



# BUSINESS PLAN

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# 2017-18





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# FOREWORD

In last year's business plan we set out ORR's role: to protect the interests of rail and road users by working with the companies we regulate to improve the safety, value and performance of railways and roads today and in the future.

Last year's plan anticipated the need for our approach to evolve over the year in response to what we heard from our stakeholders and from what we saw happening on the ground. In this respect:

- We continue to work closely with the industry, committed to deliver a safer railway for passengers, the workforce, and the public. November's tragic fatal incident at Croydon reminded us of the importance of that commitment.
- We published our first annual assessment of Highways England's performance and have set out our approach to contribute to the government's next Road Investment Strategy.
- In carrying out the periodic review of Network Rail (PR18) we have confirmed that our approach will seek to maximise the benefit to rail users and funders of the railway's increasingly devolved structure - made up of route businesses, operating with an overarching network system operator.
- This year we were able to include route scorecards (agreed between Network Rail and train operators) into our regulation of Network Rail's performance. We required routes to hold meetings with local stakeholders as they prepare their strategic business plans for 2019-2024.
- We continued to build a clear evidence base on which to press for improvements in the service passengers receive in important areas such as complaints handling, ticket machines and compensation.

Over the last year we have seen greater clarity emerge in the way roles are carried out in the rail and road industries: we have completed a full year of reporting on Highways England; Network Rail reports regularly on its progress in implementing its devolved structure; and the process by which we will carry out PR18 is established.

The context for this year's plan is different. The service many rail passengers have received over the last twelve months has been poor. This has resulted in declining passenger satisfaction and greater scrutiny of the rail industry as a whole. The causes

and solutions are varied. It will require focus and commitment from across the rail industry to solve.

Our plan needs to respond to the current concerns of rail users in particular and the work already underway to address them.

We will continue to monitor and transparently report on the service users receive from train operators and Network Rail, providing a clear reputational incentive to deliver better customer service.

At the same time we must also build on a longer term approach which reinforces the link between networks and their users as we carry out Network Rail's periodic review and contribute to the government's next Road Investment Strategy for Highways England.

Taken together with our other activities including on roads the monitoring of Highways England's performance and on rail the promotion of health in the workforce, the production of statistics, the approval of access to the network and the authorisation of new vehicles and infrastructure, this represents a substantial body of work.

The success of our work depends on our engagement with rail passengers, freight customers and road users and their representatives, as well as the industries we regulate and with governments. We recognise the time it takes on all sides to develop these relationships and the obligation it places on us to continue to listen, as we seek to achieve the objectives set out in this plan.

And we continue to rely on the professionalism, integrity and knowledge of ORR's staff whose commitment to supporting a successful rail and road industry remains a constant.



*Joanna Whittington.*

**Joanna Whittington**  
ORR Chief Executive



## THE NEED FOR REGULATION

Britain's railways continue to attract record passenger numbers; meanwhile Network Rail has become a public sector monopoly network operator. Now more than ever, ORR plays a vital role in protecting the interests of all rail users helping ensure that every pound of public money is well spent.

Our railway safety and economic regulation functions are driven by legislation and we are accountable to Parliament and the public to:

- **protect the people** who use, interact with or work on the railway. This work promotes continuous improvement in health and safety and tempers the monopoly power of Network Rail. The November 2016 Croydon Tramlink incident – the first UK tram fatality since 1959 – where seven people lost their lives and many were injured, is a reminder that we can never be complacent.
- strive for **fair access** to a rail network which is becoming ever more congested. Increased train traffic also places greater strain on tracks, stations and signalling systems, demanding more maintenance, even as funding to do the work is constrained.
- **protect the interests of future** rail users by working with the industry and funders as they develop the network of tomorrow. The very success which has seen rail passenger numbers double in the past twenty years tests our core role of working towards its continued sustainability.

Road traffic has also continued to build. Highways England is now implementing its £15 billion investment programme in England's strategic road network with a number of key improvements planned.

The investment programme should also reduce the number killed or seriously injured on English motorways and major A-roads. We'll continue to report on Highways England's progress to help it deliver this investment, on time and to budget.



## OUR FRAMEWORK FOR SUCCESS

We protect the interests of rail and road users now and in the future so that users enjoy predictable journeys and reliable services.

ORR is a data-driven and evidence-based organisation. We are the rail statistics authority – leading on collection, validation, analysis and dissemination of rail data in Britain.

While what we do is designed to protect the interests of rail and road users, we also aim to be transparent in how we work and in what drives our decisions by clearly explaining our processes and governance.

We divide our rail regulation work in balance between economic regulation and regulating health and safety, while seeking that one supports the other.

We are not responsible for setting fares, franchising train operators, or specifying what investment must be made in the railway. Government sets these parameters.

As Highways Monitor, we monitor Highways England's delivery of the first Road Investment Strategy (RIS1), and inform preparatory work on the next investment strategy (RIS 2).

### Safety inspection and enforcement

Our team of more than 100 rail health and safety inspectors and professionals are respected across the network and have significant powers of enforcement. They make sure that our railways are a safe and healthy place to use and to work, and that they are maintained at a reasonably practicable cost.

The UK's railway is amongst the safest in Europe; a record maintained only through continuous industry collaboration and the meticulous work of our inspectors to address areas of weakness.

## **OUR FRAMEWORK FOR SUCCESS**

Fewer passengers are currently killed or seriously injured on our mainline railway network than at any time. The recent fatalities at Croydon, remind us that we can never be complacent, however.

The safety record on the strategic road network is challenging. This is why there are stringent targets for Highways England to reduce fatalities and serious injuries on the road network.

We are not the national safety authority for roads, nor do we set the outputs or investment levels for them. Our duty is to monitor and report performance and advise the Secretary of State for Transport, who has ultimate responsibility for the strategic road network.

While our enforcement powers on roads and railways differ, we share core objectives across the transport networks. So we want to build on work looking at issues that cut across rail and road.



### **To summarise our work:**

- ORR protects the interests of rail and road users.
- Rail passengers and freight customers want a safe, reliable and efficient railway. Our job is to work with the rail industry to deliver on safety, performance and consumer protection and ensure there is fair access to the rail network.
- Road users want predictable journeys on safe, high quality motorways and major A-roads. Our job is to monitor that Highways England delivers this while minimising impacts on the wider public.

