



BUSINESS PLAN 2018-19

ORR'S PURPOSE

To protect the interests of rail and road users; improving the safety, value and performance of railways and roads, today and in the future.

CONTENTS

Foreword	4
The Value of Regulation.....	5
Our Framework for Success.....	6
Our Strategic Objectives.....	8
Health and Safety	10
Better Rail Customer Service.....	12
Value for Money from the Railway.....	14
Promoting a Dynamic and Commercially Sustainable Rail Sector.....	16
Better Highways	18
High Performing Regulation	20
Running ORR.....	22
Annexes	25
A. Service Standards for 2018-19.....	26
B. Organisation Chart	27

FOREWORD

This is an important year for ORR and for the railway industry.

We will continue to do our vital day job well and at the same time we will determine the regulatory settlement which will apply to Network Rail for the five years from 2019 to 2024.

- We have a team of more than 100 health and safety colleagues committed to making the railways places to be safe to use and to work on healthily. Our Inspectors work closely with the mainline, light rail, tram and heritage sectors on a daily basis, proactively supporting efforts to reduce risk and taking enforcement action where necessary, including through the courts.
- We are an evidence based organisation reporting predictably and transparently on the performance of the rail and road industry. This is whether it be through production of our statistical releases or through our annual reports on health and safety, the performance of Network Rail, Highways England and the train operating companies.
- We will continue our important consumer work, designed to understand and improve the experience of passengers. In the coming year we will support the successful introduction of the rail passenger ombudsman and continue to focus on the assistance to travel which passengers receive and which is in many cases crucial in enabling them to use the railway.
- We will authorise new vehicles and infrastructure into service, issue train driver licences, approve passenger and freight access agreements, work with industry and government to prepare for Brexit and continue to monitor competition in the railway sector, intervening where necessary.

Throughout the last two years we have supported the work that Network Rail has done to transform its business into eight geographical routes. We think this new structure will support a more efficient and better used railway.

Our Periodic Review of Network Rail will determine what the company can deliver efficiently for the funds which governments have made available. The Periodic Review will set out significant changes to how we regulate Network Rail, with a greater use of comparison between each of its routes and a specific focus on the performance of the System Operator, responsible for network wide planning. Our Draft Determination will be published in June and our Final Determination in October.

Alongside our Periodic Review we will also continue our recently launched five yearly review of High Speed 1 and contribute to the Government's second Road Investment Strategy. Our role in each of these three reviews is different but we will look for opportunities to share knowledge and best practice across our organisation.

Delivery of this work relies on the skills and commitment of our staff. This year we will strengthen those skills with a particular emphasis on management and leadership, thus ensuring that ORR remains in a position to protect the interests of passengers, freight customers and road users - now and in the future.



A handwritten signature in blue ink that reads "Joanna Whittington." The signature is written in a cursive, flowing style.

Joanna Whittington
ORR Chief Executive



THE VALUE OF REGULATION

As regulator, we are there to ensure our railways and roads are safe, reliable and good value for money. This brings benefits for everyone: passengers, train companies, rail workers, road users and taxpayers.

At ORR our core purpose is to protect the interests of rail and road users, improving the safety, value and performance of railways and roads today and in the future.

We believe that a strong and independent regulator working effectively with industry and governments, plays an essential role in achieving this, ensuring that our transport networks **support the economy and benefit society as a whole**. With road traffic and rail passenger numbers as high as they are, our role is more important than ever.

Effective regulation also has a role to play in **enhancing the credibility and transparency** of the rail and highways sectors. It opens up the complexities of these industries to scrutiny and checks that the potentially competing interests of passengers, freight customers, governments, taxpayers and the general public are balanced fairly and efficiently.

Our functions are driven by legislation and we are accountable to Parliament and the public to:

- **Protect the people** who work on, use, or interact with the railway. This is both to ensure continuous improvement in health and safety and, on the economic side, to temper the monopoly power of Network Rail.
- **Ensure fair access** to a rail network and other infrastructure that are becoming increasingly congested.
- **Ensure effective road investment**, reporting on Highways England's progress in delivering its investment in England's strategic road network, on budget and to time.
- **Protect the interests of future users** by working with the industry and with funders as they develop the network of tomorrow.

We aim to drive improvement by **working collaboratively and constructively** across industry and with all stakeholders. At the same time we are clear in carrying out our responsibility to monitor and report on performance, good or bad.



