recognised a continuing need for ORR and supported its evolving role in the reformed system. They acknowledged the many benefits of integrating track and train under GBR but also flagged inherent challenges that benefit from some form of regulatory oversight. This includes well recognised examples such as ensuring fair access to GBR networks; the balancing of a centralised GBR with the trend towards ever more autonomy and power at mayoral level; and potentially unstable fare revenues.

3.28 Stakeholders highlighted the value of ORR using its institutional strengths to maintain third party confidence in the system. They highlighted the continuity in economic expertise and domain knowledge that ORR provides, as well as its objectivity in assessing value for money over both the short and long term; its independence and its ability to reinforce perceptions of fairness and stability in a system characterised by a substantial public monopoly. All are seen to benefit government, investors and public alike.

3.29 The intent of reform, and stakeholder views, are reflected in ORR's recent re articulation of its purpose and vision:

- **Purpose (why ORR exists):** Together we protect and enable rail and road systems that work for everyone
- **Vision (future state ORR is trying to achieve):** Safe, efficient, resilient and thriving rail and road systems that people trust and that drive a growing economy.

3.30 What will future success look like and how will it be measured? Relatable examples that bring purpose to life and highlight new opportunities may help to reinforce ORR's capabilities as tools that enable positive change and underpin successful rail reform. For instance:

- ORR will not be there to replicate or second guess GBR operational decisions. Instead, its independent assurance will provide HMT and DfT with confidence in GBR's practices. Success will be seen by how funding decision making becomes more streamlined.
- Strategic decision making will be by the SofS, supported by DfT; ORR's expertise and system insights can inform strategic choices, for example by setting out and advising on difficult trade-offs involved. Success will be evident in take up of ORR's advice.

3.31 Further underpinning detail is needed to define how high-level policy intent will translate into day-to-day operation. Several near-term choices will need to be made (or more widely articulated), recognising that the railway is not starting from a blank sheet and that there is no "one size fits all". Work to develop this detail is well underway, which should help address the variability of expectations heard in stakeholder feedback. The choices often reflect emphasis within a spectrum rather than binary either/ or decisions. Examples include:

- **Risk appetite:** what is the balance between ambition for change, with potentially higher delivery risks, versus elevated levels of confidence in delivery?
- **Pace of change:** is the priority continuity and progressive change from current practices (except for specific new policies) or totemic actions to reset and re-energise "new" rail?
- **Levels of assurance:** how deep will ORR's scrutiny be when monitoring performance (what approaches/ data demands get used when) and how will this differ from today?
- **Operational vs strategic focus:** what is the balance in ORR's focus between systematic testing of processes and data validity to give confidence in the efficiency of discrete (local) operational practices; and sense-checking of overall outcomes to assess and inform strategic ("big picture") system outcomes?

3.32 Interpretation of ORR's role as the SofS's "independent expert advisor on the whole rail system" [16] offers further choices. This could involve advising on the implications of GBR operational decisions to overall long-term rail system performance (integrated passenger and infrastructure).

[16] DfT (05 November 2025) A railway fit for Britain's future: government response

Or, looking beyond GBR activities, ORR could take a broader perspective and provide independent advice to the SofS on the potential trade-offs and combined impacts of many external influences on the railways (for instance, how discrete strategic initiatives by the multitude of organisations with a rail interest fit together).

3.33 Whilst a steer on direction of travel is helpful, not all decisions need to be taken today. Planned adaptation where future events, or embedding of rail reform, trigger changes could be used to address current uncertainties. For example, approaches to monitoring and assurance may change considerably over time as GBR's internal processes mature and third- party confidence builds in GBR's self-reporting. Today's need is to build in scope for evolution and mechanisms for future review, together with retaining sufficient awareness of direction of travel to avoid locking in prematurely to choices that later need unpicking.

3.34 Stakeholders frequently used terms such as "regulator", "independent advisor" and "critical friend" interchangeably, although each carries distinct expectations (illustrated below). In practice, and as it stands today, ORR will fulfil multiple roles.

Illustrative interpretations of key terms

Regulator: "you must do this." ORR applies a breadth of soft and hard powers to shape the regulatee's behaviours to achieve a public interest outcome (such as best value for taxpayer, user experience, investor confidence). It takes authoritative decisions and can credibly apply meaningful sanctions (if needed).

Independent advisor: "you should consider this." ORR applies its professional expertise to provide impartial, evidence-based advice to decision-makers. It is expected to speak candidly, with clarity needed on whether advice is published. It may influence strategy and policy but has no powers to make or enforce it.

Critical friend: "have you thought about this?" ORR offers constructive challenge to improve decisions and performance. It asks difficult questions, provides perspective, but stays supportive (not adversarial) with the aim of strengthening outcomes determined by others.

3.35 The concept of ORR acting as a "critical friend" raises questions in relation to ORR's independence and may be a term best avoided. For an independent body, the phrase can create perceptions of conflicted responsibilities and blurred accountabilities. There would be wider implications if ORR's independence were perceived to be diluted, not least being the willingness of third parties to share confidential insights and/ or invest.

3.36 In short, defining and communicating the detail of ORR's remit, and what independence, challenge and "advising on the whole rail system" look like in practice will be essential. This clarity is needed to align expectations across the sector and to support an effective shift in cultures through constructive, open relationships, strengthened strategic, whole-of-system thinking and astute handling. There will need to be continuing care to avoid perceptions of ORR straying too close to the day-to-day management of the railways, or conflicting with GBR's remit as a "directing mind".

Recommendation 1

DfT, with ORR/ NR/ DFTO, to publish a shared understanding of how ORR's revised purpose will be delivered in practice, including intended changes over time, success measures, and the key choices and assumptions made.

Completion by December 2026

CULTURAL SHIFTS AND ORGANISATIONAL REDESIGN

Key findings

- Before finalising its detailed organisational redesign, ORR needs an agreed view of intended outcomes (R1) and how current skills/ cultures match these. A common "red flag" for major transformation programmes is rushing to action prematurely.
- Different expectations on how ORR's future purpose is delivered in practice means that there are also varying views on the scale of cultural shift envisaged for ORR. Ambitions range from measured evolution with redefined powers, through to radical transformation.
- As future demands become clearer, ORR should undertake a comprehensive skills, capability and culture audit to support the design of its refreshed operating model.
- ORR benefits from Roads Reform experience. Wider public sector experience captured in National Infrastructure and Service Transformation Authority's (NISTA) "7 lenses of transformation" could be used as a health check for its programme.

3.37 Delivering changes of the scale envisaged for ORR will be challenging. This transformation will involve significant organisational and cultural change, new ways of working while navigating the ambiguities and complexities of an evolving railway landscape.

3.38 Railways reform will require a significant cultural shift alongside new capabilities in ORR. As a 'whole-system' monitor, ORR's remit will not only expand beyond infrastructure but will also shift emphasis from regulator to independent advisor to the SofS. Given its role in monitoring National Highways (NH), it has useful parallels to draw on.

3.39 In exploring future needs, ORR could usefully draw on wider developments across government and professional bodies on "systems thinking". Material such as that produced by the Government Office for Science[17] could support shared understanding of terminology and system definitions (noting that system boundaries and the actors involved can vary according to the issue being considered and change over time). Broader experience also highlights the need for alignment on vision, sustained commitment and collaboration across government, industry and ORR itself to realise the opportunity that exist: the most demanding issues and conflicts are often found at system boundaries and interfaces.

3.40 NISTA's "7 lenses of transformation"[18] draw out generic themes that ORR could consider applying as a health check on its own programme. These 7 lenses range from vision and design, through to people and an enabling environment. The paragraphs that follow draw on some of the concepts, but do not intend to provide rigorous assessment of ORR's transformation (in the way, for example, that independent project assurance would).

3.41 Before embarking on the detail of a major organisational redesign, ORR need to have a clearly articulated and agreed view of success. The outputs from recommendation R1 (setting out what will be different over time, how success will be measured) provide the basis for ORR leadership to shape their capability and culture. In turn, that underpins its own transformation and prepares for the organisational challenges and opportunities of reform. A common "red flag" is rushing to action before there is sufficient clarity.

3.42 The choices that will influence the extent of organisation change have yet to be finalised. Paras 3.31–3.32 outline some of these. Stakeholder views on the scale of change range from an evolutionary reform of ORR, with some loss of powers but many functions beyond GBR retained, to wholesale transformation and, in effect, a brand-new body on the rail side. With the immediate focus being task driven actions to deliver GBR implementation

[17] Government Office for Science (2023) Introduction to systems thinking for civil servants

[18] NISTA (2025) The 7 lenses of transformation (updated)

and associated changes in responsibilities, those closest to the ambitions of rail reform raised concerns that the major cultural shift required is not yet fully appreciated by ORR.

3.43 Cultural shift is much easier said than done, especially given the institutional inertia that might be expected in a stable organisation such as ORR, with its deeply embedded practices and processes. There is evident leadership commitment and willingness to change, and appetite for ORR to fulfil a different – yet equally important – role within the railways. With a clear future purpose and vision yet to mature and plans for "organisational transformation" at an early stage, there is a pervasive sense of measured, evolutionary change. This brings the significant benefit of lower risk transition but may miss the ambition voiced by some stakeholders for a more radical and dynamic transformation.

3.44 A comprehensive skills, capability and culture audit should be carried out once the practical implications and future demands of ORR's updated purpose are clear. As outlined below (paras 3.49–3.58), ORR has many strengths to build upon and recognised gaps. There is a risk that future organisational design becomes overly driven by existing capability and ways of working as opposed to future needs. In practice, transition would be expected to take several years, and the end state operating model should be sufficient to give a direction of travel for capability development and culture change.

3.45 The skill sets and behaviours required to support transformation and a more "systems" focus can be very different from those traditionally valued in civil service and regulatory roles. Transformation will rely on judgement, the ability to navigate ambiguity and above all the skills and empathy to guide people through rapidly changing contexts. Teams need to be diverse, multi-disciplinary and multi-functional to enable innovation, and to avoid groupthink or stagnation.

3.46 The enabling environment also has a critical role to play in ensuring that ORR is well positioned to navigate the many challenges ahead. This would include the support structures and enabling conditions created by the political environment, ministers and Parliament, as well as closely linked central government departments like DfT and HMT. It includes the collaborative mindsets, confidence and mutual trust that can be fostered by those ORR routinely interacts with across the rail sector.

3.47 Funding and mandate constraints have previously shaped ORR's approach, requiring a disciplined interpretation of its statutory duties and prioritisation of activities. This has at times led to differences between ORR's interpretation of its role and stakeholder expectations. Although now resolved, examples from the early stages of preparing for rail reform were cited as contributing to some delay and uncertainty. This highlights the need for clear budget expectations as its role shifts, with forward looking trends at a sufficiently granular level to see the changing pattern of regulatory and advisory activities over time.

3.48 ORR has begun a significant internal project to ensure it has the skills, systems and governance needed to deliver its future purpose. As part of this, ORR is developing enhanced capabilities to oversee whole-system railway delivery, requiring new knowledge linked to rolling stock, train services and ticket retailing. In addition to new skills, this project will need to determine future organisational design. As part of that, it should also consider:

- **Flexible deployment** of expertise across ORR, such as how to achieve further strengthening of interactions and knowledge exchange between economic and safety.

- **Scale:** the current funding for roads monitoring is £3.5m [19]; the levy for delivering current mainline railway economic functions is £20.3m [19]. What is needed in the future, and how will this be balanced across the different types of rail activities?

[19] ORR (2026) Spending review and budget data for 2026/27

- **Efficiency:** opportunities to rebalance or reduce its cost base in line with the revised demands and expectations of more streamlined regulation following from rail reform, and the transfer/ redeployment of resources (e.g. to the new Passenger Watchdog).
- **Partnerships and access to expertise**: such as those relating to the use and oversight of emerging technologies, and continuing to manage evolving cyber threats.

Recommendation 2

ORR (a) to define key parameters for its organisational redesign, informed by R1 and the intended cultural shift; (b) complete a comprehensive skills, capability and culture audit against these and finalise its redesign.

Completion (a) by December 2026 and (b) by June 2027

SKILLS AND CAPABILITY

Key findings

- ORR's independent advisory role will require new capabilities and mindsets that are not naturally found in regulatory bodies, and likely to lie beyond ORR's established practices.
- ORR is generally recognised for its economics expertise, professionalism and domain knowledge, with its independence being particularly valued. It needs to build its strategic, commercial and whole-of-system capabilities.
- Building ORR's whole-of-system perspectives and supporting this with a strengthened ability to converge insights from its multi-functional teams and multiple external sources, could add distinctive value to the strategic advice it will provide to the SofS (and to GBR/ DfT).

Overall performance

3.49 ORR is generally recognised for its economics expertise, professionalism and domain knowledge. ORR has shown itself able to provide challenge on the efficiency of NR's delivery planning, providing assurance for the funders and delivering value for money for the taxpayer. Any areas for improvement singled out in this report should be seen in that context.

Strengths to build upon

3.50 There was near consensus among interviewees that ORR's independence, domain knowledge and skill set is crucial to the advice it provides to government on the feasibility of policy objectives and infrastructure asset management.

3.51 Industry values the regulator's independence and considers it to be a credible intermediary. Stakeholders consistently noted the importance of ORR's independence, and the stable, predictable investment environment it helps to create. This is crucial to their confidence to invest.

3.52 ORR is seen as playing a vital challenge and communication function, expertly distilling and tailoring complex information to inform high-quality decision making. As a specialist regulator, ORR has shown itself capable of processing technical information at scale, challenging assumptions and estimates for projects, and monitoring delivery. Ministerial departments such as HMT and DfT rely on this to make well informed policy and spending decisions, as well as to challenge infrastructure managers to provide accurate, well evidenced plans and estimates, and to undertake stretching efficiency goals.

3.53 ORR's demonstrable independence has been crucial for sector investment and supply chain confidence, and care will be needed to sustain this going forward. There was consensus among non-public sector stakeholders that visibility of ORR activity underpins sector confidence. The ORR publishes extensively to support transparency. It was important to stakeholders that openness does not diminish.