## OUR STRATEGIC OBJECTIVES



**HEALTH  
AND SAFETY**



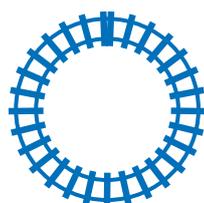
**BETTER RAIL  
CUSTOMER  
SERVICE**



**VALUE FOR  
MONEY FROM  
THE RAILWAY**



**BETTER  
HIGHWAYS**



**PROMOTING A DYNAMIC  
AND COMMERCIALY  
SUSTAINABLE RAIL SECTOR**



**HIGH  
PERFORMING  
REGULATION**

## PRIORITIES FOR NEXT YEAR

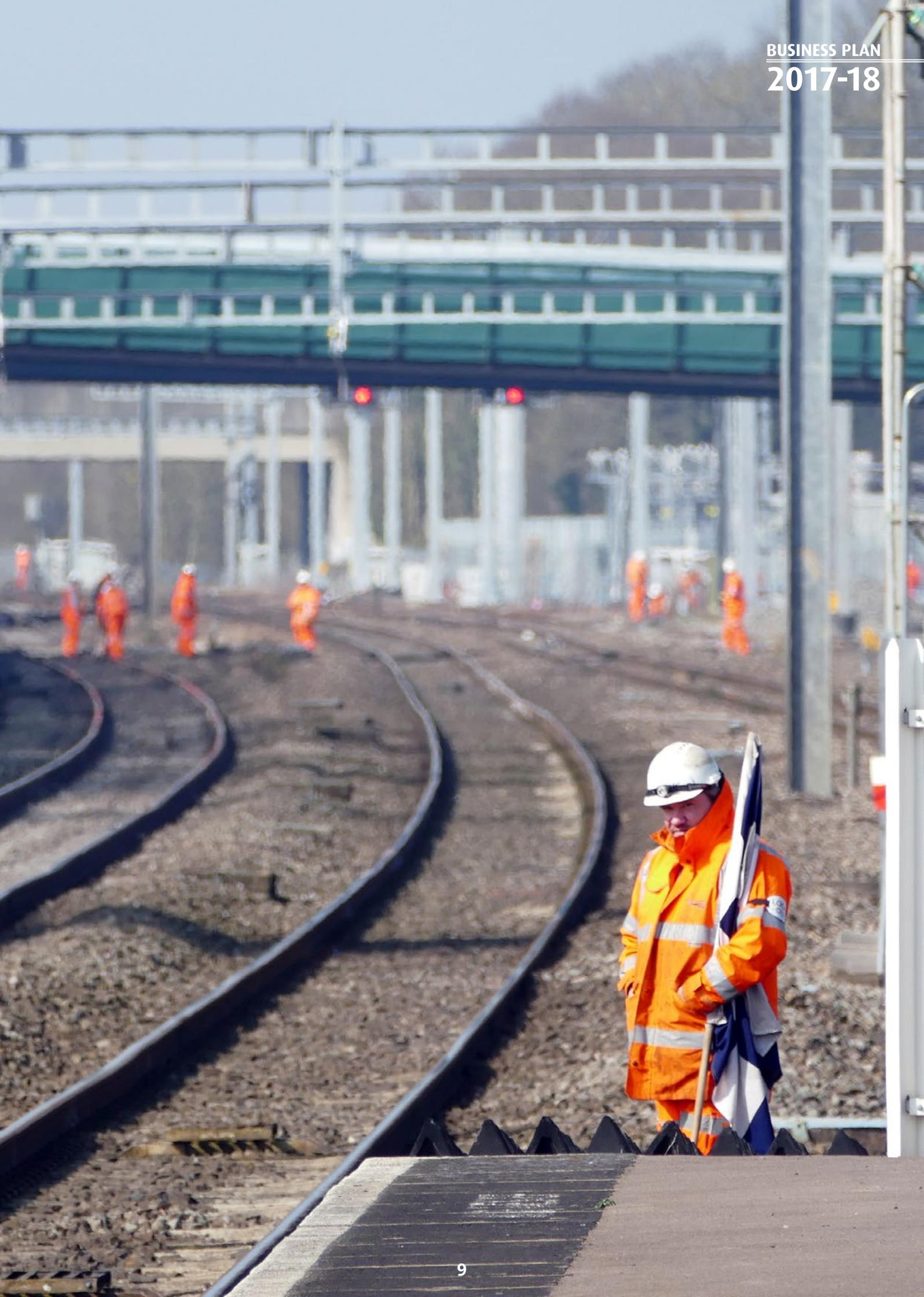
Our existing six strategic objectives endure well for 2017-18.

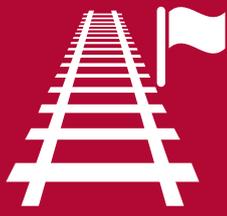
We will continue to progress our work, protecting the interests of rail and road users, generating and analysing evidence which supports the industry in delivering these outcomes.

We will support Network Rail on system operation and route devolution to make sure that this really delivers for customers and funders in the longer term. This will apply across all our functions. For

example, on safety, through managing risk at a local or route level; or on the finance and efficiency side of our work by increasingly using route-level comparisons in our assessments.

On the roads side, we will build on our work to introduce a robust monitoring framework and transparency in Highways England's performance to support the development of the second Road Investment Strategy (RIS2).





## We will continue to drive industry improvements in safety, focusing on areas we identified in our annual health and safety report in July 2016.

Big challenges continue: of managing growth and change; maintaining and renewing the safe and sustainable infrastructure necessary for a safe railway; and in continuing to improve health management and overall safety culture.

Worker safety is still an area for improvement for the industry. Network Rail has published its own strategy with the Home Safe Plan to reduce workforce harm. We will continue to monitor Network Rail's progress.

We strive to become a risk-based, proactive health and safety regulator, relying on evidence to target existential and emerging risk. We will maintain our effectiveness and efficiency by targeting those areas of risk that emerge from our own risk prioritisation process.

We will endeavour to lighten the **regulatory burden** by proportionate intervention; an example is our planned refinement of the safety certification process.

**Route devolution** can improve risk management at a local level and we will request that there is a process across all routes. We will also make sure any changes to routes occur safely and in compliance with health and safety laws.