OUR FRAMEWORK FOR SUCCESS

ORR protects the interests of rail and road users, improving the safety, value and performance of railways and roads today and in the future.

Our effectiveness as a regulator is driven by our commitment to be predictable, transparent and authoritative. Data and evidence drives our decisions; clear processes and governance set out how our work is delivered; and we always strive to listen to the travelling public and the industries we regulate.

Predictable

We can be trusted to protect users' interests by holding the rail industry to account on its economic and safety performance and by monitoring Highways England's delivery.

We provide the day to day services that enable the railways to run smoothly: train driver licensing, Health and Safety inspections, new vehicle and infrastructure authorisations, track and station access approvals; and we adopt a 'no surprises' approach in our engagement with industry.

Transparent

We are committed to open engagement and dialogue with industry and consumer stakeholders, including via consumer and freight customer panels, clearly explaining our processes and governance and responding to current concerns.

Our Board holds its meetings outside of London at least biannually, meeting with key stakeholders and undertaking industry visits. Stakeholders are also invited to the Board at most meetings to discuss their issues and for ORR to understand these in depth. Board meeting minutes are published. In 2018, for the first time, we conducted a series of regional roadshows, consulting on this business plan.

We monitor, compare and report publicly on safety and economic performance in a way that drives improvements, recognising achievements where deserved. We scrutinise how public money is being spent to ensure this happens efficiently and wisely; in turn we have our own work scrutinised and tested by independent expert panels.

Authoritative

We are a data-driven and evidence-based organisation. As the UK rail statistics authority, we lead on collection, validation, analysis and dissemination of rail data in Britain.

We publish regular assessments on the performance of the rail and road industry, aware of our responsibility as an accountable public body to provide accurate, high quality information and commentary, and to interpret trends.

Our functions are driven by legislation and we have a primary role in enforcing consumer and safety law, and the rail industry's compliance with its licences. Our team of more than 100 health and safety inspectors and professionals have significant powers of enforcement.

We attract skilled staff, develop our people and share best practice to ensure we continue to fulfil our duty as an effective and successful regulator.



OUR STRATEGIC OBJECTIVES



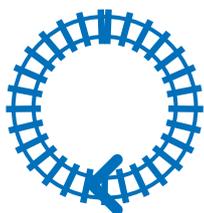
**HEALTH
AND SAFETY**



**BETTER RAIL
CUSTOMER
SERVICE**



**VALUE FOR
MONEY FROM
THE RAILWAY**



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



**BETTER
HIGHWAYS**



**HIGH
PERFORMING
REGULATION**





At ORR, our goal is clear – to continue to drive for a safer railway through compliance with the law and striving for excellence.

Our focus for the coming year will continue to be on four key challenges facing the rail industry, as set out in our 2017 annual Health and Safety report:

- managing change;
- maintaining safe and sustainable assets;
- safety culture and occupational health;
- safety by design.

While our mainline railways have a good safety record, a high priority for us this year is to ensure that lessons are learned from the tragic incident in 2016 on **Croydon Tramlink** and the subsequent findings of the Rail Accident Investigation Branch (RAIB). We will continue to play an important coordinating role, to ensure the industry agrees a clear plan for implementing cross-sector improvements, promptly and efficiently. Specific recommendations were also made from RAIB to ORR and we will complete these.

The growth and change taking place in our sector can create opportunities but also risks. For example, the move to **route devolution** can improve risk management at the local level but we need to ensure that Network Rail doesn't go backwards on health and safety.

Our response is to work with Network Rail to embed our **Risk Management Maturity Model (RM3)** on every route and to look at their strengths and weaknesses; for each, we will complete a full end of year evaluation.

Changes to franchises, and new rolling stock over the next two to three years will also require us to maintain our inspection programmes and influencing around **station management, train dispatch and the platform train interface**.

Significant changes at **London Underground (LUL)** under their transformation plan also need to be managed to ensure their good safety record is

maintained. We will continue to work closely with Transport for London on improving risk assessment processes across the organisation and ensuring changes to the organisation, roles and staff numbers are managed effectively and safely.

With the continued successful growth of our railways comes the need to ensure that **safe and sustainable assets** are maintained. A core part of ORR's work this year will continue to be on the Periodic Review 2018 (PR18) of Network Rail and publication of the Final Determination in the Autumn.