Areas for improvement

3.54 Gaps in strategic, commercial and system level thinking were a consistent concern among stakeholders, particularly given future expectations of ORR for overseeing the entirety of GBR operations. For example, the existing focus on proactive, forward-looking rules has the benefit of clarity and safeguards against harmful practices. However, interviewees noted that current designs can also constrain whole system perspectives and reinforce fragmented decision making. An example of sub-optimal outcomes, contributing to complex contractual arrangements that limit flexibility [20], was linked to a focus on local route performance that is more readily captured in "rules" than whole-of-system (network level) optimisation. ORR's past challenges in estimating and overseeing major rail enhancements were also illustrative of gaps in commercial capability [21].

3.55 ORR will need to respond to the resource and efficiency challenges faced across the public sector. This could include adopting emerging technology to support regulatory innovation and efficiency, learning also from comparable developments in other regulators.

3.56 To support the SofS's oversight of the rail system, ORR will need to strengthen its ability to take a strategic, system-wide view that integrates economic, commercial, operational and safety factors. This recognises the interdependencies between these factors – such as between economics and safety – which means that they should not be considered in isolation. It will also need to adapt its advisory and assurance approaches to rail reform's more integrated delivery model, under which GBR assumes responsibility for access and timetabling as the system's single directing mind.

3.57 Stakeholders perceive that ORR is underpowered relative to the scale of the organisations it regulates. Their concern is that this may limit ORR's ability to engage consistently and with credibility at senior industry levels, and to develop the deeper, more constructive partnerships that it will need in the future with all parties. This concern could be compounded by knowledge or data asymmetries, where industry has more extensive expertise or depth of information than the regulator, creating a mismatch in understanding or decision-making. Mechanisms to guard against this, such as access to independent expertise or clear data sharing protocols, should be established from the outset.

3.58 Relationships with industry are being affected by a perceived loss of continuity in working level contacts and stakeholder perceptions of capacity pressures within ORR. While stakeholders acknowledged ORR's sustained economic and technical expertise, the regular churn of key contact points was raised as a concern. Reducing continuity and corporate memory at working level is making it more difficult to build and sustain effective working relationships with ORR. Stakeholders attributed this to capacity pressures and employee turnover, even though ORR staff turnover is broadly comparable to its peers.

A strengthened independent advisory role

3.59 ORR's independent advisory role will require new capabilities and mindsets that are not naturally found in regulatory bodies. The more strategic and outcomes-focused remit of an "expert advisor" will need insights and value to be added through more holistic approaches that go beyond its established practices. This includes, for example, the different mindsets alongside new capabilities and partnerships that "systems approaches" will call for.

---

[20] Williams-Shapps (2021) The Williams Shapps Plan for Rail pg 49

[21] The Review Team's understanding is that there are no plans for ORR to oversee GBR's major enhancement schemes.

3.60 As ORR is neither the policy owner nor the delivery body, its impact will come from providing the SofS with an independent, evidence-based view of the trade-offs at a whole system level. This will have to be delivered in a constructive and outcomes-focused way that will support better decision making and improved system performance. A particular challenge, especially as new ways of working bed down, will be to calibrate its data and evidence needs to strike a balance between strategic advice and practical feasibility, without straying into GBR's operational responsibilities.

3.61 Delivering this role will require ORR to bolster its soft powers. This includes strengthening its ability to foster high-level relationships across the railway system, and to make effective use of its communication and reporting capabilities to shape behaviour. It will have to be able to engage credibly with GBR, DfT and other stakeholders on system-level issues and trade-offs.

3.62 ORR's continued relevance will depend on how its advice is used within a more centralised system focused around the SofS. Stakeholders highlighted that the concentration of powers at this level increases the importance of ORR's independence. Its effectiveness would be judged not only by its ability to provide trusted, objective advice and insight to the SofS, but also by the extent to which that advice is taken up and adopted.

3.63 Trust in ORR will depend on its ability to demonstrate objectivity, independence and transparency in its assessments. While it will no longer operate as a traditional economic regulator, its success could be measured by the extent to which its advice is considered by GBR and DfT where decisions risk suboptimal outcomes. ORR's added value could also come from its ability to provide benchmarks from other sources (e.g. non-GBR licence holders) or sectors (roads) that add to those generated by GBR.

3.64 Private sector investors and supply chain businesses will continue to seek confidence that as an independent advisor ORR has sufficient influence. In practice, this means being able to enable confidence in the reasonable stability of spending plans, and to reassure stakeholders on the robustness of scrutiny and decision making.

3.65 Done well, ORR's reporting powers can highlight trade-offs, support accountability and reinforce confidence in the long-term performance and fairness of the rail system.

Enhancing impact: a system view

3.66 Interpretation of ORR's role as the SofS's "independent expert advisor on the whole rail system" [22] offers scope for ORR to enhance its impact and add further value. Some of the ways in which ORR could contribute at the whole-of-system level is outlined below. Done well, this would not only enhance its advice to the SofS, but could also add helpful strategic insights to inform DfT and GBR. There will need to be continuing care to avoid perceptions of ORR straying too close to the day-to-day management of the railways, or conflicting with GBR's remit as a "directing mind".

3.67 The expectation is that ORR's system-level strategic advice will be commissioned by the SofS as needed. The nature and scope of any such commissions will progressively evolve as the rail sector and ORR capabilities mature, and dynamically as new factors are introduced (either internal to the mainline rail sector or externalities such as devolved powers). ORR should also use its independent advisory role as a mechanism for raising emerging strategic system issues, helping the SofS anticipate and respond to change while leaving operational matters to GBR.

3.68 Taking a more proactive, integrated view of system performance and risk creates opportunity for ORR to support wider government agendas on resilience, innovation and economic growth. These align with the wider opportunities identified by stakeholders as enablers for continuous improvement of the railway system.

---

22 DfT (05 November 2025) A railway fit for Britain's future: government response

The SofS determines overall outcomes. Within these, a more progressive approach to defining system level KPIs could take ORR beyond monitoring of lagging indicators, injecting forward-looking insights and trends that could be used to navigate risks and enhance effectiveness.

3.69 ORR will be playing an important role in ensuring effective long-term stewardship of the railway. This should help to counter the short-term pressures inherent in political cycles by providing the stability and certainty needed for investment in sectors with high upfront costs. This role becomes increasingly valuable in a constrained fiscal environment, particularly given the existing challenges on resilience of ageing infrastructure and climate change. ORR's ability to balance and advise on short/ long term trade-offs will be crucial.

3.70 Strengthening long-term stewardship of the railway relies on clearer, system-level insight on asset sustainability and strategic trade-offs. Stakeholders highlighted the importance of robust, transparent information on asset health to support informed decision making. If applied effectively, this can play a valuable role in preventing outcomes such as those seen in the water sector [23]. This already happens: NR currently track network asset health through the Composite Sustainability Index (CSI) with NR's perspective on the long-term consequences of decisions for CP7 [24]. ORR's broader perspective could involve challenging GBR on how CSI relates to the risk profile of assets, and hence consideration of the performance implications of asset failure alongside their age (and likelihood of failure).

3.71 There is scope for ORR to go further on stewardship than monitoring continuing asset performance and resilience. The opportunity exists, for example, to evaluate and advise the SofS on the long-term implications of those elements of railway performance that affect national strategies such as spatial plans and regional economic growth. This would tie ORR's longer term assessments back to the broader societal and economic benefits envisaged by the proposed long-term strategy for rail.

3.72 ORR could use horizon scanning skills to challenge industry on innovation, and to inform the SofS on the appropriateness of related incentives. Stakeholders pointed to persistent barriers to innovation, including fragmented processes and complex procurement arrangements, which have slowed the rollout of cost-saving initiatives.

3.73 There is an expectation that ORR challenges GBR to establish innovation pathways that balance system benefits and risks while maintaining momentum. This can be done alongside using its influence to challenge productivity, encourage investment and promote a more open and transparent environment for third-party participation. In principle, a system level strategic view could explore the bigger systemic question of "why does UK infrastructure seem to cost so much" to identify high impact disruptive innovations or fundamental contextual changes that could enable step changes in performance (looking beyond GBR and beyond rail boundaries). This heads towards think-tank territory so may not be palatable; it may be more credible for ORR to support the SofS by testing plausible ideas from others.

3.74 Stakeholders emphasised the value of labour market analysis in building a shared view of workforce challenges and opportunities. They noted ORR's recent productivity analysis which was valuable in identifying challenges but did not seem to put forward or assess specific strategies for resolving these. Rail reform, with unified leadership of GBR and integration of track and train, was seen as creating an opportunity to improve efficiency of labour through economies of scale and integrated planning [25]. Although this is largely seen as a matter for GBR, ORR can also offer cross-sector benchmarks (to roads).

---

[23] Independent Water Commission (2025) Independent Water Commission: review of the water sector

[24] PR23 final determination: ORR note decisions made for CP7 mean Network Rail expect that it will take until CP11 to recover asset condition to CP6 levels, subject to funding available in future control periods.

[25] ORR (2026) Third edition of ORR productivity analysis.

3.75 Stakeholder highlighted the need for more systematic analysis of supply chain risks and opportunities. The different practices for electrification and asset renewal in Scotland and England were highlighted as an example of how stable, rolling commitments spanning multiple years yielded considerable benefits. The smoothness of in-control period spending and the transition between control periods is an identified challenge recently reported on by the Transport Select Committee [26]. ORR, through its independent advice, could inform options to support more efficient delivery choices, where relevant drawing on GBR's own analysis and benchmarking, and potentially augmenting this with its own data sources (such as insights from road).

3.76 Complexity and conflict that often arises at system boundaries, and interfaces across the overall rail system should be actively managed. Operational interface management would be delivered by GBR as the "directing mind"; strategically it would ultimately be a matter for the SofS and DfT. Lessons from the 2015 Roads Reform highlight the considerable value of a concise, shared summary of accountabilities, decision-making powers, information sharing and other relevant aspects of ways of working across critical interfaces. This should be considered for rail reform, with the value coming both from the joint exercise of producing this type of document, and from having the output as a reference point. Ideally this would be illustrated with practical scenarios and case studies to support mutual understanding.

3.77 As an independent, whole-of-system advisor, ORR could support the SofS by mapping the overall rail system, with intended outcomes and interdependencies shown. This could, for instance, help the SofS to visualise complementary or conflicting strategic demands and potential pressures on GBR from multiple institutional players.

3.78 Linking inter-related trends and insights – including those on long-term stewardship, innovation and market dynamics - can add to DfT and ORR's picture of how policy and operational decisions affect railway outcomes. As a starting point, DfT and ORR could usefully set out and map the overall rail system, with interdependencies and key outcomes recognised.

3.79 This system map could be used to populate collective "system level outcomes" within a single dashboard that could give visibility to progress as rail reform embeds. This dashboard could be used by ORR when monitoring overall system-level performance and advising on strategic decisions. Any dashboard should align with the spirit of rail reform and GBR's role as the railway's "directing mind".

3.80 ORR's transition from decision maker, directly involved in operational detail, to a more strategic, system-level advisory role will be a significant change. Given the reality of deeply embedded practices and views, it is inevitable that some institutional inertia will need to be overcome within DfT, ORR and those organisations with which it has worked most closely with for many years.

3.81 Building a system level dashboard (para 3.79) together is a practical action by which key players can foster new mindsets and mutual understanding of shared goals. Being jointly led reflects DfT and ORR needs to input the "what" and the "how", respectively. It needs to be developed collaboratively with other key players, notably GBR to avoid inadvertently cutting across or weakening their reporting as the railway's "directing mind".

recommendation 3

DfT and ORR, jointly, to design a system-wide dashboard with objectives and key results to track overall rail system performance, and with visibility of relevant benchmarks, trade-offs and implications for railway users.

Completion by September 2027

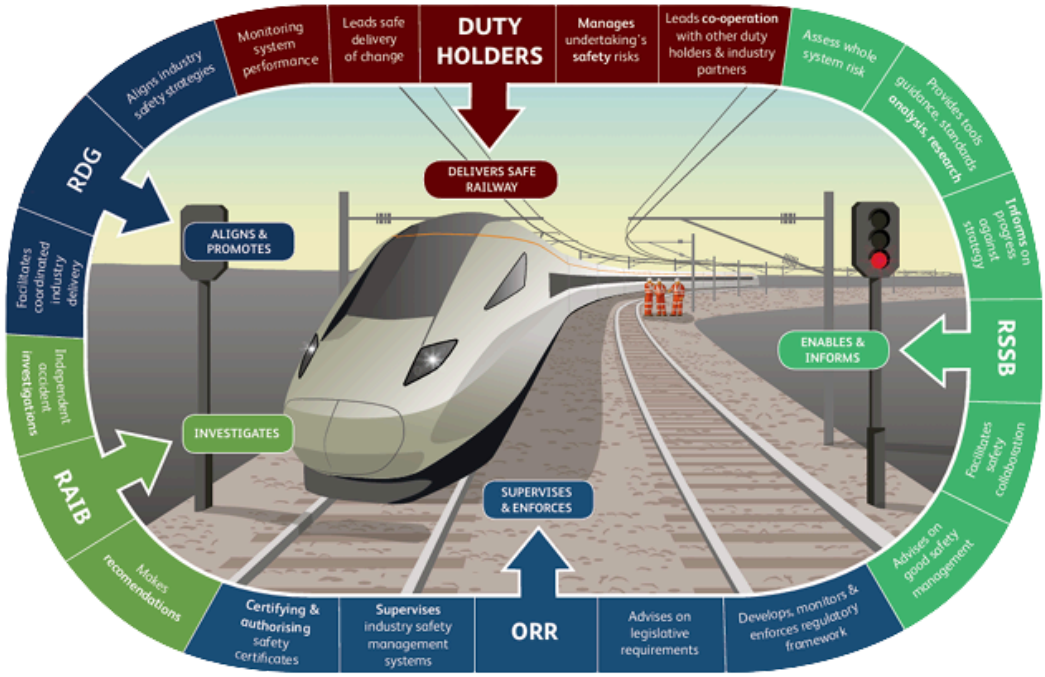
[26] UK Parliament Transport Committee (2026) 7th Report – Rail investment pipelines: ending boom and bust

4. Railways: safety regulation

OVERVIEW OF THE REGULATORY SYSTEM

4.1 UK railway safety is regulated through a blend of legislation, independent oversight, and industry collaboration. ORR's regulatory oversight provides assurance that railway safety is being delivered, with a focus on preventing accidents, enforcing safety standards, and ensuring continuous improvement.