We are also working closely with new rail projects to drive **Safety by Design**, improving safety even before new railways such as Crossrail (Elizabeth line), High Speed Two (HS2) and the Northern Line extension to Battersea become operational.

We will encourage Network Rail to be a more predictable organisation under our **Risk Management Maturity Model (RM3)**. This will be particularly important as route devolution takes place. Where we see weaknesses in different areas and between different routes we will encourage, and if necessary enforce, change.

We will continue to focus on **level crossings**. A lot of progress has been made but the journey of reducing risk is far from over. We will encourage further improvements in the **management of Network Rail track**.

Three areas that are very important to us and have been a focus in the past (and where Network Rail has made some improvements) are management of **earthworks, structures and drainage assets**. The latter in particular were under-invested in for many years, yet their maintenance and renewal is very important.

Across all rail sectors – mainline train, freight, light rail and heritage – we continue to focus on **driver management**, with special emphasis on driver-managers themselves. This follows some events when the driver-manager has been in the cab with the driver, yet serious incidents have occurred.

We will maintain our inspection around **station management**, a key element of the growth agenda, and our scrutiny of **train dispatch and platform-train interface** strategies, including in circumstances of Driver Controlled Operation. These are high profile areas in which we will continue to drive improvements.

The tragic incident on **Croydon Tramlink** in November will occupy our minds and we will respond to findings from the Rail Accident Investigation Branch (RAIB) and the British Transport Police (BTP) investigations, as well as conducting our own. We'll also follow through on outstanding recommendations around **freight rolling stock**.

We are three years into the five-year plan we developed for **London Underground (LUL)**. We continue to work with Transport for London on proactive inspection of electricity at work compliance, change management and rolling stock. In the coming year, we will focus on LUL's ability to improve its risk assessment processes organisation-wide, not forgetting some of the smaller operators like Keolis-Amey Docklands, who operate the **Docklands Light Railway**, and management of the interfaces with Crossrail (Elizabeth line).

**Occupational health** remains a real focus for us. This is an area that can improve the health of everyone that works in rail as well as the efficiency



of the entire industry. We'll publish our guidance on **fitness for duty**, support activities consistent with the Institution of Occupational Safety and Health (IOSH) silica commitment, and encourage collecting **better data** on health issues.

We continuously look at our own processes so that we improve; an example is our RAIB recommendation handling process which we have overhauled this year.

Above all, we look for improvements in risk management through enhanced capability. Our **Railway Management Maturity Model (RM3)** states that core capability of organisations is at the root of sustaining health and safety performance.

### Our key focus will be on:

- Maintaining and further developing the RM3 model through an enhanced governance board.
- Publishing guidance on 'fitness for work' and respiratory mitigation measures.
- Further refining our strategic risk chapters and our risk ranking process to prioritise our regulatory interventions.
- Refining our safety certification process to make it more risk-based and proportionate.



Rising numbers of rail passengers continue to increase the importance of our role in protecting their interests. Our role is in safeguarding the consumer and competition law, helping ensure that all rail users get the service which they seek.

Our consumer work derives from our enforcement responsibilities around consumer and competition law, and from the provision made in Network Rail's and train operators' licences.

We are concentrating on collecting new evidence and data. We engage with operators and challenge where improvements could be made on how they present information, having conversations where needed to improve this.

We report publicly on our findings and on what's likely to happen next, in line with our commitment to being an open and transparent regulator.

This coming year we will meet train operator Managing Directors personally to discuss our priorities on consumer issues and get their views.

We will focus on a key package of work around **travellers with disabilities**, or those needing assistance, with three key outputs:

- The results of 'mystery shopper' exercises on **assistance to passengers with disabilities**, and how that is provided, there and then, for their journey.
- A study on **awareness of passenger assist support**.
- An examination of how people **experience passenger assist**, asking what quality of service they think they got from that.

We'll report on progress on each of these areas.

Another focus area is around **compliance with the retail code** of practice. This is the rail industry's own code around ticket selling and commits to providing good, accurate information. Our job is to establish if industry is complying with this code, following a robust process of research, analysis and engagement, and also identify areas for improvement.



We already publish a large amount of data, in terms of feedback through social media or elsewhere, on **complaints** against, and also support for, the industry. In the coming year, we'll look at whether people are satisfied with the outcome of their complaint, and whether they were they satisfied with the process as they experienced it.

We already know that people are often quite frustrated with **ticket machines**; however a lot of people also see the benefits in a fast track to buy tickets. We've carried out mystery shopping on ticket machines and we published our findings in February 2017. We will follow this up during the course of 2017/18 with further analysis.

Beyond this, we will continue our business as usual work on **compliance**, looking at how complaints are passed on from one part of the industry to another, and from passengers about particular aspects of industry regimes.

We will continue our work with **freight customers**. Our freight customer panel will continue to meet, and we will maintain our annual freight event, where we invite freight customers to feed into and comment on our work for the sector. Similarly, our **consumer panel** of external representatives will continue to challenge us on our priorities and our outputs.

We will provide an update on all this work in our second **annual consumer report** – *MeasuringUp*. Our first report, last year, set out what we're doing, how we're trying to bring evidence together for each train operating company and what we think some of the big findings are. This year, we're hoping to add more detail to the report.



We are also working with the Department for Transport on how we can draw in some of its data around passengers, to gain further insight. This will also include any synergies we spot with road user satisfaction, in line with ORR's broader remit.

### **Our key focus will be on:**

- Producing our second annual '*MeasuringUp*' report.
- Publishing a significant suite of reports on the experiences of disabled users.
- Following up this year's research – including on customer complaints and ticket machines.
- Reporting on compliance with the Ticketing Code of Practice.



# VALUE FOR MONEY FROM THE RAILWAY

BUSINESS PLAN  
2017-18



## Passengers, freight customers, governments, taxpayers and the general public rightly expect value for money from our railway.

A principal task for ORR is to continue holding Network Rail and HS1 to account – for delivery, efficiency and value for money. There are now two years left of Network Rail's control period (CP5) and three years of HS1's control period.

In the last year, while safety performance has been improving within Network Rail, the same cannot be said for punctuality, and some aspects of asset management are also not good enough. We will continue to publish our **Network Rail Monitor** twice a year: the main document in the summer and a progress report in November.

Meanwhile, we have regular monitoring and engagement with both Network Rail and HS1, helping us target our interventions most appropriately through the licence periods.