From a health and safety point of view, it is essential that PR18 takes the industry to a better place on asset safety and sustainability. This can be achieved by catching up on **deferred renewals**. We will continue our work to monitor the deferred renewals that have taken place and ensure the safety of those assets.

This year we will be prioritising support for **the industry's own health and safety strategy**, as set out in 'Leading Health and Safety on Britain's Railways', ensuring that Network Rail implements its 'Home Safe Plan'. We will encourage the industry to take the initiative and continue to hold it to account on delivery of its targets on key workforce topics, such as track worker safety.

We will also seek improved implementation of **health and safety by design** – one of our key themes - as new strategic assets are introduced across the sector.

ORR has always placed great emphasis on improving **occupational health** in the sector and good progress has been made, but there is more to be done. This year we come to the last year of our own programme and we will now be encouraging the industry to take full leadership on this important topic. ORR will of course continue to monitor the industry's health and wellbeing.

We will promote alignment with the Rail Safety and Standards Board (RSSB) and Health and Safety Executive programmes and continue to support the industry's capability on **Human Factors**, which is a new EU safety management requirement. There is room for improvement on issues such as Hand Arm Vibration (HAV), fatigue management, and safety critical communications and we are now seeing new Human Factor risks emerging, around the ageing workforce, automation and the digital railway.

We will retain our focus on **reducing freight derailments**, examining the three contributory factors of track condition, maintenance of freight rolling stock and asymmetric loading of wagons. And we continue to work with Network Rail on **reducing risk at level crossings**, which is still a major risk. We will also focus on refining our own approach to the level crossing order regime, to move things forward in a less bureaucratic and more effective way.

Looking at other areas outside of the mainline railways, there is a need to strengthen safety management systems in the **heritage sector**.

ORR provides expert advice and secretariat support to the Inter-Governmental Commission for the **Channel Tunnel**. We also provide membership of the Channel Tunnel Safety Authority and carry out health and safety inspection activity on its behalf. On economic regulation, we work separately with the French rail regulator to oversee fair access terms for operators and encourage greater use of the tunnel.

We will continue with our day-to-day responsibilities on licensing and authorisations and the important work carried out by our team of over 100 Health and Safety inspectors and professionals across the network.

This year **Crossrail** comes into service and ORR's authorisation will be the culmination of a significant amount of engagement on this major project. We will also be working closely with the Train and Freight Operating Companies to meet the 31st October 2018 deadline to complete the **licensing of all train drivers**.

It is vital that ORR remains **fit for purpose** so that we can fulfil our obligations on health and safety. We continue to improve RM3, [including aligning it with ORR's strategic risk chapters and producing topic sets]; we are looking at improving our strategic planning and making better use of the good data that exists in our sector; and we are keen to retain and build on the talent and expertise we have in our organisation. In particular, we need to bring in **more trainee inspectors and assistant inspectors**.

All of our work over the coming year will, of course, be within the context of **Brexit**, any uncertainty around which could affect safety and legislative frameworks. We will revise and update criteria and procedures as necessary and support the industry to manage their safety obligations through any legislative change.



We are here to protect the interests of those who use our railways so that they get the service to which they are entitled. Continued growth and changes in the structure of our railways have increased the importance of this role.

Our consumer work focuses on enforcement of consumer and competition law and ensuring compliance with the conditions contained in Network Rail's and train operators' licences.

We are committed to **constructive engagement with industry and with consumer stakeholders** to provide reliable advice with 'no surprises'. For example, we hold regular face to face meetings with operator managing directors, we work closely with organisations like Transport Focus, sub national transport authorities, and other regional bodies, and we value the input of our independent consumer panel with whom we test our work.

As an open and evidence-based organisation, we focus on data collection and research and we report publicly on our findings. In this way, we drive improvements, while also recognising industry achievements where deserved.

This year we will be continuing our research and policy areas of last year, namely **ticket retailing, information provision, accessibility and complaints handling**.

On **ticket retailing**, we will be following up on our large investigation into ticket vending machines and whether consumers are getting the right tickets. We will be exploring issues around supply of software and hardware and the role of competition in this.

As regulator, we will continue to monitor that companies are providing **appropriate, accurate and timely information** to enable passengers to plan and make their journeys with a reasonable degree of assurance, including during disruption.