Railway Safety Leadership Diagram [27]



4.2 ORR is the health and safety regulator, and National Safety Authority, for Britain's mainline railways, London Underground, light rail and tram systems. Its strategic objective is to enforce the law and ensure that 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. ORR's Rail Safety Directorate (RSD) inspects, audits, enforces compliance, grants operating permissions, and can prosecute breaches of safety law.

4.3 Dutyholders are the organisations, or people within them, responsible for carrying out a particular duty under regulations. Dutyholders must maintain a compliant safety management system (SMS) and hold relevant safety authorisation or certificates issued by ORR to operate legally. Interfaces between discrete dutyholders add specific challenge, with railway standards playing a crucial role in bridging such interfaces. Dutyholders include:

- **NR**, who own and maintain infrastructure (e.g. tracks, signals, bridges, tunnels, and major stations) and **TOCs** who operate passenger services (under public ownership or through franchise agreements). The Railway Bill brings these organisations together within GBR.
- Freight Operating Companies and open access TOCs that negotiate track access rights with NR.
- Other Infrastructure Managers and Operators include London St. Pancras Highspeed (London St. Pancras to the Channel Tunnel), London Underground Ltd, metro and light rail operators (e.g. Tyne & Wear Metro, Glasgow Subway), and heritage railways.

[27] ORR (2026) Safety Leadership

4.4 Rail Safety and Standards Board (RSSB) is a cross-industry safety body that develops industry-wide safety standards, tools, data analysis, and research. Standards are essential to making interdependent infrastructure, trains and workforces work as a coherent system across multiple organisations. RSSB's whole-of-system perspectives enable a common approach to be taken across the many interfaces involved, supporting safe and efficient railway operation.

4.5 Rail Accident Investigation Branch (RAIB) investigates railway accidents to establish causes and recommend safety improvements, without apportioning blame or liability. While RAIB investigates to determine causes and prevent recurrence, ORR may conduct parallel investigations to identify breaches of safety law. RAIB can make recommendations to ORR, as the National Safety Authority, and ORR is responsible for ensuring recommendations are considered and acted upon appropriately by dutyholders.

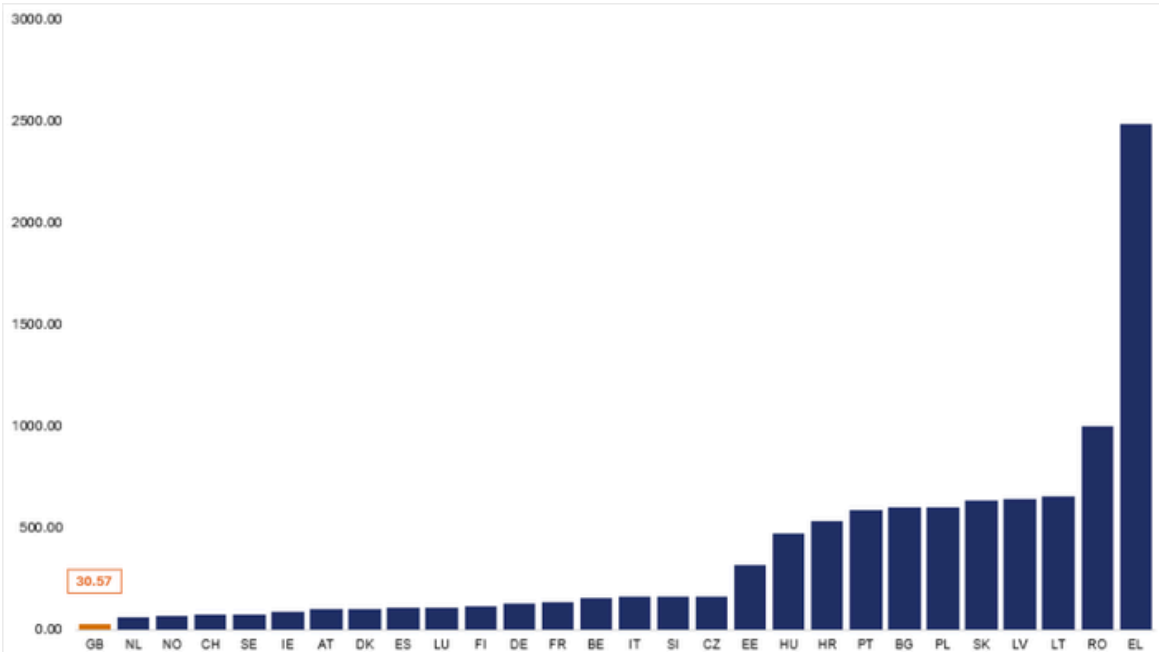
RAILWAY SAFETY: PERFORMANCE AND PRESSURES

Key findings

- UK railways consistently rank among the safest networks in Europe.
- The more unified structure introduced by rail reform brings opportunity for further enhancing safety, with well-recognised systemic risks to be managed during the transition.
- The broader challenges of fiscal constraints, ageing infrastructure, climate change and emerging technologies add to the pressures on the system.

Performance

Fatalities and weighted serious injuries (FWSI) per train-km for whole society by European country, 2019 to 2024 average. [28]



[28] ORR (22 January 2026) Common Safety Indicators 2024

4.6 Great Britain is consistently amongst the safest networks in Europe. The figure above illustrates the management of collective risk to the whole of society from railways, measured as fatalities and weighted serious injuries (FWSI) per train-km, with the definition of whole society including passengers, employees, level crossing users, trespassers and others.

4.7 UK railways have achieved a sustained step change in safety over the past 50 years. For example, passenger fatality rates have fallen by approximately 90% since the introduction of the Health and Safety at Work Act (HSWA) in 1974 [29]. This transformation in railways safety performance reflects a combination of strengthened standards, safer systems, technological innovation and maturing safety culture over the period.

Impacts of railway reform

4.8 The railway sector is entering a period of profound change, shaped by the most significant reform agenda in a generation coupled with a constrained financial environment. The continued health and safety of passengers, workers, and the public is a recognised priority through this period of transformation.

4.9 ORR's safety remit is not directly affected by the proposed reform, and the transformed railway will continue to require a coordinated, partnership-based approach. The transformed system will continue to include organisations beyond GBR's scope — including freight and open access operators, London St. Pancras Highspeed, TfL and suppliers. The future operating model is still being finalised.

4.10 Train and freight operating companies seek to run an effective, profitable and safe railway. Safety is not a bolt-on but part of the way that a good railway is operated. Safety is an emergent property of, and goes together with, good operational management. The simpler, more integrated and modern railway that is envisaged through the creation of GBR and associated industry changes also supports safety goals.

4.11 The design and ultimate expectations of a GBR safety management system (SMS) will shape the approach required by ORR. For example, a fully unified SMS which is seen as applicable to all parts of GBR presents a different risk profile and demands on ORR to an SMS that seeks to set overarching principles and integrate the existing systems of multiple organisations. This presupposes that the overarching GBR body is set up and treated as an infrastructure manager or operator, as defined by The Railways and Other Guided Transport Systems (Safety) Regulations 2006 (ROGS).

4.12 The more unified structure brought by railway reform presents an opportunity to further enhance safety. As recognised in ORR's guiding principles for the GBR health and safety management system [30], this consolidation has the potential to build on existing strengths by clarifying accountability, integrating safety leadership, and improving the consistency of risk management. It can support a more integrated and coordinated approach to identifying and managing risk, close long-standing gaps at organisational and operational interfaces, and enable timelier, joined-up responses to priority safety issues.

4.13 Significant interfaces will remain within the system after the creation of GBR. Examples include the interfaces between GBR and TfL as they share and use each other's infrastructure, with private sector supply chains and with those parts of the network that are not managed by GBR.

4.14 Alongside the opportunities, rail reform introduces systemic risks and the potential for degraded safety performance during transition. The need to address vulnerabilities such as unclear accountability, complex interfaces, uneven organisational maturity is flagged in the ORR guiding principles [30]. The distraction of rail reform could also draw focus away from day to day management of railway safety. "Perturbed operations" is a common underlying cause of accidents.

---

[29] Estimate draws on varied sources, including House of Commons Library (2010) Railway statistics for 1970's data.

[30] ORR (27 April 2026) Guiding Principles for Great British Railways' (GBR) Health and Safety Management System

Wider pressures and priorities

4.15 Ageing infrastructures, disruptive technologies and climate change impacts, together with continued cost pressures and changing societal expectations on wellbeing, add to the pressures. This is illustrated in the safety priorities set out by ORR for 2026/27 [31]:

- **Accident risk reduction:** maintaining strong regulation, inspections and interventions to prevent major rail accidents (e.g. overspeeding, trains passing the end of their movement authority, fatigue, and level crossings).
- **Workforce health and wellbeing:** tackling occupational health risks (Hand Arm Vibration Syndrome (HAVS), possession management), addressing worker welfare and violence against rail staff.
- **Infrastructure resilience and asset management:** focusing on maintenance delivery, ageing assets, earthworks and drainage, and the impacts of extreme weather.
- **Adapting to technology:** managing digital and software safety risks and promoting safety by design across major rail schemes and new technologies.

ORR SAFETY REGULATION

Key priorities

- ORR is generally well respected as a safety regulator.
- Increasingly constructive engagement and improved regulatory interactions are welcomed, with earlier dialogue encouraged on emerging issues and/ or enforcement.
- The immediate needs of transition to GBR are identified and considered achievable.

Overall performance

4.16 The ORR Rail Safety Directorate (RSD) is generally well-respected, described by interviewees as professional and pragmatic in its approach. ORR is credited as delivering an effective regulatory role that has contributed positively to sustained improvements in railway safety. Any areas for improvement singled out in this report should be seen in that context.

4.17 Increasingly constructive engagement and regulatory interactions were cited as a welcome shift by stakeholders. This was linked by many interviewees to the leadership of the recently appointed Chief Inspector. All stakeholders also recognised the need to maintain constructive tension and guard against regulatory capture.

4.18 Stakeholders identified three linked areas to strengthen in support of delivering the ambitions of rail reform: whole-of-system impacts, capability and transparency. These are detailed in a subsequent section, together with potential opportunities for capitalising still further on the insights that ORR can bring.

[31] ORR (2026) Business plan 2026/27 – section on “A healthier and safer railway”

Regulatory approach

4.19 As an independent regulator, ORR has discretion in how it prioritises and delivers its regulatory activities. This is shaped by its interpretation of statutory duties and factors such as maturity of its own capabilities and available funding. ORR draws on the wide variety of regulatory tools and instruments available to it, often in combination. These range from hard powers (e.g. licensing, permissioning and enforcing legally binding regulations) through to soft powers (e.g. providing advice and gathering and sharing information). Regulations within the railway sector blend elements of prescriptive rules (define what must be done to be compliant) through to goal-based principles (dutyholders explain how they achieve a defined outcome). Regulations are supported by railway industry standards which are a means of demonstrating compliance with the law. ORR publishes its approach and priorities [32], [33].

4.20 ORR focuses on ensuring that railway businesses ("dutyholders") have effective safety management systems (SMSs) in place that enable them to control their risks. ORR tracks risks and overall health and safety performance over time using data, industry risk modelling, and intelligence from inspections, audits, and investigations. This includes use of its risk management maturity model (RM3) that allows ORR to assess and benchmark the performance of each dutyholder and the rail industry as a whole. Industry also makes extensive use of RSSB standards to underpin their SMSs.

4.21 ORR focuses its regulatory efforts on what it assesses to be the most serious harms or risks. This risk-based regulatory approach relies on ORR's ability to identify and address the right issues before they escalate to major problems. It requires vigilance, robust data and sufficient organisational agility to respond quickly when necessary. Targeting constrained regulatory resources in this way brings clear benefits, but also challenges, particularly in balancing immediate, visible issues with risks that may be greater but less urgent.

4.22 ORR's annual safety reports [34] illustrate its monitoring of industry performance to identify systemic issues. These draw on varied intelligence sources, including ORR's own investigation work, collaboration across industry and regulatory partners. The resulting insights form the basis for setting safety priorities, guiding direction, and driving industry improvements in competence and operational standards. It is one example of the "soft powers" that ORR applies as part of its regulatory toolkit.

4.23 ORR's drive for safety-by-design illustrates how a strong safety focus also benefits the government's economic growth agenda. Addressing health and safety risks at the design stage reduces future accidents and prevents costly retrofitting or remedial works. This is one example cited by ORR to show how its safety focus also adds value to business efficiency and economic growth. Safety does not sit in isolation of operational performance.

Funding and governance

4.24 ORR's rail safety-related costs of £19m are recovered via a safety levy on railway service providers and the Channel Tunnel. Much of this cost relates to RSD's workforce costs of approximately 125 Full-time Equivalents (FTE). Of these, about half are focussed on frontline health and safety regulatory activity. The balance largely covers policy and training functions, with external consultants used to support specific projects.

4.25 Governance arrangements for ORR's safety teams, including its sponsor interface with DfT, were reported as effective. Routine reporting happens and the Department is sighted on developments and emerging issues. Although the relationship with the Sponsorship team is described as constructive, feedback from beyond the immediate sponsorship team suggests relatively recent tensions and more adversarial interactions. Many of these link to "whole-of-system" perspectives, and associated trade-offs between economic and safety considerations, described in more detail below.

---

32 ORR (September 2020) Health and Safety Regulatory Strategy (updated)

33 ORR (2026) Business plan 2026/27 – section on "A healthier and safer railway"

34 ORR (17 July 2025) Annual report of health and safety on Britain's railways 2024 to 2025

4.26 ORR works with other safety regulators, primarily the Health and Safety Executive (HSE) and the Office of Nuclear Regulation (ONR) which both enforce health and safety law in relation to some aspects of railways. MoUs are in place to ensure clarity of responsibilities across organisational boundaries. These bodies operate independently and overall relationships are positive. ORR is also active in the UK Health and Safety Regulators' Network. This provides a wider forum for sharing information and promoting alignment on good practice, helping to ensure consistency across regulators.

4.27 ORR's RSD also engages with other independent railway bodies. This includes the British Transport Police, which police railway property and investigate incidents, including accidents that may involve criminal liability and the RAIB which investigates railway accidents to establish the cause.

Preparing for rail reform

4.28 ORR Guiding Principles for GBR's Health and Safety Management System [35] set the outcomes required and minimum evidence expectations. Whilst these principles focus on GBR, they also flag the essential need for effective communication and coordination across organisational interfaces within a broad, complex and interdependent railway system.