During the next business year, we will further develop how we will monitor NR at a route level, and also as a GB-wide system operator. A key element of this will be how we **change our internal reporting**

to draw out useful evidence from route-based comparisons. We see this as a key lever in changing Network Rail's behaviour and improving the current performance situation.

We will also look at how we **publicly report our regulatory opinions**, not just in terms of our documents, but also the context of our commentary. These will continue to be under established headings e.g. 'safety and performance against punctuality and reliability metrics', but we will also draw out any conclusions from our inspections and wider operational issues which will have had an impact.

On **asset management**, we will look at Network Rail's delivery of its maintenance and its renewals volumes, its data quality, and its capability as a best practice asset manager.

Network Rail and the operators are developing agreed **route-based scorecards**. This will bring Network Rail closer to its customers – the train operators, passengers and freight customers. Each route is



also building a business plan and we're looking at how these fit into the regulatory framework. We are observing Network Rail's local engagement route meetings to help understand what is being asked of the company by others. This is just the start of an ongoing dialogue about the priorities in the route-level plans. We will publish a document on route based regulation in Summer 2017.

Meanwhile, Network Rail is less efficient in key activities this year than in previous ones, including **renewals** – although operations and maintenance efficiency has improved over time. We will continue to monitor and provide advice to governments on Network Rail's performance. We will also monitor the impact of **deferrals** of renewals work.

On **finance and efficiency** measures, we will report on performance against budget; against financial performance measures; and analyse financial risk generally – specifically with regard to Network Rail's borrowing limit.

We will work closely with stakeholders and the operating companies on our reports for this year and develop the approach for the coming control period.

All this will require a combination of technical expertise and regulatory purpose. A key risk to us as an organisation, as well as to the industry, is loss of that technical expertise. We will be looking over the next year at how we continue to safeguard and secure the engineering and operations knowledge fundamental to our role.

### Our key focus will be on:

- Our six-monthly monitor of Network Rail.
- Our Annual Efficiency Assessment of Network Rail.
- Assessing the scope for efficiency in the next control period.



**We are entering the third year of our role in improving journeys on England's strategic road network through monitoring Highways England – the body which operates, maintains and improves the network.**

Work in our first two years has focused on establishing and embedding our role. We've set out exactly how we intend to carry it out and published our monitoring framework and enforcement policy. We have also delivered our **first annual assessment of Highways England's** performance. Our second one will be published in the summer.

Our focus is on making sure we do the day job as robustly as possible. That means getting the right data from Highways England, at the right level of quality, so we can report on the company's performance accurately.

In particular, we will look at Highways England's **capital investment plan**, assessing whether there is a clear strategy for what will be delivered, when, and at what cost. That's not just a priority for us as a monitor in making sure that we hold Highways England to account, but also for stakeholders who need to know what improvements the company will deliver, and by when.

We're looking closely at how it carries out **maintenance and renewals of its assets**, and targeting monitoring on areas where we think performance may be at risk, taking account of user satisfaction.

We are now also looking at how ORR can contribute to development of the next road investment strategy (**RIS2**). A key area for us in all of this will be ensuring that the strategy is built on robust and sound evidence.

In December 2016, we published our approach to RIS2, and our **first annual benchmarking report**. In the coming year, we will follow up on these reports along with progressing and developing our efficiency review to help inform the development of the Department for Transport's substantive draft of RIS2 and our strategy for it.

Our benchmarking approach included **looking internationally** as well as nationally, for comparisons and we expect that in the longer term, we will work to get more data and better information



from international comparators. Our next benchmarking work will also focus more strongly on **regional cost comparisons** and performance in specific areas, such as safety.

To inform our efficiency review, jointly with Highways England, we will carry out three assessments of Highways England's capability and its portfolio management, asset management, and procurement and contract management.

Other areas of work for the coming year will include further work on our approach to **monitoring licence compliance**. We are also going to review our **enforcement policy**, in light of the experience of our first two years in the role.

We are keen to deliver for stakeholders and so we will embed stakeholder views in our monitoring. We will also focus on increasing transparency of Highways England's plans and performance and ensure that ORR is also providing more information. We started to do that through the expert panel groups which we will continue to convene.

### **Our key focus will be on:**

- Publishing our annual assessment of Highways England's performance and efficiency.
- Publishing our benchmarking annual progress report.
- Reviewing our approach to enforcement in light of our experience to date.
- The government's second Road Investment Strategy, including engaging with Highways England on its Strategic Road Network Initial Report.



# PROMOTING A DYNAMIC AND COMMERCIALY SUSTAINABLE RAIL SECTOR

BUSINESS PLAN

2017-18



## The success of the railways brings with it a number of challenges, as we look to the future and work to shape the railway into the next decade.

Work on the Periodic Review 2018 (PR18) forms a major element of ORR's work this year in this area. Our work to develop processes, models and measures for CP6 and beyond will continue – the process known as **Periodic Review 2018 (PR18)**. This work will lead to a 'Final Determination' in 2018, setting out our overall package of decisions for the period from 2019 to 2024.

Much of that output is built on engagement, both formal and informal. The ongoing discussions are important, and stakeholders tell us they appreciate the chance to have a dialogue rather than just swapping documents. We have seen good engagement through frank discussions and we are keen to continue hearing those opinions.

There have been significant changes since the last periodic review; we now have **fixed borrowing ceilings** on Network Rail and we expect that to continue in the next control period.

Last year we also took some very clear decisions on **prioritisation**, concentrating on route-based regulation, and the national system operator

function. In future, Network Rail will be one company built on separately-managed routes. This will fundamentally alter regulation of the company in the next control period, which is why we are prioritising route-based regulation.

We have consulted on the **system operator function** and, over the next year, we will look at what the national system operator should be delivering, what its scorecard and relationships with operators should look like, and how we will assess its performance.

This year the Department for Transport and Transport Scotland will also publish their view of the outputs they would like to see from the railway in the High Level Output Statement (**HLOS**) and the statement of the funds they will make available (**SOFA**).

Based on feedback from our consultations and discussions with the industry, we will no longer be taking forward a fundamental review of all charges.

However, we do believe that there are areas of charging which need attention. We will be carrying through work on **open access charges**, looking



at how operators might potentially pay a share of fixed costs.

At the heart of any periodic review process there needs to be an assessment of how much money Network Rail needs to spend on its stewardship of the network, including what level of efficiency can be achieved. We will be consulting on our approach to this.