As a priority, we will embed improvements to the National Rail Conditions of Travel (NRCoT), to make them clearer and more accurate. We will continue to focus on how operators take account of their



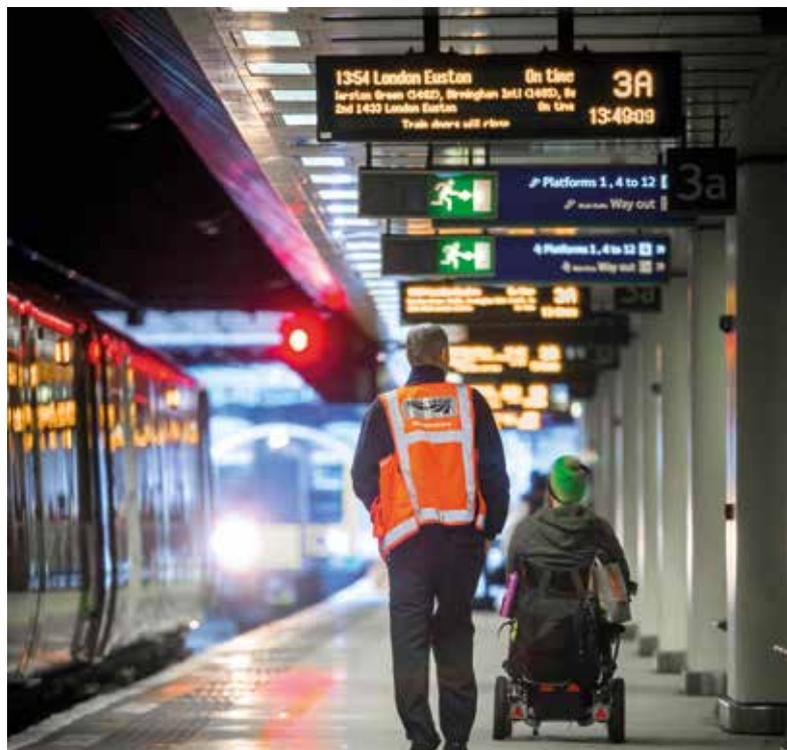
obligations under the Consumer Rights Act and widen our interest in this area to ensure that all terms and conditions are fair and transparent for passengers.

We will follow up on our research on information available to passengers under **delay compensation schemes**. We will identify improvements in quality and accessibility of written and online information and, for the first time, will also analyse information provided through social media channels.

One key development coming down the line this year is the introduction of a **Complaints Ombudsman**. We will help facilitate this through changes to our **Complaints Handling Procedures (CHP)** guidance and thereby operator practices. We will conduct a review of other regulated sectors with a complaints ombudsman and publish best practice to ensure that we can learn valuable lessons for rail at an early stage in the process. We will continue to focus on train operators' compliance with their existing obligations, such as their requirement to respond to complaints within a certain period of time, and will also look at the quality of responses.

A priority area for us as regulator is ensuring that there is **accessibility for passengers requiring assistance**. Our comprehensive research last year, working with the industry, has led us to focus on a number of pieces of work in the coming year where we think a real difference can be made.

- We will develop our work to improve assisted travel, particularly issues around awareness, reliability, staff training and monitoring. We will be conducting a benchmarking review of operator **disability awareness training** to raise standards across the industry.
- We will continue the **Passenger Assist** satisfaction research that we established last year and make it a rolling tracker, so that we can make good use of data to drive improvements.
- We will review the DfT's 2009 guidance to operators on how to write their **Disabled People's Protection Policies (DPPP)** with extensive consultation on revised guidance.



- We will place a greater emphasis on the Secretary of State's **Code of Practice on Design Standards for Accessible Stations** and how widely and effectively it is being applied. We expect all operators to be aware of the Code.

In prioritising these areas of work, we are responding to a large increase in enquiries around accessibility and assisted travel. Consumer rights awareness overall has grown and there is increased demand for action to protect rail passengers' interests. We will continue to work constructively with the industry to make progress and will increase our resource in this area accordingly.

Our annual consumer report, **Measuring Up**, draws together our consumer work and will be published in the summer. We again aim for this to be an authoritative, transparent and data-driven report - and a useful resource across the sector. In this year's edition there will be a greater focus on case studies and, where appropriate, comparative performance of operating companies, as a positive way to improve behaviour.



VALUE FOR MONEY FROM THE RAILWAY

BUSINESS PLAN
2018-19



Passengers, freight customers, governments, taxpayers and the general public rightly expect an efficient service from our railway that delivers good value for money.