4.29 The immediate (day 1) need is to ensure sufficient capability is available for the surge in statutory safety permissioning assessments. Plans have been developed for delivering necessary safety assessments and permissions for TOCs as they transition into public ownership. Four such approvals were granted in 2025. ORR is also engaging with industry partners developing the overarching safety management system for GBR, ahead of ORR's statutory assessments and permissioning later in the process. These transition plans were described as "demanding, yet deliverable".

4.30 ORR is carrying out a light-touch post-implementation review of ROGS on behalf of DfT. This is assessing whether ROGS and related Common Safety Methods/ Common Safety Targets remain effective in the context of EU exit, rail reform and the creation of GBR. Key areas of focus include safety management systems, certification and authorisation processes, maintenance responsibilities, safety-critical work, and the impact of emerging technologies. The final report is due to be published by DfT in August 2026.

WHOLE-OF-SYSTEM IMPACTS

Key findings

- The extent of consideration given to whole-of-system effects in safety assessments and risk controls was widely cited as an area for early, meaningful change. Existing initiatives within both ORR and industry offer a good platform for improvement.
- Whole-of-system influences manifest themselves in how local decisions play out at system level; in the interactions and trade-offs between multiple discrete safety interventions; and in the ability to account for externalities (factors beyond the rail system).
- A shift in regulatory and industry mindsets, capabilities and approaches is required to address "whole-of-system" effects when demonstrating that risks have been reduced to as low as reasonably practicable (ALARP). This should link to comparable activity in other sectors (notably the Fingleton review in the nuclear sector).

[35] ORR (27 April 2026) Guiding Principles for Great British Railways' (GBR) Health and Safety Management System

- Establishing a structured programme, with ORR leading an industry task and finish group, could provide a useful starting point to gain shared language and shared understanding of the issues, and then to identify potential options. Also, a "ways of working" document, based on current legislation and guidance, should be produced to address stakeholder feedback.
- The fundamental importance of railway standards in addressing the multiple organisations and interfaces within the railway system is recognised. Although a matter for industry, stakeholders identified comparable need for "whole of system" perspectives within standards.

The need for change

4.31 The extent of consideration given to whole-of-system impacts was widely cited by stakeholders as an area requiring early, meaningful change. These are matters for both ORR and industry, with initiatives already underway to improve decision-making. Four inter related types of issues were raised by stakeholders (treat as illustrative rather than comprehensive):

- **Wider system factors (i)** - Local vs system: there can be insufficient, inconsistent consideration of the implications of a local safety decision on the overall economics, operations and safety of the whole system. Decisions or requests that appear reasonable when viewed in isolation at a local level, can fail to acknowledge the overall system interactions or trade-offs involved.

- **Wider system factors (ii)** - Discrete vs Portfolio: hazards can be treated or viewed as isolated threats, without recognising the reality of an interconnected web of hazards with multiple consequences and cost implications for industry. Significant, discrete interventions may need to be prioritised as part of a wider portfolio that allows the various trade-offs and interactions to be considered.

- **Risk transfer beyond rail:** the frequently cited example was level crossings, and how risk transfers to or from the rail system was considered. For example, an action that drives passengers from rail to road could increase risk exposure for the passenger, even if rail risk is not increased. The Great Heck train crash in 2001 was primarily a road safety issue, with tragic implications and lessons for the railways. [36]

- **Societal factors (externalities):** A deeper question, raised within a review of the nuclear sector, was whether and how the concept of "proportionality" should account for broader societal or national priorities. How are the relative environmental benefits of rail, or contributions to economic growth and societal wellbeing accounted for?

4.32 Safety management of railways relies on the actions of multiple interdependent organisations operating across complex interfaces. A "whole-of-system" view of risk is fundamental given the inherent system level trade-offs that must be balanced, such as:

- **Interface risks:** gaps or duplication across interfaces can undermine accountability and create issues. The design of the railway system relies on effective working across boundaries (e.g. as done on recent work relating to over speeding).

- **Time horizons:** short-term operational needs against long-term financial implications in an industry where infrastructure investments span decades, but political and commercial pressures demand short term results and can constrain resources.

- **Who pays:** the dutyholder best placed to implement a change to enhance overall system safety is often not the one that financially benefits most from it. Dealing with winners and losers is not straightforward.

[36] HSE (2002) Investigation report: The track obstruction by a road vehicle and subsequent train collisions at Great Heck 28 February 2001

4.33 Increasing use of emerging technologies, and the associated interdependencies between highly interconnected tangible and intangible infrastructures, inevitably adds to the system challenge. The pace of technological change reinforces the need to raise the profile of wider system influences and impacts on local decision making. Now is the time to prepare strategies and plans for the complexities ahead as new technologies get adopted.

4.34 There is industry and regulator acknowledgement of the need to better balance the cost implications of Britain's robust approach to railway safety management. This is seen in recent ORR and RSSB reviews, prompted by industry and government concerns that the status quo is not sustainable. The launch of GBR and mounting cost pressures for industry create additional drivers for change and opportunity for new approaches.

4.35 Stakeholder comments are similar to those raised in Fingleton's recent review of Nuclear Regulation [37]. "The prime focus is on a local view of risk reduction, with broader strategic factors such as cost, programme delay, or national priorities often neglected. This leads to overly conservative outcomes, prevents decision-making in the interests of operational outputs, and limits the escalation of issues.... This prevents a systems-wide approach to risk management with individual risks being targeted in a fragmented way despite interdependencies between them." Fingleton also highlighted challenges stemming from the nuclear sector's interpretations of what constitutes 'Reasonably Practicable' when developing cost benefit analyses (CBA) for safety interventions.

4.36 The railway context is different to nuclear, notably in its extensive and critical use of industry standards to bridge organisational and operational interfaces. Nonetheless, there are complementary initiatives linked to Fingleton's review, and parallels in other high hazard and medical environments, that ORR can usefully draw from and contribute to.

Reasonable practicability

4.37 Dutyholders must do everything 'reasonably practicable' to reduce or not expose persons to safety risks. This stems from the general duties of the HSWA 1974 that require risks reductions 'So Far As Is Reasonably Practicable' (SFAIRP). These requirements are non-prescriptive and goal setting. They provide the backbone of an outcome-focused approach to regulation which allows for flexibility in how compliance with the law can be demonstrated. In practice, this means that measures to reduce or eliminate risk should be implemented unless the cost, in terms of money, time, or trouble, is not proportionate to the benefit gained from the reduction in risk. This is also referenced as the "As Low As Reasonably Practicable (ALARP)" principle.

4.38 The concept of "reasonable practicability" requires that safety measures should be implemented where they are cost-effective, erring on the side of safety. It does not require safety at any cost, and proportionality should take account of the degree of risk exposure. The interpretation of "reasonable practicability" is thus contextual. It requires judgement by dutyholders and, separately, by ORR's safety inspectors. Although there is no strict legal definition of the term, a body of case law and HSE guidance provide the reference points for such judgements.

4.39 Interpretation of "reasonable practicability" by both dutyholders and ORR, and appropriate use of standards, is a key influence on delivering high safety performance cost-effectively.

4.40 Inconsistencies in the interpretation of "reasonably practicable" are acknowledged by both ORR and stakeholders. This is unsurprising as outcome-based, judgment-reliant legislation inherently invites varied interpretations, even within the same organisation (whether ORR or industry). This is addressed in part by industry guidance and tools such as RSSB's "Taking safe decisions" and by organisation specific frameworks and procedures.

[37] Nuclear Regulatory Review 2025 (24 November 2025)

Foundations to build upon

4.41 There is appetite from both industry and ORR for greater clarity (on CBA, ALARP and proportionality). There are different perspectives on what this might involve:

- Stakeholders called for more predictable, consistent interpretation of proportionality and ALARP so that comparable cases are treated alike across routes and dutyholders can plan with confidence. What is perceived as inconsistent expectations or interpretation of regulations between individual ORR inspectors lead to confusion and sometimes significant cost. Individual inspectors may concentrate on minor detail and fail to consider the wider system level implications. This was compounded by a sense of limited avenues for meaningful challenge.

- ORR [38] recently led a review to explore how industry balanced the costs and benefits of health and safety interventions. This considered factors such as how cost estimates are compiled and how "practicability" is assessed, both central to decisions made by rail dutyholders to control risks "so far as is reasonably practicable" (SFAIRP). ORR highlighted a need for greater consistency in applying good practice, and that many dutyholders would welcome further support. ORR also noted opportunities to improve collaboration across interfaces, such as between train designers and train operators.

4.42 Balancing local and system perspectives needs a shared view of how whole-of-system considerations can be appropriately factored into CBA assessments. This can build on recommendations for industry emerging from the ORR review, whilst also incorporating the feedback on ORR working practices to ensure consistency of regulatory responses.

4.43 Options to allow for risk transfer to other sectors or wider societal benefits in CBAs should be considered within government's review of "proportionality" definitions [39]. Interviewees used the example of level crossings to make the point: although each additional train may increase risk at a crossing, taking drivers off the road may have greater overall positive impact on safety and societal benefit. One potential mechanism for introducing this aspect, as noted in the Fingleton review, would be for government to set out how any strategic steers by the relevant SofS is considered when determining proportionality. This would still need to reflect regulatory independence.

4.44 ORR engages closely with HSE and ONR on developments to ALARP / CBA guidance and should ensure it is actively involved (through DfT or DBT) in related government initiatives. These matters and associated legislation transcend sectors. Involving the rail industry would have value in deliberations about the HSWA 1974. The rail sector's widespread use of standards to ensure that multiple interdependent organisations operate as a coherent whole would contribute a distinct perspective. It would also allow ORR to raise specific questions relating to risk transfer to other sectors and consideration of broader societal or national priorities in proportionality decisions.

4.45 Managing safety interventions within a resource-constrained system also calls for more of a dynamic, portfolio-based approach. This would align, prioritise and potentially rebalance discrete interventions against strategic risk objectives while considering their interactions and their overall costs, and operational and safety impacts. It could also help address the stakeholder concern of whether current levels of safety expenditure are proportionate to the benefits achieved.

4.46 Portfolio disciplines are already applied in the context of proactive planning but are much harder to apply dynamically. They are applied, for example, when defining ORR's safety priorities for the year ahead and comparable plans within industry. Tools like RSSB's. Safety Risk Model can inform views of overall system risks. The specific challenge for both industry and ORR is responding to unexpected events or emerging issues. Mechanisms are needed to allow for dynamic rebalancing of the portfolio of safety projects to allow for new initiatives or priorities as contexts change.

---

[38] ORR (17 March 2025) Assessing the costs and benefits of health and safety interventions in rail: an industry-wide review

[39] In response to a recommendation within the Nuclear Regulatory Review 2025, Government is planning to introduce secondary legislation under s15 of the Health and Safety and Work Act to clarify the legal definition of proportionality.

Next steps

4.47 The foundations for promoting whole-of-system perspectives already exist and provide a good platform to build on. The shift required in mindsets, and potentially approaches, is likely to be substantial, calling for a combination of capability building, continuing the improvements noted in regulatory engagement, and encouraging new ways of working across industry. Responding to the needs set out above will need ORR to set out and then implement a structured programme, with coherent actions and clear timeframes, which is collaboratively developed and delivered with industry.

4.48 There are two related recommendations, with the following distinction between them:

- **R4** looks to explore and identify options for pushing beyond current constraints to tackle the full panoply of "whole-of-system" influences and impacts.

- **R5** looks at the here and now to set out what is possible under current legislation and guidance, including how to deal with "wider rail system factors" (a subset of "whole-of-system" issues). See para 4.31 for illustrative examples of such factors.

4.49 Experience in other sectors suggest that ORR could usefully start by developing shared language and shared understanding of the different system issues at play (see para 4.31). This should involve industry players and, potentially, other regulators and sectors in some form of task and finish group established and led by ORR. The use of case studies and scenarios are an option for bringing the issues to life. That common understanding will then allow a clearer determination of what can or cannot be delivered under current legislation and guidance. The ambition is for this group to explore and identify the art of the possible, including — if necessary — whether any legislative changes are needed for implementation.

Recommendation 4

ORR, with industry, to establish a structured programme that identifies future options to account for varied "whole-of-system" effects in ALARP assessments (such as wider rail system factors, societal externalities, and risk transfer to roads).

Completion by March 2027.

4.50 Industry and regulators would benefit from a clear set of ways of working principles that assist in applying CBA and associated concepts. Such principles should promote the need for dutyholders and ORR to consider the bigger picture and include wider system factors when optimising safety related decisions. They should again be developed collaboratively and address behaviours, communications and process.

Recommendation 5

ORR, with industry, to set out ways of working principles (spanning behaviours, communications and processes) based on existing legislation that assist in applying cost–benefit analyses and incorporating "wider rail system factors".

Completion by March 2027.

4.51 Subject to ORR's future engagement, the principles may be expected to cover:

- considering the totality of railway operations as opposed to assessing individual design or operational elements in isolation.
-
- reflecting how risks are distributed between different populations (such as workers, railway users and the public) and across time, between short and long-term risks.
- satisfying legal duties and drawing on existing good practice, as opposed to introducing new requirements on industry or regulator.
- allowing for evolution and updates to reflect on-going developments, for example if new mechanisms are agreed for including wider societal impacts or national priorities.

4.52 Comparable principles developed by the nuclear industry [40] may enable early progress in delivering the recommendation. Note that suggestion is not a "lift and shift" of the principles, but recognition that these may usefully serve as a starting point that is then adapted to reflect railway context. This would bring the added benefit of consistency in the application of CBA and proportionality concepts across high hazard industries.

4.53 In developing principles, consideration should also be given to how they might be initially embedded, evolved over time and kept current. For example, their publication might be accompanied by (anonymised) case studies setting out typical issues and illustrating both proportionate and excessive responses. Establishing an expert panel (either internal, or with industry) could provide independent validation of good practice, as well as offer a "second opinion" on contentious or novel applications.