We will also be looking at cross-sector information and analysis to see what insights, such as benchmarks, can bring to bear from our work on the Highways Monitor.

DfT asked Network Rail to look at **asset disposals**, with a view to raising around £1.8 billion. Some of these disposals might be a regulatory issue for ORR, so we are making sure we have the resources ready to deal with that.

In conjunction with the French regulator Arafer, we will continue to maintain strong regulatory co-operation in the interests of both countries, and the Channel Tunnel's users.

At the start of 2017, we became the economic regulator for **Northern Ireland**. Our role here is different to England, Wales and Scotland. We will therefore produce guidance on our role, and how we will apply it proportionately. This year, we also begin the periodic review for **High Speed 1**, publishing our initial consultation document in Autumn 2017.

We will continue to promote, and protect, **competition** across the range of our functions for the benefit of passengers and freight customers.

This year, also, we will continue to focus on the **value chain**, with the purpose of identifying any part of that chain which is not delivering efficiently and passing on value to consumers, exercising our market review powers where we think that is necessary.

We also intend to focus on how to make competition work effectively for the benefit of passengers on those routes where there are number of operators.

On **access and licensing**, we had over 500 applications in the last year, and with similar numbers expected in the coming year it is important our processes here are, and are seen to be, robust and reasonable.

On plans for HS2, we are providing advice on safety by design and on access issues. We will publish a consultation letter on HS2-related access issues later this year.

### Our key focus will be on:

- Consultation within PR18 on how route-based regulation will work, including the role of route scorecards.
- Our first consultation on the 2019 Periodic Review of HS1(PR19).
- Providing advice to the Department for Transport on access and other issues relating to HS2.
- Focusing on how to identify competitive and anti-competitive responses to train operations.



# HIGH PERFORMING REGULATION

BUSINESS PLAN  
2017-18



Effective regulation enhances the credibility and transparency of the rail and highways sectors, opens up the complexities of these industries to the public and Parliaments and checks that the competing interests of passengers, freight customers, governments, taxpayers and the general public are balanced fairly and efficiently.

Our work helps ensure that users and funders are not put at a disadvantage by the monopoly ownership of the networks we oversee. We make sure that customers get access to the railway in a fair manner, and we protect the interests of future users and funders of both the strategic road network and the railway.

Our **planning environment** this year is a more stable one than we have faced in the recent past. Many of the industry and government reviews which took place in 2015-16 closed out with support for ORR and a firm re-commitment to effective independent regulation in rail.

Our **highways function** is now fully established and resourced and, financially, we have agreed budgetary arrangements with the Department for Transport for our budget up to 2019/20, again, providing stability for planning purposes.

This certainty allows ORR to think this year about how, over the medium term, we can **grow the dividends** to users and funders from taking a joined-up approach to regulating road and rail networks within the same organisation.

Equally, the challenges ORR faces over that sort of horizon mean that we know we are going to have to work, as an organisation, quite differently in three to five years from the way we work today.

For instance, PR18 presents an agenda for reform for the industry but it also presents an agenda for **regulatory reform**; we will respond appropriately in changing the way that we operate on a route-by-route basis.

Equally importantly, **non-Network Rail rail infrastructure** is going to become an increasing priority across ORR. Over the last 12 months, we



have adopted new powers and responsibilities for the Channel Tunnel and new statutory powers to regulate in Northern Ireland.

Similarly, Crossrail (Elizabeth line) and the upgraded Thameslink service are committing towards integrating metro and mainline rail infrastructure much more than they have before. These all create new challenges for ORR, beyond our role relating to at Network Rail.

Planning **for Britain's exit from the EU** also creates new challenges and we will need to adapt where appropriate over the next 12 months as government policy develops.

All this seeks to maximise the value of our regulation while minimising the cost to rail and road industries. This is the best way to protect the interests of rail and road users and funders of our transport networks in a changing world.

By bringing regulation of the roads and railways together, we are adopting a joined-up approach across the sectors, making us a more effective and efficient regulator.

We are **achieving synergies internally** and sharing best practice with other regulators in the UK and with international bodies. We work through bodies such as the UK Regulators' Network, the Health and Safety Regulators' Network, and the OECD to share

best practice and make sure that ORR remains at the cutting edge of regulation, both nationally and internationally.

We are continually **developing our professional expertise** as a regulator to ensure effective, proportionate regulation in the interests of users. We are always developing the tools at our disposal so that we can also address the challenges of the future.

### Our key focus will be on:

- Considering how ORR can develop its approach to regulating multiple networks within the same organisation, to deliver greater benefits for both users and funders of rail and highways.
- Continuing to focus on developing our people to build organisational capability and effectiveness as a regulator.
- Continuing to drive for greater efficiency and value for money.
- Ensuring we remain open and transparent in our dealings with the industry, continuing to adopt a 'no surprises' approach.



## RUNNING ORR

We have three main lines of business in ORR with separate funding streams for each: railway health and safety regulation; railway economic regulation; and the monitoring of the strategic road network. There is no potential for cross-subsidy between these three separate lines of income.

On the rail side, health and safety regulation accounts for around 51% of our annual income; also on the rail side, economic regulation accounts for 41%: a total of £29.4 million this year.

Monitoring of the strategic road network is funded differently. Whereas the rail side is funded through charges to the rail industry, our roads work is funded by direct grant from the Department for Transport. This accounts for 8% of our resources overall.

We are an organisation built around **people**, so the majority of our expenditure is on our staff costs and the overheads of maintaining our buildings.

We have a good track record of delivering **year-on-year cost efficiencies**. We've made savings in real terms of around 30% since 2009/10, amounting to some £13 million: £75 million cumulatively since 2009/10.