A principal task for ORR is to hold Network Rail and High Speed 1 (HS1) to account – for their performance, stewardship and the enhancement of the network. We will continue to do this through our regular monitoring and reporting, engaging with both Network Rail and HS1 and targeting action that best influences improvements through the operating licence we grant.

Punctuality and asset management remain areas for improvement by Network Rail and the move to a **route-based system** offers the opportunity for more effective and transparent reporting of performance.

We will continue to publish our **Network Rail Monitor** twice a year but this year we will accelerate the move to route and system-operator based reporting, more explicitly drawing out comparisons between routes on the key performance areas:

- On **safety**, we will continue to monitor and publish performance against metrics and the findings from our ORR inspections.
- On **train service performance**, we will report on punctuality and reliability and on operations - how the system runs overall.
- On **asset management**, we will look at Network Rail's delivery of its maintenance and renewals volumes, its data quality and its capability as a best practice asset manager.
- On **finance and efficiency**, we will continue to report on Network Rail's performance against budget and against efficiency measures.

We are looking at how all of the above can also be published across routes, working closely with Network Rail and the train operators to ensure we have good quality and useful data for each route



which gives a meaningful assessment of each route's performance overall. The aim is to provide transparent information for the travelling public and drive improvements through healthy competition between the routes.

And as we come to the final year of Network Rail's current control period (CP5) we will be looking at its readiness for the first year of CP6.

High Speed 1 is entering the last two years of its second control period and this year will see the start of the 2019 Periodic Review of its funding (PR19).

We continue to **monitor HS1** to ensure it delivers on its current plans and we will now be working closely with HS1 Ltd on production of their **asset management plans for PR19**, and putting in place the foundations for the scrutiny phase next year. We will produce our final determination on HS1 in 2019-20 and we are increasing our focus accordingly.

We are committed to working closely with all stakeholders on our monitoring, public reporting and on our approach to PR18/CP6 and PR19 - customers, operating companies, Network Rail and HS1, governments and the communities along the routes.

Loss of **technical expertise** continues to be a risk for both us and the industry as a whole and it is something that we will continue to manage this coming year. One of our responses will be to set up a Road and Rail Technical Engineering Panel to provide a pool of independent experts from which we can draw advice.



PROMOTING A DYNAMIC AND COMMERCIALY SUSTAINABLE RAIL SECTOR



This year will be a critical year as we help to shape the railway for a successful and sustainable future.

We will reach the culmination of our extensive work on the **Periodic Review (PR18)**. We continue to work to the published timetable towards the Final Determination in October, which will set out our overall package of decisions for Network Rail for the next five years.

PR18 takes place in a different world from the last periodic review. Network Rail is now in the public sector and government is more directly involved as funder. The scope of the review has changed, on issues like enhancement projects and those parts of Network Rail's expenditure base that are covered.

And Network Rail itself is changing, into a more devolved, route-based organisation and towards a system operator function. This transformation is something that the review must support as it looks at delivery plans, monitoring and licence compliance and the potential for route comparisons in the future.

We have learned from the current control period (CP5) and will draw on the conclusions of our consultations as well as industry discussions, such as our highly useful industry seminar on efficiency. Our priority is to ensure a smooth and effective transition to CP6.

We will continue to work closely with all stakeholders involved in **delivery of the Final Determination**: from the operating companies and Network Rail to the supply chain, passenger and freight representative bodies and government departments, including HM Treasury. Scotland has a separate Determination, reflecting its status as a specifier and funder. We will work closely with Transport Scotland and Network Rail's Scotland route on this Determination.

Between April and June our work will focus on the draft determination. Network Rail's business plan is one of the main inputs and we will also be consulting extensively with other key organisations.



In June the draft determination goes out to **consultation** and we will also be publishing a number of independent studies on some key issues:

- the money spent by Network Rail on stewardship of the network and its efficiency, covering robustness of cost planning, allocation of central costs (including between Scotland and England & Wales) and funding required for risk.
- reviewing Network Rail's property income forecasts.
- achievable train service performance outputs
- the quality of Network Rail's stakeholder engagement, particularly as we move to route scorecards and comparisons.

Following the Final Determination on 31st October 2018 and its implementation, the focus of our work will be on Network Rail's **future delivery plans** (due for publication in March 2019) and ensuring readiness for the start of CP6 on 1st April 2019.