Railway standards

4.54 Although setting and applying railway technical standards are matters for industry, ORR can apply influence through its activities. It can highlight disproportionate practices or examples of standards leading to suboptimal solutions that add unnecessary costs or delay innovation. This comment is also more widely applicable. For example, there were concerns raised about seemingly excessive responses to RAIB recommendations. 4.55 Dutyholders apply industry technical standards, such as those developed by RSSB, to demonstrate compliance with legal duties enforced by ORR. When well designed and properly applied, these standards improve safety, efficiency and sustainability across the rail network and support the adoption of new technology and innovation.

4.56 Treating standards purely as mechanisms to achieve regulatory compliance or protect reputations underplays their potential value in enhancing safety. Interviewees commented that a compliance mindset ("tick-box culture") can lead to overly restrictive practices without making industry safer. Their views included:

- issues that can be faced when different standards create competing requirements – for example adaptations to support accessibility, such as installation of lifts or ramps, conflicting with platform space requirements. There was a sense of insufficient pragmatism being shown by ORR when such conflicts arose.
- Although deviation mechanisms are reasonably well understood they are not always straightforward to apply. The incentives to deviate from established norms may be insufficient. Business rationale, including reputational risk, can lead to organisations going beyond what is strictly required.
- Frustratingly long timelines for the deliberative processes involved in agreeing standards were also flagged. Finalising a single standard can affect investment decisions worth hundreds of millions and in today's rapidly changing technological environment such delays may be untenable. The absence of competitive financial incentives, insufficient regulatory tension and balancing "winners and losers" across complex organisational interfaces accentuate the issues.

---

[40] DESNZ (November 2025) Ways of Working – principles to guide the application of ALARP and BAT in the nuclear industry

4.57 RSSB, supported by ORR, is repositioning standards to reflect its vital role in safety while promoting clearer links to overall rail system outcomes. RSSB's actions include strengthening consideration of cost and economic value in standards development [38]; encouraging take-up of deviation mechanisms; and creating an 'Industry Leadership Group' to cut through commercial barriers to change. Alongside tackling misconceptions of standards processes, RSSB's intent is to support clearer industry leadership and more streamlined decision-making. All of this should contribute to maintaining the rigorous safety culture that makes Britain's railways among the safest in Europe.

SKILLS AND CAPABILITY

Key findings

- The domain experience of ORR's safety directorate is valued and needs to be bolstered by greater use of the economic and operational skills that exist elsewhere in ORR.
- The "Regulatory Excellence" programme is a positive response to enhancing and sustaining future inspector capability.
- There is need to tackle gaps in technical expertise and to address potential knowledge asymmetries as industry adopts emerging technologies.

4.58 ORR's positioning within the rail sector, rather than within a more general regulatory body, is valued. This was highlighted by several interviewees as important because of its embedded railway expertise and relationships. There was also felt to be insufficient use made of the economic expertise and operational insights available within ORR to inform the more significant or systemic issues.

4.59 The team's demographic profile is raising concerns about resilience and depth of capability. The age profile shows that almost half of the team are aged over 50 [41] (16% over 60). The employee turnover of 11.5% [41] is higher than civil service average but similar to that of comparable regulators. Departures primarily reflect career progression and retirement, with limited early attrition.

4.60 Stakeholders are concerned about the impact of inspector turnover. They highlighted the importance of continuity in inspector relationships and the benefits of greater stability. Inconsistent points of contact have led to inefficiencies and some frustration, as it takes time to rebuild context and understanding following a change. Maintaining stability, where possible, could help strengthen confidence and support more effective engagement. It could provide reassurance at a time of extensive broader change, when consistency and trusted relationships are critical.

4.61 The effects of inspector turnover create vulnerabilities for ORR, including in its ability to adopt a more "whole-of-system" perspective (outlined above). While inspector turnover offers opportunities to introduce new ideas and perspectives, a reduced experience base can lead to more conservative positions on safety issues and a more rigid application of procedures. Robust supervision, mentoring and quality assurance will need to compensate for the loss of accumulated knowledge and deep domain expertise.

4.62 ORR has responded to these challenges through recruitment and by establishing a structured long-term 'Regulatory Excellence' programme. The latter includes a specific focus on strengthening regulatory capability and increasing organisational resilience. Ten new inspectors, with varied backgrounds have been recruited, with their development supported by a new bespoke training team. A refreshed Inspector Assistant training programme has also been implemented.

---

[41] ORR data provided to the Independent Review.

4.63 Knowledge and information asymmetries with industry are adding to the challenge. Such asymmetries arise where industry has more extensive expertise or depth of information than the regulator, creating a mismatch in understanding or decision-making. Interviewees commented that ORR can struggle to engage confidently with the detailed technical models that underpin safety judgements. This gap may widen as the sector evolves, particularly where expertise sits outside ORR, such as reliance on DfT for cyber capabilities.

4.64 Emerging technologies being explored by industry, such as autonomous operations and the use of AI in asset management and customer insights, will introduce further vulnerabilities for ORR. Addressing the related questions will require a robust and agile multi-disciplinary capability. This underlines the importance of investing in internal expertise and strengthening links with other government bodies and independent sources of specialist knowledge.

TRANSPARENCY

Key findings

- ORR publishes extensively, both on general industry matters through its annual safety report and on specific topics such as CBA or GBR safety principles.
- There is a disconnect between the perceived transparency gaps flagged by stakeholders and the extent of openly available material. This needs testing further by ORR.
- Specific value could be added by providing stakeholders with greater insight into the factors and trade-offs considered when taking regulatory decisions and enforcement action.

4.65 Stakeholders flagged the opportunity being missed to use transparency as a lever for industry and regulatory change. Although ORR publishes extensive materials on policies and outcomes, interviewees noted that the rationale that underpin safety requests and regulatory decisions often remain unclear. They commented on the lack of visibility on actions taken after an issue is identified (such as which stakeholder groups were consulted, or what is done with insights provided to ORR).

4.66 There is a disconnect between the transparency gaps perceived by multiple stakeholders and the reality of extensive material published by ORR. The contrast is stark. There is, for example, a lack of recognition for ORR's recently published work on CBA and practicability. This gap may arise from several factors. It would benefit from further testing by ORR. The most straightforward rationale may be that most interactions focus on detailed operational matters rather than the strategic whole. Any exploration of the issue should therefore include the extent of information made publicly available through enforcement notices, as one area that could support wider learning.

4.67 Stakeholders emphasised the potential benefits of greater transparency around the rationale for regulatory decisions and how systems-level trade-offs are considered. This applies to decisions ranging from how focus areas and regulatory interventions are prioritised through to those judgements underpinning CBA assessments and enforcement action. Whilst respecting the need for confidentiality, increased transparency could help reshape industry understanding of decision-making and showcase how the breadth of ORR multi-disciplinary expertise is used. The underlying driver for the recommendation reflects an opportunity to strengthen stakeholder confidence, reduce potential areas of friction, and demonstrate more clearly how whole-of-system impacts are considered.

Recommendation 6

ORR to enhance transparency of the rationale behind its safety priorities and interventions, with improved visibility of factors considered (e.g. trade-offs, cost considerations, and system impacts).

Completion by March 2027

HORIZON SCANNING AND THOUGHT LEADERSHIP

Key findings

- The repositioning of ORR's economic remit to a wider ranging advisory role also brings new opportunities for its Rail Safety Directorate (RSD).
- ORR, collaborating with RSSB and industry, should strengthen the thought leadership it provides on matters of broad interest, drawing on its unique data sources and insights.
- Such initiatives would support the maturing of RSD's capability and visibility on whole-of-system matters (including economic, operational and external influences and trade-offs).

4.68 The repositioning of ORR with a wider ranging economic advisory role creates new opportunities for its safety functions. ORR is currently perceived as too focused on operational or tactical details. It can use industry reform as a catalyst to reposition itself as a regulator that also takes account of system level trade-offs. With the ever-increasing need for robust whole system views, and leadership across multiple parties, this should not be seen as a new mandate – more as a bolstering and repositioning of what is already being done by ORR, with the added value of reinforcing its "soft power".

4.69 As part of its repositioning, there is value in ORR providing greater horizon scanning and thought leadership on rail safety. Any such activity would benefit from being delivered collaboratively with RSSB and other relevant bodies to avoid confusing the different leadership responsibilities that already exist.

4.70 The benefit of such initiatives for ORR would be to augment its use of "soft power" and to mature its capability development. Any such more proactive stance could build on the forward look provided within the Chief Inspector's annual review of safety. In this context, providing thought leadership is viewed as a mechanism for encouraging and bolstering ORR's whole-of-system perspectives. It could address stakeholder feedback that discussions are siloed at an organisational level, limiting visibility of good practice and emerging issues. It could reinforce improvements in early engagement on significant emerging risks or issues that are welcomed by stakeholders.

4.71 The immediate opportunity may be around shaping the sector's strategic response to the emerging risks of rail reform. As integration progresses, the potential for blurred accountability (e.g. between asset owners, operators, suppliers) requires ORR to consider how it influences safety outcomes not only through discrete dutyholders but across the wider system. ORR could work with RSSB and others to develop system-wide leading indicators to reflect the hazards faced. This could build on cross-cutting risks identified by ORR in its guiding principles for GBR SMS design [42].

4.72 Looking ahead, comparable strategic opportunities could link to the implications of rapidly emerging technologies and associated innovations. This could be one mechanism for mitigating risks of knowledge asymmetry between industry and ORR.

---

[42] ORR (27 April 2026) Guiding Principles for Great British Railways' (GBR) Health and Safety Management System

4.73 Thought leadership can be achieved through mechanisms such as publishing accessible analysis, convening stakeholders and fostering open dialogue. It requires consistent, high-quality, proactive engagement grounded in real data and focused on system-level safety issues that matter to industry. In practice, this means anticipating emerging risks, sharing clear evidence-based insights, and offering practical guidance to support industry change. Much of this already happens. The opportunity is there to do even more, consistently, within an inclusive framework that also benefits ORR's own knowledge.

4.74 Concepts along the lines of a system safety forum are already being considered by RSSB, involving ORR and industry dutyholders. A nascent initiative involves the creation of a "National Safety Board" to focus on specific issues, initially over speeding.

4.75 ORR's activities would need to remain distinct from, and add value to, RSSB's cross cutting industry remit. It could achieve this by capitalising on its unique positioning and ability to access data and insights that others cannot obtain. This may include looking beyond UK rail networks to safety and regulatory developments in other high hazard sectors and drawing on the full breadth of ORR's multi-disciplinary expertise, evidence base and international networks. Funding would be from existing sources, with this type of proactive, more strategic activity, agreed as legitimate use of funding.

4.76 The optimal mechanisms for more visible ORR thought leadership should be shaped in discussion with RSSB and industry, and agreed as value-adding. This should be viewed as a way of capitalising on ORR's distinct insights. Importantly, it should avoid being duplicative or simply becoming a talking shop. The underlying intent is that any such mechanism is used to mature and reinforce ORR's whole-of-system perspective (including the economic and operational influences from which safety emerges) and shape safer outcomes for the railways well into the future.

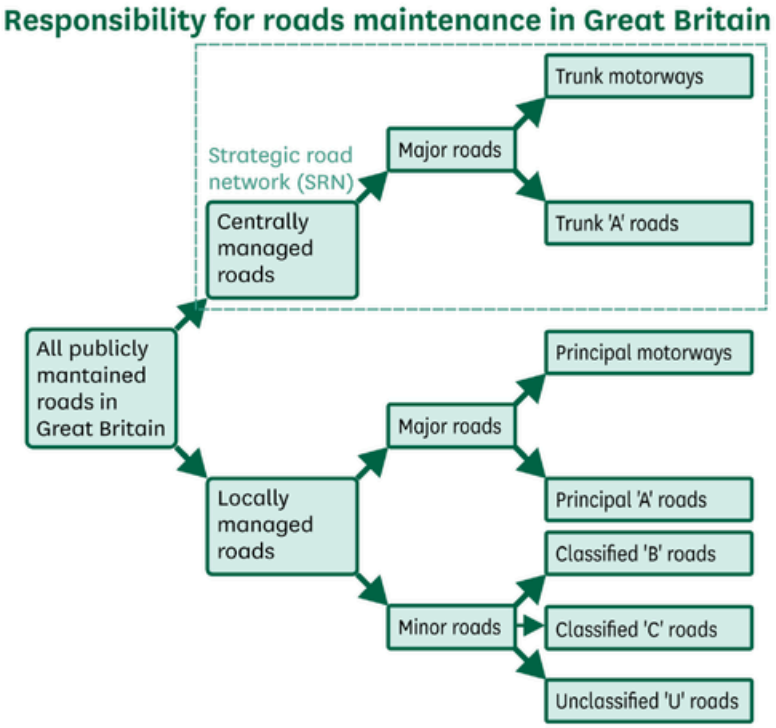
5. Roads: monitoring National Highways

OVERVIEW OF THE REGULATORY SYSTEM

5.1 Roads are a key enabler of economic growth. The costs of transport form part of the broader cost structures of every company and every household, and are embedded in goods and services. They supports social inclusion by connecting communities and jobs. The scale of expenditure associated with the Strategic Road Network (SRN) also creates scope for new investment and innovation.

5.2 The SRN is at the core of England's national transport system. It comprises around 4,500 miles of motorways and major A roads, is intensely used, and carries a third of all traffic and two-thirds of all road freight [43]. It excludes those roads, including some motorways and A-roads, managed by local authorities, Transport for London, Scottish or Welsh governments.

Responsibility for roads maintenance in Great Britain [44]



5.3 NH manages and improves the SRN in England. It is a government owned arm's-length company, established under the Infrastructure Act 2015 and appointed and licensed as a strategic highways company by the SofS for Transport. It is funded through a core grant, the Road Investment Strategy (RIS) that is normally agreed in 5-year road investment period. Plans for the next road funding period (2026 – 2031) are set out in the RIS3 paper [45]. NH has recently strengthened a regulatory team of approximately 20 people, which acts as a focal point for ORR interactions.

5.4 ORR monitors the performance and efficiency of NH in fulfilling its functions. Its team of 23 people (full-time equivalent) advises the SofS on funding and performance matters relating to NH, including whether RIS objectives are being met. It retains regulatory powers to enforce NH compliance with RIS or licence conditions. ORR has no role on local authority or devolved administration managed roads.