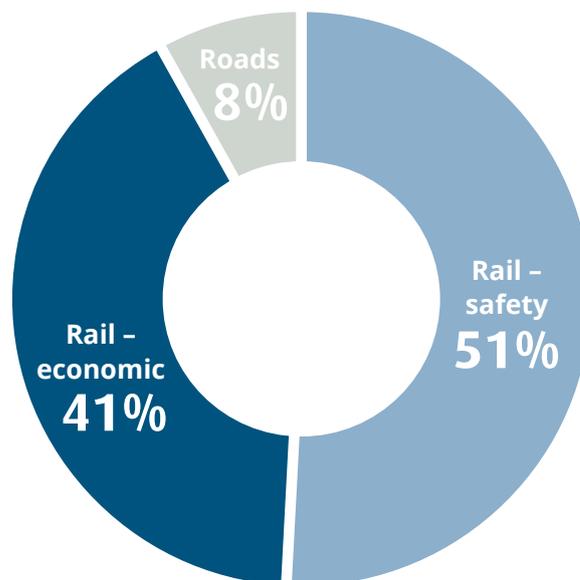
Over this period there has been a broad rebalancing on the rail side between the safety and the economic functions, but we anticipate this has now levelled out and that these proportions will remain roughly constant into the future.

Our rail budget for 2017-18 will be the **same as the previous year** in real terms. £29.4 million will be raised from statutory charges from the rail industry, and £2.5 million on the roads side.

## RUNNING ORR

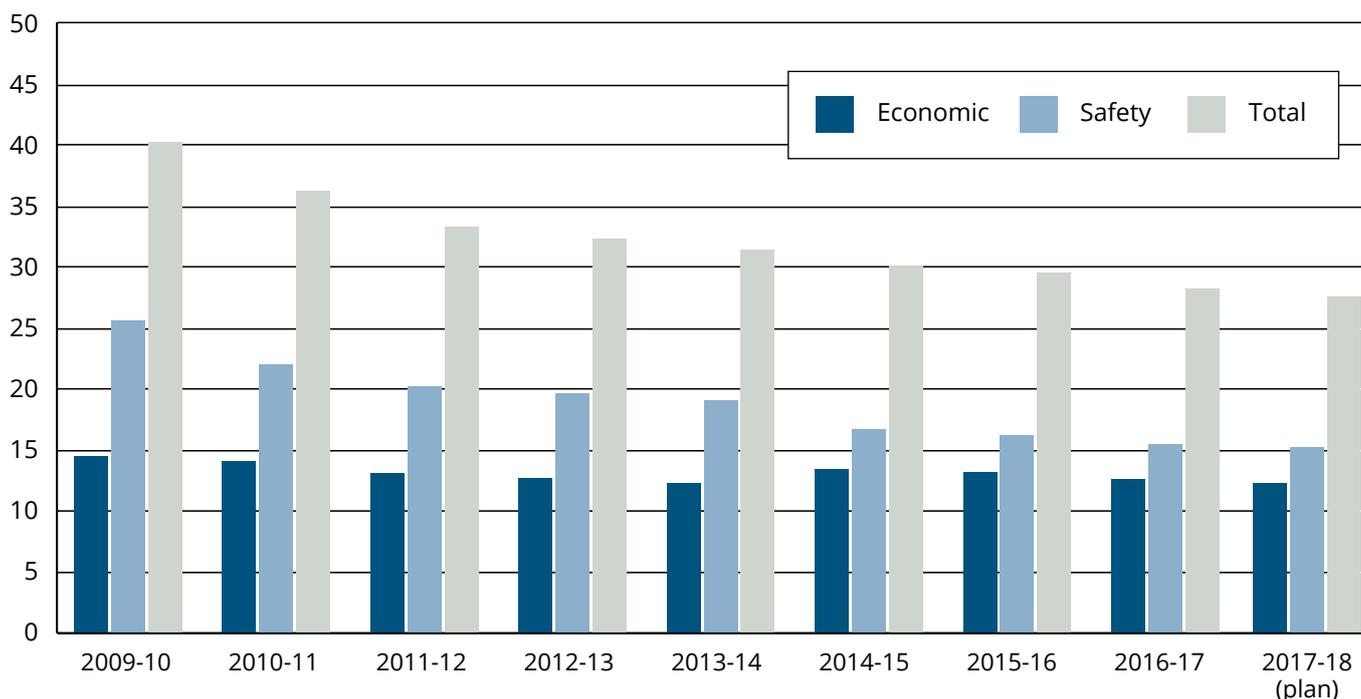


Total income from our rail and roads functions of £31.9 million in 2017-18.



Our **efficiency assumptions** are that we will continue to reduce overheads where appropriate to do so, though recognising that some of our functions are now pared to their limit. We shall exercise pay restraint in line with **Civil Service pay policy** and continue to generate some income from other sources, including subletting our property and running some discrete lines of consultancy income.

### Maximum statutory charges to rail industry (£m) 2016-17 prices using RPI





# TRANSPARENCY

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Transparency lies at the heart of our operation; openness delivers tangible benefits to consumers, train operators, governments, system operators, taxpayers, and the general public.

Better, clearer information allows people to make more informed choices, better plans for the future, improve understanding and heighten accountability.

We are committed to **clearly explaining the way we work**, according to our code of practice and service standards. Our commitment to transparency aims to improve the quality of our data releases, promote greater access to our data and reports and their use, and demonstrate the benefits of openness across the rail and road industries.

We have started publishing comparative information on the financial performance, expenditure, income

and asset management of Network Rail's routes. This work helps build a comparative picture of how different areas are working, to improve future performance for passengers and taxpayers.

Focusing on routes as well as the system operator is one way we are **changing our approach to regulation**, in response to changes from the reviews of the industry.

We publish detailed analyses of the finances of the railway industry, highlighting trends and giving funders and the industry greater information to help draft robust plans for the future.