---

43 National Highways (2026) Roads we manage

44 DfT (2012) Guidance on road classification and primary route network

45 DfT (26 March 2026) Road investment strategy 3 (2026-2031)

5.5 ORR's regulatory powers are found in the Infrastructure Act 2015 and include (under s10) carrying out activities to monitor how NH exercises its functions. Such activities may involve investigating, publishing reports or giving advice to the SofS on: NH's performance under a RIS, objectives for a future RIS, and the effect of directions and guidance given by the SofS to NH (such as NH's Licence).

5.6 The regulation of the economic monopolies presented by the SRN and by NH operations are largely internalised through public ownership. This is different to ORR providing an independent regulatory function as it might, for example, with private ownership. This leaves considerable onus on DfT to ensure that its system design addresses associated risks and provides a context in which competition, innovation and investment thrive.

5.7 The SofS issues NH's Licence as statutory directions and guidance. The licence sets out operational conditions and duties for NH, including with respect to safety, maintenance, user experience, and the environment. The SofS may also issue guidance on how ORR should carry out its monitoring functions. The SofS and Treasury must give ORR guidance as to the circumstances in which the payment of fines by NH should be required.

5.8 The SofS is accountable to Parliament for NH's activities and performance. Responsibilities include:

a) exercising their functions in relation to the SRN as set out in the Infrastructure Act 2015, including publishing a RIS and issuing directions and guidance to NH

b) keeping Parliament informed about the performance of NH

c) ensuring the financial resources committed by the SofS to NH are delivered, subject to appropriate controls

d) carrying out responsibilities specified in NH's Framework Document.

5.9 As sole shareholder in NH, the SofS also has shareholding responsibilities with respect to the governance of NH. In addition, DfT provides policy, guidance, and funding to English local authorities to help them run and maintain their road networks, improve passenger and freight travel, and develop new major transport schemes.

5.10 Transport Focus (TF) is the independent watchdog for users of the SRN. Its main activity in this area is an annual survey of user satisfaction, which informs NH plans and ORR assessments. It is an executive non-departmental public body, sponsored by DfT.

STRATEGIC ROAD NETWORK: PERFORMANCE AND PRESSURES

Key findings

- Performance of the SRN has improved since 2015 roads reform, with many positives, albeit within the context of a mixed picture that includes a dip in overall user satisfaction.
- Demands on the SRN continue to increase, due to factors such as ageing infrastructure, climate change, environmental impacts, coupled with a tight fiscal environment.
- Government has ambitions to unlock greater levels of private capital investment in roads.

Performance

5.11 The end of Road Period 2 in 2025, marked ten years of Roads Reform. This was a fundamental change to how the SRN would be operated, maintained and improved to support economic growth. It was intended to provide long term certainty and a more flexible approach to delivery to drive innovation and efficiency in the sector for taxpayers and achieve improved outcomes for road users and communities.

5.12 A decade on, the intended benefits of Roads Reform that started in the first road period (RP1, 2015 to 2020) were built on in RP2. This is important for the public and businesses: a high performing, safe, reliable network is vital to maintaining and supporting growth to the economy and will continue to be so in the future.

5.13 During RP2, NH continued to deliver efficiently, reporting £2.2bn of efficiency improvements against its £2.0bn target. The company made the largest efficiency improvements in renewals (£764m) and the operating costs of its business (£538m).

5.14 NH delivered significant improvements for road users in RP2. It opened 30 major enhancements schemes for traffic [46], achieved better environmental outcomes and met targets for clearing incidents and mitigating the impact of roadworks.

5.15 The network has been maintained to ensure that over 96% of the road surface was in good condition by the end of 2025 [46]. This reflects a more targeted and improved approach to maintenance and asset management over time. However, there are underlying pressures, including an increasing number of defects, ageing assets, and variable resilience in areas such as drainage and technology. These trends point to growing maintenance demand and the need for effective long-term asset management to sustain performance.

5.16 Safety on the SRN has improved markedly since 2015 but has not met the ambition of a 50% reduction in casualties against the 2005–09 baseline [46]. By the end of 2024, killed or seriously injured casualties had fallen by 38%. Despite the progress that has been made, the target of a 50% reduction by the end of 2025 will almost certainly be missed. Further action is needed to deliver long-term safety outcomes, as outlined in RIS3 and DfT's 2026 Road Safety Strategy [47].

5.17 User experience remains mixed overall, with overall satisfaction declining from 73% in 2022/23 to 69% in 2024/25 and journey delays worsening since 2020 [46]. The impacts of the National Emergency Area Retrofit (NEAR) programme are a key factor in this decline, itself illustrating the future implications of increased roadworks to address growing maintenance demands. On the upside, strengthened incident clearance and roadworks management is supporting more reliable journeys, and 30 major enhancements schemes were completed in the period 2020-2025 (with a further 11 schemes underway).

5.18 This mixed picture shows that NH has not achieved everything that it originally planned in RP2 for reasons both within and outside of its control. It has committed to improve in areas where it has not achieved its targets, such as delays and road user satisfaction. This is reflected in the ambitions set out for RIS3.

5.19 Demands on the SRN continue to increase, with the associated challenges amplified by a tight fiscal environment. These pressures are reflected in the priorities and investments set out within the recently published RIS3.

- **Ageing infrastructure:** The SRN is under increasing strain from ageing assets, many now beyond their design life. Around two-thirds of structures are over 45 years old, and older construction methods make maintenance more complex, particularly as traffic demand continues to grow. [48]

- **Climate change:** Higher temperatures and more extreme weather are already affecting the network. These conditions disrupt maintenance, reduce asset lifespan, and threaten both short-term performance and long-term resilience.

- **Environmental pressures:** growing traffic demand needs to be balanced with reduced environmental impact, including biodiversity net gain and net zero targets.

---

[46] ORR (15 January 2026) Annual Assessment of National Highways' performance: end of the second road period April 2020 to March 2025

[47] DfT (07 January 2026) Road safety strategy

[48] National Highways (2022) Strategic Road Network: Initial Report 2025 - 2030

- **Innovation:** Advances in technology offer new ways to improve safety, efficiency, and performance. Stable investment, collaboration, and the adoption of new techniques will be key to delivering a more resilient and future-ready network.

5.20 The Government has ambitions to unlock greater levels of private capital investment in road infrastructure. The Highways (Financing) Bill [49] is expected to introduce the ability to apply a new Regulated Asset Base (RAB) funding model to major schemes, such as the Lower Thames Crossing (LTC).

ORR ROADS: REGULATORY FRAMEWORK

Key findings

- The Roads Reform introduced in 2015 are generally viewed as effective, with the need for continuing evolution highlighted as contexts change.
- ORR's regulatory duties and guidance stems from documents of different vintages, with some misalignments within these that needs resolving.
- There is merit in taking stock of the ORR funding model for roads, potentially aligning some (or even all) of this more closely with the model used for rail.

Overall context

5.21 It is over a decade since Roads Reform introduced a fundamental change to how the SRN would be operated, maintained and improved to support economic growth. Stakeholders recognised the benefits, particularly those arising from having the relative certainty of 5 year funding periods. The potential and need for continued evolution was highlighted, but there was no appetite for a fundamental revisit of the overall approach.

5.22 ORR's primary role is to monitor and assess NH's performance and efficiency, investigate and where necessary take enforcement action and ultimately hold it to account to fulfil its duties on behalf of road users, taxpayers and the wider public. The RIS Performance Specification and Investment Plan and relevant Licence conditions form the basis of this activity. ORR advises the SofS on NH's performance and efficiency and reports its findings publicly. ORR also advises the SofS on developing the RIS, on whether the proposed requirements are deliverable with the proposed financial resources, and the extent to which NH's draft plans are challenging and deliverable, including with regard to the levels of efficiency proposed. It also provides wider advice as needed. Outcomes for the SRN are considered in the context of developing the RIS and associated plans, against which NH performance is subsequently assessed.

5.23 ORR expects to take on a new and significant role as the regulator for any future roads project built under a regulated asset base (RAB) financing model. The first application is the LTC. This new role supports government ambitions on private investment and growth in England's road infrastructure. ORR would provide strong independent oversight of private licence holders, to ensure that any infrastructure built under a RAB model remains well maintained, efficiently managed, and provided at a fair and proportionate cost to road users. (This is considered further in paras 5.51–5.62).

[49] HMG (2026) The King's Speech 2026

Regulatory approach

5.24 ORR sets out its approach and priorities in published policies and guidance such as Holding National Highways to Account [50]. These are influenced by factors such as the regulator's values, risk appetite, maturity of capabilities and available funding. Its activities are set out in the Infrastructure Act 2015, relevant statutory duties and guidance, and its MoU with DfT.

5.25 Assessment approaches adopted for monitoring NH performance and efficiency are based on those successfully used over many years by ORR in the rail sector. This brings the benefit of consistency: a template based on a periodic review framework supported by licences, and common accounting and assessment practices.

5.26 An underlying issue of ambiguities introduced by key documentation of different vintages needs to be tackled. This is already being taken forward by DfT, with input from ORR and others. The ambiguities have previously led to inconsistent expectations of ORR.

Recommendation 7

DfT, consulting ORR and NH, to refresh and re-align key statutory and policy documents, addressing any inconsistencies and supporting a shared understanding of the roles of all parties to Roads Reform.

Completion by March 2027

Stakeholder relationships

5.27 Despite its work being valued, ORR's overarching purpose is not consistently understood by key stakeholders. The changes in senior leadership in DfT, ORR and NH provide opportunity to address this.

5.28 Mismatched views of ORR's purpose have led to past issues. The evolution of key statutory documents, coupled with differing interpretations of ORR's advisory, monitoring and regulatory functions, created inconsistencies across interfaces and ambiguity about priorities. These issues came to a head in 2024, catalysed by ORR's regulatory interventions against NH, which led to significant tensions (since resolved) and board level discussions between DfT, ORR and NH.

5.29 Relationships between ORR and NH are now widely viewed as "much improved". ORR's 2024 regulatory investigation prompted new ways of working, with improvements attributed to clearer understanding of remits, stronger board-level engagement, and the strengthening of an NH regulatory function to act as a central point for regulatory matters. This has helped to mature corporate relationships, although there remains work to do at NH regional levels. The importance of maintaining constructive tension and safeguarding against regulatory capture as relationships mature was acknowledged.

Funding

5.30 DfT funds ORR through a £3.5m grant to deliver its roads function. This covers a semi-autonomous team of 23 suitably qualified and experienced people, with consultancy support as needed, to deliver monitoring of NH performance and efficiency. Funding was described as sufficient to deliver the essential elements of ORR's statutory mandate but offering limited capacity to go beyond this baseline. ORR prioritises accordingly.

5.31 Mechanisms are in place to guard against ORR's reliance on direct funding from DfT impacting its operational independence and ability to deliver its functions. These include ORR's direct accountability to parliament; the expectation that ORR focusses on NH "day-to-day operations" (matters that are not directly for DfT or the SofS); and independent decision-making structures within ORR and transparency. There was no indication of problems having arisen to date from this direct funding mechanism, or of hypothetical risks of undue influence becoming more real.

[50] ORR (26 March 2026) Holding the strategic highways company [National Highways] to account

5.32 The funding mechanism for ORR's expected regulatory role on future RAB roads projects, including LTC, is likely to need different arrangements. From an investor's perspective, a direct funding route to DfT may be seen as introducing uncertainty and scope for influence of ORR that is then factored into their pricing. This is an example of where there needs to be clear separation from government to ensure stability of the regime and give confidence to investors of ORR independence.

5.33 There is merit in taking stock of funding options for ORR's roads function, potentially aligning some (or even all) of the funding more closely with the models used for rail. The current model offers limited scope for addressing questions that lie beyond the mandate (for example, as integrated transport strategies might). In any case, mechanisms that allow the regulator to make a direct value for money case for (additional) funding to HMT or private funders (in the case of levies) would be useful to incorporate.

5.34 Distinct funding mechanisms have tended to reduce operational flexibility within ORR. When each funding source is aligned to specific regulatory, organisational activities or projects, then teams and expertise have tended to be closely aligned to funding sources. This can constrain flexibility and integration of multi-disciplinary expertise. In practice, this is an operational matter rather than a funding matter.

Recommendation 8

DfT to consider how best to ensure that ORR's funding enables it to discharge its roads duties in a meaningful way, including options for aligning funding more closely with the models used for rail.

Completion by March 2027

Preparing for ORR transformation

5.35 The Roads team operates semi-autonomously within ORR, with a stable pattern of work, which gives it some protection against the wider disruption created by rail reform within ORR. There is merit in ORR acknowledging these risks and establishing mechanisms that ensure the team has continued access to the senior level visibility and support it needs.

5.36 ORR is expected to be taking on responsibility for economic regulation of LTC, which will require additional capability. See paras 5.56–5.57. DfT will need to allow sufficient lead time for the details of any future remit, and associated funding, to be confirmed ahead of ORR capability and capacity being built.

ORR PERFORMANCE

Key findings

- ORR is generally regarded as competent in delivering its roads function, playing a valuable role in holding NH to account, but also viewed as potentially underpowered.
- ORR needs to strengthen its consideration of system-level impacts, engagement and transparency of its decision making.

5.37 ORR is generally regarded by DfT, NH and other stakeholders as competent in delivering its statutory functions and playing a valuable role. Confidence in ORR's ability to challenge NH was high, with stakeholders citing anticipated savings of between £0.5 – £1.2[51] bn in the recent RIS3 efficiency challenge as an example of taxpayer value, particularly when contrasted against the team's £3.5m annual budget. Its independence was also seen as valuable when arbitrating on the deliverability of DfT KPI proposals.

5.38 Stakeholders consistently identified a need for greater system-level insight and engagement. Their examples can be broadly categorised as:

- **Depth vs breadth:** ORR's analytical capability provides a robust evidence base at a detailed level that should be complemented by wider consideration of operational trade offs. Stakeholders commented on a potential imbalance between ORR's local and system-level focus, contrasting what felt like overly positive KPI-based assessments of NH with wider industry concerns about bureaucratic, costly decision making.

- **Performance indicators:** ORR currently engages with NH on approximately 12 KPIs, 23 PIs and descriptive commentary for areas where a metric is unsuitable [52]. These relate to 135 licence conditions such as user experience, safety, environment and efficiency. Rebalancing KPIs and supporting performance measures to what is perceived as a predominantly compliance-focused approach would give greater scope for leveraging NH strengths to best effect. (DfT are responsible for the licence conditions).

- **Technical capability:** stakeholders perceive an over-reliance on procedural or formulaic assessments of prescriptive KPIs, as opposed to professional judgement, creating a sense of limited depth of capability below respected senior leaders.

- **Benchmarking:** across regions this is recognised as useful but there is a strong view that benchmarking beyond NH (to LAs and internationally) could add even further value and insights. It was, for example, commented that NH planning procedures ahead of major works appeared to be more extensive and costly than their LA equivalents. Stakeholders reported a sense of resistance to this type of wider performance benchmarking, due to negative reactions citing relevance and comparability when previously trialled.

5.39 There is stakeholder appetite for strengthened transparency and engagement:

- **Clarity of decision making:** ORR publishes extensive materials on policies and outcomes, which provides a strong foundation of information for stakeholders. There is scope to make the judgments and trade-offs that underpin key decisions more visible, especially in those areas where ORR has discretion in applying its "holding to account" policy. Strengthening clarity would further enhance transparency, predictability and trust.

- **Visibility of interventions:** Given the uncertainty and direct costs to business caused by NH slippage or cancellations of schemes, industry relies on ORR to be rigorous and effective in holding NH to account and driving improved performance. Stakeholders, particularly those outside the public sector, expressed a desire for greater visibility of this being done. Although actions taken, lessons learned, and challenges applied to NH are reported annually, a more accessible and timely visibility of ORR's actions would reinforce confidence in their impact.

- **Proactive engagement:** relatively late engagement on the operations, maintenance and renewals (OMR) planning process is seen as limiting ORR's influence on outcomes. All parties would benefit from earlier engagement and more consistent feedback on how consultation inputs and evidence from industry are used. Such engagement could also enable ORR to gather industry insights that may not otherwise be raised with NH due to commercial sensitivities.

---

[51] ORR (28 November 2025) The Third Road Investment Strategy ORR's advice on National Highways' draft strategic business plan

[52] DfT (26 March 2026) Road investment strategy 3 (2026-2031)

5.40 Stakeholder perspectives on system level judgement and industry engagement were reflected in questions about the team's resilience and depth of capability. The team leader received specific praise, senior capability was seen as strong, but stakeholders were less confident that the necessary breadth or mix of experience existed across a relatively small team. The disparity in size and resourcing between ORR and NH was widely highlighted during engagement with some stakeholders suggesting that ORR is relatively underpowered for the task.

5.41 ORR should address these stakeholder views on the need for greater system level insights, with action to identify and strengthen any capability gaps. This will need support and, where appropriate, funding from DfT. The case for doing so would come from the value added to ORR advice and contributions. Some improvements could be achieved through rebalancing current activities, and through greater collaboration and knowledge sharing between road and rail teams. This would, in any case, be useful as a mechanism to inject different ideas and experience into these teams, and to add mutual value.

ORR ROADS: OPPORTUNITIES

Key findings

- There is merit in applying ORR's expertise and independence to road matters that extend beyond its immediate remit on NH and associated SRN outcomes.
- ORR should also be given clearer responsibilities for advising on long term stewardship (as being introduced for rail). This could reinforce its contribution to economic growth.

A broader "road system" perspective

5.42 From a functional perspective, road user needs typically reflect a whole-of-system view that accounts for the SRN's interdependencies with locally managed roads. From a road user, taxpayer or industry perspective, it is the totality of this functional performance on an end-to-end journey that matters. The interconnections between the SRN and adjacent LA managed roads, such as those on the major roads network (MRN), are also increasingly important to NISTA's spatial planning, which will drive regional priorities within its 10-year infrastructure strategy.

5.43 Taking this wider system view involves multiple parties, interdependent and competing objectives, and trade-offs such as:

Budget constraints OMR investments in ageing infrastructure Local decision making and regional priorities Increasing roadworks etc	⟺	Reliability, safety and environmental targets Capital investments in enhancement schemes and upgraded technology National growth and spatial planning User experience etc

5.44 The roads function set out in the Infrastructure Act 2015 focusses ORR's activities on evaluating NH performance and efficiency, and hence link to the SRN. Proposals for ORR's reformed role in rail recognises the inherent value in a more flexible and outcomes focused remit, extending its activity beyond monitoring GBR to a whole-system advisory role. A comparable whole-of-system scope for roads could allow ORR to look beyond the SRN, for example to relevant parts of the MRN and advise on overall roads outcomes that impact significant user groups such as freight or issues such as safety.

5.45 ORR's independence and expertise can be used for roads related advice for DfT and the SofS beyond its current focus on NH and the SRN. This needs allocated funding. It already can be (and is) done on an ad hoc basis through specifically commissioned projects. Such advice could, in the future, be put onto a more formalised basis through amendments to ORR's duties (such as for growth). It could also strengthen ORR's activities by it gaining access to additional performance benchmarks and external insights from relevant expert bodies who may already be active in specific areas (with care to avoid duplication).

5.46 The "bigger picture" strategic questions that could be explored, include:

- **Absolute costs:** ORR's assessment of NH relies on benchmarks that will tend to show relative performance. That cannot, for example, answer perennial questions such as "why does the roads infrastructure appear to cost so much more in the UK than in other countries". There would be merit in ORR, DfT, NH and NISTA sponsoring a collaborative study that provided a robust answer to the question of absolute costs of roads and the factors driving any disparity with international benchmarks.

- **Externalities and wider impacts:** The road networks generate multiple externalities, including safety outcomes, environmental impacts, and growing concerns around drainage and resilience to extreme weather. This is considered by ORR for the SRN. Topical issues such as the new road safety strategy could benefit from ORR's broader perspective, as well as raising its awareness of SofS ambitions and potential impacts on how SRN assets are designed and operated.

- **Economic growth and innovation:** While ORR's road duties do not explicitly include promoting growth, its broader responsibilities touch on areas that support innovation, technology adoption, and potential third-party investment. Considering growth more explicitly could help unlock new approaches and funding models. A stronger innovation remit could also encourage ways of unlocking more disruptive, higher impact, changes.

- **Societal priorities:** public concern shapes priorities that may not always align to outcomes from purely economic or engineering assessments. For instance, safety improvements for smart motorways are widely recognised as necessary and valuable; with the SRN being the safest type of road, stakeholders commented that this investment may not achieve the greatest road safety benefits from a constrained funding pot.

Long term stewardship

5.47 The SRN would benefit from an agreed long-term strategy, looking ahead at least 15 years. NH has developed forward looking scenarios to 2050, covering technology, asset condition and future demand. NISTA is also developing 10-year spatial plans to inform future needs for transport infrastructure. These insights have yet to be incorporated into a DfT-led national roads strategy that looks well beyond the usual 5 or 10-year road planning horizons, and that could support the introduction of concepts such as "guiding mind". This would respond to stakeholder appetite for a longer-term view, which would enable the supply chain to invest more confidently in people and assets and lead to a stronger, more efficient construction industry to deliver economic growth.

5.48 Introducing robust mechanisms and/ or duties that require ORR to play a fuller role on long term stewardship of the SRN would add considerable value. Currently, this dimension of asset management is embedded within a compliance framework tied to RIS delivery, and there is no proactive requirement for ORR to act as a driver to improve long term outcomes or to highlight the long-term consequences of in period decision making.

5.49 Independent strategic challenge and constructive tension when assessing short/ long term trade-offs could support:

- **Investor and supply chain confidence:** A robust long-term strategy is widely recognised as essential to unlock economic opportunities and give the private sector confidence to invest. Stakeholders value the move to five-year road investment periods but emphasise the need to anchor these within a longer term framework. Greater certainty would enable firms to plan across control periods, achieve economies of scale to deliver better value for the taxpayer, and support economic growth.

- **Innovation:** NH's work highlights opportunities to adopt new materials for repair and renewal, apply advanced asset management tools and deploy proven technologies to improve traffic flow. Enabling these opportunities through longer planning cycles would support greater efficiency and long-term performance improvement.

- **Ageing infrastructures:** explicitly acknowledging the long-term health and resilience of the SRN asset base is crucial, particularly given evidence of a period-on-period decline and additional pressures such as climate change. A view of total asset health, supported by targeted, multi-period plans, would help manage cost pressures more effectively and mitigate risks of even greater future degradation issues due to deferred investment.

5.50 Ultimately, the most significant opportunity for ORR's Roads team to support economic growth may lie in enabling a longer-term perspective of the SRN. It can use its stability, expertise and independence to strengthen investor confidence, improve transparency and deepen industry engagement across the sector. This would need to be supported by appropriate funding, which might be another driver for reviewing the roads funding model (as set out in para 5.33).

Recommendation 9

DfT to consider how ORR might be enabled and funded to play a more explicit role in supporting the SRN's long-term asset health, ideally within refreshed duties, potentially aligning to comparable future rail duties.

Completion by March 2027

ROADS INVESTMENT (RAB FINANCING MODEL)

Key findings

- Regulatory oversight for new RAB financing models is expected to create a new role for ORR, initially applied to the LTC.
- ORR is working with DfT on the design of the LTC regulatory framework. Sufficient lead time is needed to allow for filling capability gaps (by recruitment or wider collaboration).
- Visible ORR engagement could provide upfront assurance for investors that may subsequently be factored into their pricing.

5.51 ORR expects to take on a new and significant role as the regulator for any future roads project built under a RAB financing model. The first application is the LTC, on which the following paragraphs focus. Done well, delivering the LTC opportunity could unlock even more positive impact from economic growth than can be achieved from the savings from its efficiencies work.

5.52 The LTC is a new river crossing within the Thames Estuary and is a Nationally Significant Infrastructure Project (NSIP). It is intended to relieve congestion at the Dartford Crossing, enhance resilience across the SRN, and support long-term economic growth by strengthening connectivity across the UK and to major ports, and by improving resilience and reliability for both car and freight users.

5.53 The RAB model is being taken forward as the government's preferred financing model for the project. DfT have been leading the initial work to determine financing options. The implementation of a RAB funding model will rely on regulatory oversight to ensure transparency, fair pricing, and performance standards throughout the life of the asset, hence promoting financial sustainability and user interests.

5.54 ORR is now very actively involved with DfT on the design of the LTC regulatory framework, within an overall timeline determined by DfT (notably legislation and the transaction leading to the private sector). This will allow a more detailed definition of funding and resourcing needs for its planned role. The efficiency of a project-finance model such as LTC relies on providing certainty and predictability for investors, with the regulator being there to ensure stability of the regime, protecting agreed rules and honouring allowable returns. ORR credibility, and perception of its independence, will be factored into investor pricing of the project.

5.55 Visible ORR engagement in the process at the design stage can demonstrate regulatory credibility and provide upfront assurance for investors. This benefits from ORR being widely perceived as credible, with a proven track record of protecting business interests and applying rules consistently. Robust design and clear signalling of intent for ORR will directly impact the price and credibility of the regime.

5.56 ORR needs to identify and build the new capability required to deliver LTC. This should be fed into ORR's organisational redesign. While RAB models share common aims and features, they can differ materially in aspects of design, dispute resolution mechanisms and level of public interest. LTC may differ from the analogous railway applications that ORR are most familiar with and may require a rebuild of its capacity to regulate RAB financing.

5.57 The process for setting tolls for LTC will be determined as the Highways (Financing) Bill is considered by Parliament [53]. Depending on the role assigned to ORR as the independent regulator, the organisation could, for the first time, become involved in regulating charges paid directly by members of the public (as opposed to cost-based access and usage charges paid by industry users). The implications of any such involvement would need to be reflected in ORR skills, capabilities and governance arrangements.

5.58 The programme for the design of the new RAB regulatory model to be applied to LTC needs to provide sufficient lead time for any capability gaps to be filled. Some potentially relevant experience exists within ORR through the team's prior roles in other regulators and from its previous activities in rail where they ran RAB price controls for NR up until 2018. There are, however, likely to be gaps such as those relating to construction phase price controls, project specific engineering and commercial expertise.

5.59 The alignment and interfaces between RAB regulation responsibilities and ORR's NH duties should be clearly set out. This includes, for example, how ORR might navigate any potential trade-offs, interface risks or opportunities arising from regulating both RAB frameworks and NH Licence conditions. It could extend to how it might oversee or adjudicate on operating protocols across the RAB funded infrastructure and SRN interfaces.

5.60 There is existing RAB expertise within other economic regulators that can be applied for the benefit of this project. Ofgem and Ofwat have deployed project-based RAB models for both Thames Tideway and Sizewell C. Experience from these projects can be drawn on for the benefit of design of the regulatory system, informing financing structures for the LTC scheme including how public capital is treated, how risks and cost-overruns are shared and how returns can be abstracted during construction phase.

[53] House of Commons Transport Committee (17 June 2026) Oral evidence: the work of the Secretary of State for Transport , HC3

5.61 NISTA's 10-year strategy signals an ambition to build capability to support financing major investment projects. There is already considerable experience across government, with RAB models used in sectors such as water, energy, airports, and further opportunities emerging. ORR should tap into the broader capability that exists across regulators and government, as a mechanism for knowledge sharing and access to deep specialist expertise.

5.62 Demonstrating long-term certainty and confidence in a fair, robust regulatory system could unlock wider investment. Investor confidence in the regulator, and their ability to balance various competing objectives, is crucial given the regulator's role within the price controls and sector licences that underpin returns. If DfT and ORR can use this project to show they can provide stability and confidence for investors, a successful LTC could also catalyse greater future use of private finance for major projects across both road and rail. Learning from LTC regulation can also benefit ORR capability to challenge NH planning and performance through providing access to domestic benchmarking of private sector delivery, and management of, a major infrastructure project.

Recommendation 10

ORR, with DfT, to design and populate a robust regulatory framework for LTC RAB financing that supports investor confidence and independent oversight, drawing on lessons from other sectors, e.g. Ofgem, Ofwat and NISTA.

Completion by September 2027

6. Rail and road: transport integration

INTEGRATED TRANSPORT

6.1 Boosting connectivity through transport infrastructure is recognised as a key enabler of economic growth. HM Treasury's 10 year strategy for UK Infrastructure [54] brings together economic infrastructure (e.g. transport, energy and digital) with housing and social infrastructure (e.g. hospitals, schools and prisons).