# Train Times

## ANNEXES

<p><b>DRAYTON GREEN (DRG)</b> Mondays to Fridays</p> <p>operator GW GW GW GW GW GW GW GW depart 05:45 08:15 06:45 07:15 07:45 08:15 08:46 09:15 09:45 arrive 05:59 06:29 07:00 07:30 08:00 08:30 06:59 09:30 10:00</p> <p>operator GW GW GW GW GW GW GW GW depart 10:15 10:45 11:15 11:59 12:15 12:45 13:15 13:45 14:15 arrive 10:30 10:59 11:30 11:59 12:30 12:59 13:29 14:00 14:30</p> <p>operator GW GW GW GW GW GW GW GW depart 14:45 15:15 15:45 16:15 16:48 17:18 17:49 18:19 18:48 arrive 15:00 15:29 16:00 16:29 17:02 17:32 18:03 18:33 19:02</p> <p>operator GW GW GW GW GW depart 19:15 19:45 20:15 20:45 21:15 arrive 19:30 19:59 20:29 20:59 21:30</p> <p><b>Saturdays</b></p> <p>operator GW GW GW GW GW GW GW GW depart 05:45 06:15 06:45 07:15 07:45 08:15 08:45 09:15 09:45 arrive 06:00 06:29 06:59 07:30 08:00 08:30 09:00 09:30 10:00</p> <p>operator GW GW GW GW GW GW GW GW depart 10:15 10:45 11:15 11:45 12:15 12:45 13:15 13:45 14:15 arrive 10:30 11:00 11:30 12:00 12:30 13:00 13:30 14:00 14:30</p> <p>operator GW GW GW GW GW GW GW GW depart 14:45 15:15 15:45 16:15 16:45 17:15 17:45 18:15 18:45 arrive 15:00 15:29 16:00 16:29 17:00 17:30 18:00 18:30 19:00</p> <p>operator GW GW GW GW GW depart 19:15 19:45 20:15 20:45 21:15 arrive 19:30 19:59 20:29 20:59 21:30</p>	<p><b>EARLING BROADWAY (EAL)</b> Mondays to Fridays</p> <p>operator GW GW GW GW GW GW GW GW depart 18:45 18:50 18:57 19:03 19:12 19:15 19:20 19:24 arrive 18:54 18:58 19:05 19:10 19:20 19:24</p> <p>operator GW GW GW GW GW GW GW GW depart 19:42 19:45 19:50 19:57 20:03 20:10 20:17 20:20 arrive 19:50 19:54 19:58 20:05 20:10 20:17 20:20</p> <p>operator HC GW GW GW GW GW GW depart 20:33 20:42 20:45 20:50 20:57 21:01 21:05 21:08 arrive 20:40 20:50 20:54 20:58 21:05 21:08</p> <p>operator GW HC GW GW GW GW GW GW depart 21:42 22:03 22:12 22:33 22:43 22:53 23:03 23:13 arrive 21:51 22:10 22:20 22:40 22:50 23:00 23:10</p> <p>operator GW GW HC HC HC HC HC HC HC HC depart 00:30 01:00 05:12 06:12 06:20 06:30 06:40 06:50 arrive 00:38 01:08 05:20 06:20 06:30 06:40 06:50</p> <p>operator GW GW GW GW GW GW GW GW depart 08:43 09:12 09:15 09:23 09:51 10:12 10:20 arrive 08:53 09:20 09:23 09:31 09:51 10:20</p> <p>operator GW HC GW GW GW GW GW GW depart 11:43 12:12 12:15 12:43 13:12 13:20 arrive 11:53 12:20 12:23 12:53 13:20</p> <p>operator GW HC GW GW GW GW GW GW depart 14:43 15:12 15:15 15:43 16:12 16:20 arrive 14:53 15:20 15:23 15:53 16:20</p> <p>operator GW HC GW GW GW GW GW GW depart 17:43 18:12 18:15 18:43 19:12 19:20 arrive 17:53 18:20 18:23 18:53 19:20</p> <p>operator GW HC GW GW GW GW GW GW depart 20:43 21:12 21:15 21:43 22:12 22:20 arrive 20:53 21:20 21:23 21:53 22:20</p> <p>operator GW GW depart 23:47 23:53 arrive 23:55 00:02</p> <p>b Runs until 2 January</p>	<p><b>EARLEY (EAR)</b> Mondays to Fridays</p> <p>operator GW GW GW GW GW GW GW depart 03:34 05:18 05:45 06:30 07:15 08:00 08:30 arrive 05:47 06:17 06:47 07:30 08:15 09:00 09:30</p> <p>operator GW GW GW GW GW GW GW depart 09:00 09:06 09:19 09:24 09:30 09:36 09:42 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18:24</p> <p>operator GW GW GW GW GW depart 17:22 17:48 18:22 19:22 arrive 20:05 20:32 21:05 22:26</p> <p><b>Saturdays and Sundays</b></p> <p>operator GW GW GW GW GW GW GW GW depart 05:45 06:52 08:21 09:21 10:22 11:25 13:22 14:21 15:22 arrive 06:08 08:50 11:13 12:50 13:14 14:50 16:48 17:52 18:24</p> <p>operator GW GW GW GW GW GW GW GW depart 17:22 17:48 18:22 19:22 arrive 20:05 20:32 21:05 22:26</p>	<p><b>DAWLISH (DWL)</b> Mondays to Fridays</p> <p>operator GW GW GW GW GW GW GW GW depart 07:06 07:30 10:00 10:06 11:06 12:06 13:06 14:06 15:06 arrive 07:18 10:47 13:09 12:36 14:28 15:29 16:06 16:48 18:12</p> <p>operator GW GW GW GW GW GW GW GW depart 15:15 15:06 17:03 17:33 18:03 19:03 19:45 arrive 15:15 15:06 17:03 17:33 18:03 19:03 19:45</p> <p>operator GW GW GW GW GW GW GW GW depart 18:23 19:02 19:59 20:43 20:43 21:49 23:06 arrive 18:23 19:02 19:59 20:43 20:43 21:49 23:06</p> <p><b>Saturdays and Sundays</b></p> <p>operator GW GW GW GW GW GW GW GW depart 07:30 09:06 10:06 11:06 12:06 13:06 14:06 15:06 16:06 arrive 07:30 09:06 10:06 11:06 12:06 13:06 14:06 15:06 16:06</p> <p>operator GW GW GW GW GW GW GW GW depart 18:06 20:06 07:58 11:33 18:57 arrive 20:39 22:49 11:16 14:29 21:34</p> <p>b Change at Exeter St Davids c Change at Bristol Parkway</p>	<p><b>DAWLISH WARREN (DWW)</b> Mondays to Fridays and Saturdays</p> <p>operator GW GW GW GW GW GW GW GW depart 07:06 07:30 09:06 10:06 11:06 13:06 14:06 15:06 16:06 arrive 07:18 10:43 12:13 13:19 14:14 16:02 16:44 18:08 18:52</p> <p>operator GW GW GW GW GW GW GW GW depart 17:03 17:30 18:03 19:03 19:45 07:30 09:06 10:06 11:06 arrive 19:49 20:37 20:37 21:45 23:02 10:48 12:13 13:04 14:14</p> <p>operator GW GW GW GW GW GW GW GW depart 12:06 13:06 14:06 15:06 16:06 18:06 arrive 14:42 16:13 17:11 18:05 18:42 20:35</p> <p>b Change at Exeter St Davids c Change at Newton Abbot</p>	<p><b>DIDCOT PARKWAY (DID)</b> Mondays to Fridays</p> <p>operator GW GW GW GW GW GW GW GW depart 05:45 06:15 06:45 07:15 07:45 08:15 08:45 09:15 09:45 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# A: SERVICE STANDARDS FOR 2017-18

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

2016-17 was the third year in which we published a commitment to meet certain service standards levels. By the end of quarter 3 of 2016-17, we had achieved the required service standard for 7 out of 9 commitments.