6.2 The Government's "Better Connected" strategy [55] sets out a vision for an integrated transport system in England that enables seamless, reliable journeys across local and national networks designed around user needs. It emphasises that transport must be safe, affordable and accessible to support people's daily lives, underpinned by the principles of People, Place and Partnership. This focus puts users first, strengthens connections between communities, and fosters effective collaboration across government, local leaders and the transport sector to deliver better outcomes.

6.3 Greater integration of ORR's functions might be expected over time, as focus inevitably shifts from discrete infrastructures to passenger or freight journeys. This would call for both revised internal working practices and external enablers that facilitate more connected perspectives. There is an opportunity, alongside rail reform and introduction of the Highways (Financing) Bill, to prepare for the future.

ORR INTEGRATION

Key findings

- DfT should set out expectations for ORR's role in supporting the Government's "Better Connected" Strategy.
- The future demands of mobility, and integrated transport, will drive increasing need for collaboration across multi-disciplinary ORR teams. This should be reflected in the on-going organisational redesign, funding models and internal working practices.
- There is already scope for unlocking wider benefits in both the rail and road sectors through more structured cross-sector engagement and sharing of lessons. Initiatives of this nature are beginning to happen.
- There is strong merit in reviewing, and where appropriate aligning, ORR's rail and road duties to support greater internal integration and systemic reforms in rail, road and integrated transport.

Strengthening internal collaboration

6.4 With more structured cross-sector engagement, valuable lessons from both rail and road could be shared more consistently, unlocking wider benefits for both sectors. There is limited evidence of routine interactions across ORR's directorates (rail economics; rail safety; road), although recent initiatives are beginning to span internal boundaries. That leads to lost opportunities, for example by restricting scope:

- for road and rail teams to interact and compare sector findings such as costs of similar infrastructure works, patterns of regional disparities or supply chain pressures. ORR has recently initiated a study that explores the supply chain's ability to satisfy current and future demands of both the rail and road sectors.

[54] HM Treasury (19 June 2025) UK Infrastructure: 10 year strategy
[55] DfT (02 April 2026) Better connected: a strategy for integrated transport

- for investment in ORR capabilities. For example, there are rapid advances in AI enabled tools as a basis for optimising maintenance, extending the lifespan of critical assets, and enhancing safety. In the absence of meaningful investment, knowledge asymmetries will develop between the ORR and the industry it oversees.

- Economic and safety expertise being combined to review cost benefit assessments and ALARP arguments at system level. This will be particularly if wider societal or national government priorities are considered.

- Reflecting risk transfer of passengers shifting from rail to road. For example, when assessing level crossing risks how does the risk of an additional train passing through a level crossing compare to driving risks.

- Understanding regional labour markets and supply chains for road and rail infrastructure, to inform benchmarking and opportunities for efficiency.

- Enabling Innovation, including building shared capability for the application of emerging technologies and regulatory innovation by any part of ORR; or for assessing novel industry applications.

6.5 Constraints to internal collaboration are partly cultural and partly practical, as funding of regulatory activities is clearly designated for either road or rail. Funding was described as sufficient to deliver the essential elements of the discrete statutory mandates but offering limited capacity to go beyond this baseline. ORR focus is tightly tied to designated funding for its discrete road/ rail/ safety mandates, and it has to prioritise. This stance risks missed opportunities.

6.6 There will be useful learning from a decade of experience on roads regarding the practicalities and limitations of the monitoring/ advisory function envisaged for ORR's future rail activities. The work of its Roads team can act as an early example of how such an approach might be scaled up and applied to GBR. This roads experience highlights the importance, for example, of all the key actors in the reformed rail system having a clear and shared understanding of their own, and each other's, remits and information flows.

Recommendation 11

ORR to identify and embed opportunities for greater road and rail integration within its future organisational design and internal working practices.

Completion by September 2027

EXTERNAL ENABLERS (DFT)

6.7 DfT has set out strategic objectives for rail and roads that align with its "Better Connected" principles. Although comparable in structure, the detail and language used within these objectives are shaped by their distinct origins within DfT's road and rail directorates. The inclusion of innovation within roads policy is the only substantive difference.

Rail [56]		Strategic Roads [57]
Meeting customers' needs (includes safety)		Network performance meets customers' needs
		Improve safety for all
financial sustainability		Resilient network planned/ managed for long-term
long-term economic growth		Grow the economy
reducing regional and national inequality		
environmental sustainability		Deliver improved environmental outcomes
		A technology-enabled and enabling network

[56] DfT (30 June 2026) Railways Bill factsheet: the Long-Term Rail Strategy

[57] DfT (26 March 2026) Road investment strategy 3 (2026-2031)

6.8 Developing and applying shared language and tools across sectors could be valuable to DfT's integrated transport strategy. Such an approach would, for example, enable consistent appraisal of investment choices and understanding of trade-offs. It could also facilitate knowledge exchange and skills transfer across directorates.

6.9 Standardising duties and powers for Rail and Road would make the regulatory landscape easier to navigate and oversee. Notable differences include:

- **Statutory objectives:** Roads regulation is relatively narrow and compliance-based, with ORR focused on National Highways' performance which is linked to a binding RIS set by the SofS. Rail regulation will be broader and more flexible, with ORR duties aligned to ministers and GBR, more focused on delivering wider system outcomes than compliance with prescriptive strategic objectives.

- **Funding process timetable:** In roads, ORR does not set RIS timelines, leaving the process more dependent on government and subject to delay. In rail, ORR will have a statutory role in setting funding review timetables, providing clearer structure and greater certainty for all parties.

- **Long-term stewardship:** Both sectors require long-term asset stewardship. In roads this is embedded within a compliance framework tied to RIS delivery, and there is no proactive requirement for ORR to act as a driver to improve long-term outcomes or to highlight the long-term consequences of in-period decision making. In rail, stewardship sits within a wider system role, linked to broader objectives and outcomes across the network, and with a more explicit expectation of bringing those long-term perspectives.

- **Enforcement options:** In roads, ORR has the option of enforcement notices or fines if NH contravenes its licence conditions. In rail, ORR already uses more nuanced tools such as linking penalties to management incentives or applying administrative sanctions tied to performance, which can provide more direct behavioural levers. Under rail reform, its economic enforcement role for GBR only includes issuing provisional and final orders.

6.10 Dealing with rail or road as discrete sectors is valuable as a source of ideas or efficiencies, but misses the opportunity for systemic reform. Similarly, on safety, there is value in comparing ORR approaches to other high hazard sectors. There is merit in DfT revisiting the differences and assessing scope for aligning proposed remits and powers.

6.11 Given rapid changes happening beyond the rail and road sectors, there is merit for building in flexibility and adaptability. This is most likely to come from SofS strategic steers. There is value in specifying how ORR should respond, for example, if the strategic steers given to them cannot be readily mapped onto its duties, powers and objectives.

Recommendation 12

DfT to set out clear expectations for ORR's role in supporting the Better Connected Strategy, including how ORR should respond to strategic SofS steers that are not directly aligned with its duties, powers and objectives.

Completion by March 2027

Annex A: The Office of Rail and Road (ORR)

Summary of what ORR does

1. ORR is an independent, non-ministerial government department, established by and directly accountable to Parliament. It comprises over 360 professionals, spanning engineering, safety, legal, economics and competition, and operating from six offices across the country.

2. ORR currently:

- regulates Network Rail's management of rail infrastructure, including any targets that NR is expected to achieve, and to report regularly on NR's performance. In addition, regulates the High Speed 1 link to the Channel Tunnel.
- regulates health and safety standards and compliance across the whole rail industry. This extends to supervising the safety of local railways like the London Tube, Tyne & Wear Metro, Glasgow Underground, and all Britain's tramways, and heritage railways.
- oversees competition and consumer rights issues on national rail – driving a better deal for rail passengers and taxpayers. • monitors and holds National Highways to account on its commitments to improve the performance and efficiency of England's strategic road network.

Accountability

3. Parliament holds ORR to account through the Transport Select Committee, parliamentary debates, oral and written questions. ORR also supports scrutiny by transport-focused committees and elected bodies across Great Britain. The appointment of the ORR Chair is subject to parliamentary pre-appointment scrutiny by the Transport Select Committee. Its Chief Executive, as accounting officer, has personal responsibility to Parliament for managing the regulator's financial affairs, ensuring regularity, propriety, and value for money. Its Annual Report is laid before the House of Commons.

4. ORR is sponsored by the Department for Transport. **The Secretary of State** appoints non-executive board members and provides formal guidance that sets out government priorities. This guidance encourages ORR to work cooperatively and constructively with elected bodies on issues of shared interest, while fully respecting ORR's independence.

5. Certain ORR decisions may be subject to **appeal or judicial review**, depending on the statutory framework governing the decision concerned. Citizens may seek redress through **ombudsman and advocacy bodies where relevant**.

6. The organisation publishes reports on railway safety, passenger experience and other regulated areas including reporting on the performance of Network Rail and National Highways. As a producer of official statistics on rail, the organisation also provides independent data to inform political and policy decision making. A programme of engagement ensures elected representatives are aware of the information ORR produces, and compliance with the Freedom of Information Act supports **wider public accountability**.

7. Internally, ORR is held to account by its **Board**. This sets strategy and oversees delivery across safety regulation, economic regulation and competition and consumer functions.

Funding

8. As a non-ministerial department, ORR's £44.1m funding is predominantly approved by HM Treasury as part of the Government's spending review processes. £39.4m comes from rail industry statutory charges, covering health and safety regulation and economic regulation (44% and 48%, respectively). A £4.4m grant from DfT funds its highways activities. [58]

[58] ORR (2026) Business plan 2026/27 – section on funding

Annex B: Terms of Reference

Context for the review of the Office of Rail and Road (ORR)

As part of the government's rail reform agenda, the role of ORR is being considered in-depth ahead of the significant changes to the rail sector. The independent review will help ensure the regulator is well placed to deliver transformation to the rail sector and organisational change, while continuing to deliver its existing roles and functions (such as roads monitor) effectively. The review will also allow for the development of key learning and insights to support performance improvements for other regulators.

Scope

The review will consider specific elements of the regulator's operations; review modules include:

- Purpose

This module will seek to understand whether the regulator is incentivised to align strategically with government, where appropriate, on top priorities such as growth. In light of the rail reform, rail duties will be excluded from the review. Therefore, for rail, the review will not consider the 'clarity' criteria of the purpose module and will instead emphasise the 'capability' module. Given rail sector transformation, this module will particularly focus on ORR's continuing functions such as its responsibilities as the road monitor, including on road duties.

- Capability

Considers resourcing, leadership, adaptability and skills, and how this can be adapted for the future. The reviewer will consider if the regulator is sufficiently resourced to deliver against its objectives and assess how well it allocates that resource. It will look at the quality of leadership and how well the regulator monitors and adapts to the changing needs of the sector.

- Performance

Assesses the regulator's strategy, delivery, impact and service quality. This includes evaluating the effectiveness of processes and how the regulator works with stakeholders to deliver.

- Accountability and governance

Evaluates wider governance and accountability processes. This includes internal processes to review performance and decision making, and external arrangements such as the regulator's accountability to Parliament and its sponsoring department.

- Reporting and transparency

Reviews regulators' own KPIs and assessment process and considers overall accountability and transparency reporting.

Rail reform context

A focal point of the review will be to consider ORR within the changing context of its rail functions, and seek to understand whether it is sufficiently prepared to deliver on both a transformational moment and continue its existing responsibilities. Being set up to deliver on these 3 priorities (change of itself, transformation of sector and delivering continuing functions) will be critical for the success of the reforms.

A review can therefore be highly beneficial in assessing the readiness of ORR's leadership to deliver this change, and how it can maximise its capability to ensure it is fit to deliver against a

refreshed set of objectives. The review will also need to ensure that ORR continues to deliver effectively for roads and non-mainline rail (HS1, Channel Tunnel and Northern Ireland rail).

Additionally, the review should consider how ORR's operation compares with other regulators in the UK, and comparable regulators overseas, as well as any role of ORR in addressing the cost of infrastructure compared to international counterparts.

There are some aspects of ORR and rail sector transformation that have yet to be decided or where conflicting ideas could delay delivery of the reforms. As such, the following areas are out of scope for rail:

- recommendations relating to the continued existence of ORR or its future regulatory identity
- elements of ORR's future role and responsibilities awaiting ministerial decision, including recommendations on reform to ORRs duties
- rail sector ownership models
- areas covered by the recent consultation 'A railway fit for Britain's future (https://www.gov.uk/government/consultations/a-railway-fit-for-britains-future)
- rail technical standards

Additionally, the review methodology will recognise the change context of ORR and seek to address functions that ORR will continue to deliver and functions to be transferred to a new body where there can be benefit from documenting historic learning.

The review will seek to identify improvements ORR could drive forward, including assessing current behaviour and capability, and compliance culture, to enable the regulator to deliver tangible transformation as they transition into their adapted role following the creation of Great British Railways.

Outcome

The outcome of the reviews will be a published report with assessments of the key modules and actionable recommendations for government consideration. It will primarily be the responsibility of DfT to monitor the delivery and implementation of any recommendations that government accepts

Annex C: Acknowledgements

This review benefitted from the support and constructive challenge of an expert panel, whose insights and experience added immense value to the review team. **We are grateful to them for their time and input.**

Members were:

- **Ann Bishop,** Chair Indepen and UK Power Network's Independent Stakeholder Group, Indepen and UK Power Network
- **Chris Burchell ,** Chair, Rail Safety and Standards Board (RSSB)
- **Dan Corry,** Economist and Public Policy Expert, Chief Economist Future Governance Forum and Non-Executive Director, Defra
- **Dr Chris Elliot,** System engineer and barrister, Pitchill Consulting
- **Professor Stephen Glaister, P**rofessor Emeritus of Transport and Infrastructure, Imperial College London
- **Steve Gooding,** Director, RAC Foundation
- **Bridget Rosewell**, Economist, Chair and member of various boards including M6toll and Flood Re

We would also like to thank the more than 100 people interviewed during the review for their time and candour. These people represented a wide range of perspectives and experience from both the road and rail sectors: spanning different teams within DfT and ORR; passenger, freight, infrastructure and supply chain organisations in both public and private sectors, including devolved and mayoral transport bodies. All these inputs significantly contributed to our understanding of ORR, and gave us the foundations for our review.

The professional contribution and timely support provided by Stephen Robinson and his DBT colleagues was greatly appreciated. It made a positive difference to the delivery of this review.