For 2017-18 we remain committed to meeting or exceeding these standards. In the context of having lowered charges to the industry again this year, this represents a further improvement in our operational efficiency.

## Progress against the Business Plan - Service Standards

Service provision	Standard	Performance outcome to Q3 2015/16
Issue new or revised train driver licences	100% of applications processed within one month of receipt of all necessary documentation	99% <sup>1</sup>
ROGS safety certificates and authorisations	100% determined within four months of receiving completed application	100%
Report to Rail Accident Investigations Branch (RAIB) on the progress of its recommendations	100% response to RAIB recommendations within 1 year of associated RAIB reported being published	100%
Efficient processing of technical authorisations	100% of responses within 28 days of receiving complete submissions	95% <sup>2</sup>
Access and licensing casework	100% decided within 2 months of receipt of all relevant information	100%
Freedom of Information requests	90% of requests for information responded to within 20 working days of receipt	94% <sup>3</sup>
General enquiries and complaints	95% of enquiries and complaints responded to within 20 working days of receipt	97%
Prompt payment of suppliers' invoices to ORR	80% paid within 10 days of valid invoice	98%
Prompt payment of suppliers' invoices to ORR	100% paid within 30 days of valid invoice	100%

We will target at least half of our front-line activity on proactive inspection with Network Rail and other rail duty holders, based on our on-going analysis of risk priorities.

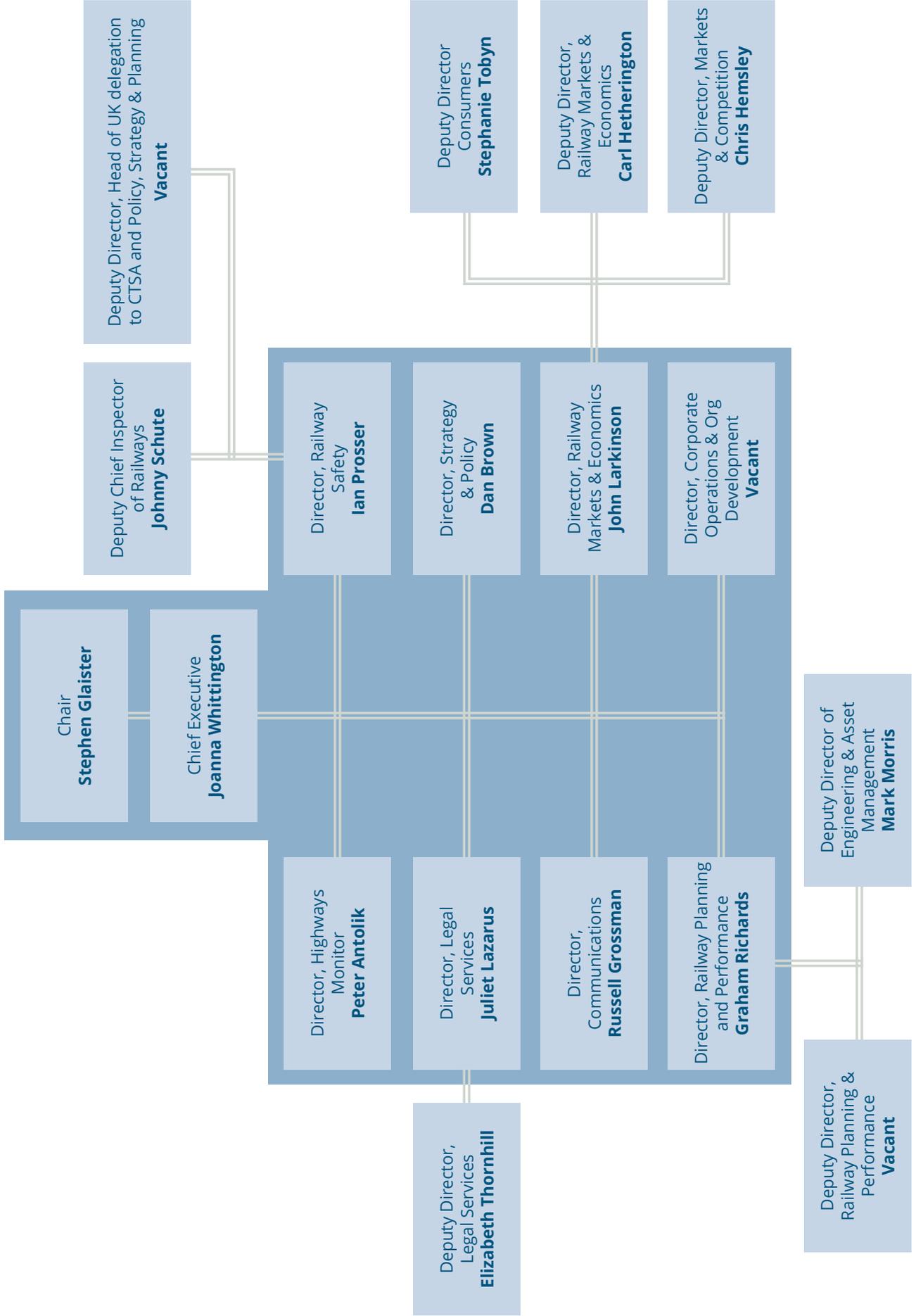
Time spent on inspections in 2016-17		
Actual hours	All RSD Hours	% on proactive inspections
42,499	84314*	50%
* Adjusted for sick leave and annual leave		

<sup>1</sup> As a result of permissioning problems with new TDL system.

<sup>2</sup> This was missed due to no authorised signatories being available to complete the final authorisation.

<sup>3</sup> Including extensions permitted under FoI for the 'public interest' test.

# B: ORGANISATION CHART



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