We will continue to fulfil our vital role as a **competition** authority and will exercise our powers to undertake market studies and enforce competition law alongside our regulatory tools. By using our powers in this complementary fashion, we will promote and protect competition in railways markets.

This year we will continue our market review programme. We will scrutinise Network Rail's procurement strategies in PR18 and develop a framework for monitoring the impact and response to **open access competition**.

We will continue to review complaints about **anti-competitive conduct** and the commitments put in place following our investigation into Freightliner; and we will respond to **merger activity** where it impacts key GB rail supply chains.

When it comes to non-Network Rail economic regulation, we will be doing further work on **Eurotunnel's** accounting separation and charges and continue the work we started on **Crossrail** last year to finalise licence and access arrangements for the Central London Tunnel, as well as producing a regulatory statement on security of access and work on the draw down of track access option rights.

This year will also be our second as economic regulator in **Northern Ireland**. We will work on the NI railway's network statement, which covers terms of access and charges, and on accounting separation requirements, all the while ensuring a proportionate approach given the relative size of Northern Ireland's railways.

Our business-as-usual work on **track and station licensing** will continue throughout 2018-19 to provide a core service to the industry. Last year we worked on over 300 access and licensing applications and heard a number of appeals, and we will take the same approach this year in running an efficient and effective process.

Less predictable is our work on **open access applications**. We expect to receive a number of applications again this year and will plan our resourcing for this accordingly.

Finally, we will continue to look at opportunities around **third party investment** in our railways and will work with those seeking to invest. We offer expert advice on safety, access, charging and legal issues, and will publish supporting materials and FAQs as well as reviewing aspects of the investment framework.

We are working with the government and industry to ensure that the **UK's exit from the European Union** does not create unnecessary regulatory barriers for cross-border passengers or freight, and supports continued close cooperation between UK and international rail businesses and supply chains. Prior to the UK's exit, ORR will continue to cooperate with European regulatory bodies with the objective of growing cross-border passenger and freight services through the Channel Tunnel and across the Irish border.



BETTER HIGHWAYS

BUSINESS PLAN
2018-19



Our job here is to monitor Highways England's performance to ensure that the rising number of users on England's strategic road network get predictable journeys on safe, good quality roads.

Entering our fourth year, we have well established our role as Highways Monitor on the first road period (RP1) and are now working to inform the next road investment strategy (RIS2) which covers the next road period.

We have published our second annual assessment of Highways England's performance, published our benchmarking update report, completed initial work to inform our efficiency advice for RIS2 and worked with Highways England to improve data assurance and reporting progress.

In achieving all this and in developing this year's plan, we have joined up much more closely with Highways England and the Department for Transport, and we will continue to work together.

Our activities for the coming year fall into two areas: **monitoring** and **RIS2**.

Our day to day approach remains similar to our role on rail - we monitor against metrics, gather data and publish reports to provide impartial commentary on Highways England's performance.

This year we will be focusing on risks to major scheme delivery in the remainder of the current road period. We will be looking at delivery of improvement plans for maintenance and renewals, such as improving pavement condition and improving planning of works.

There will be also be a focus on safety, user satisfaction and other at-risk performance areas.

As a data-driven organisation, we want to ensure we have improved evidence to support efficiency reporting. It is important that we get the right data from Highways England at the right level of quality so that we can report on performance accurately.



We also want to work with Highways England to understand how it is optimising the use of data to best support the operation of the network.

And as a transparent and accountable organisation we are keen to hear feedback from stakeholders and further embed their views into our monitoring work.

This year is a critical year for work on **RIS2**. We have a clearly defined role in providing expert advice to the Secretary of State for Transport and, having done the groundwork last year, we will be building the evidence base to support our RIS2 efficiency review, which will be published in early 2019.

We will be developing our **cost and performance benchmarking studies**, including taking forward capital benchmarking opportunities, and will again publish a benchmarking annual progress report.

We will continue to work collaboratively with the Department for Transport, Highways England and Transport Focus to advise and support the RIS2 process.

Internally, changes to our organisational structure are creating a more joined up approach to planning for road and rail, while still providing dedicated expert staff on each. This will allow us to share experiences and learn lessons, for the benefit of all users and stakeholders.



HIGH PERFORMING REGULATION



Earlier, we described the value of regulation - how our work benefits everyone with an interest in safe, reliable and value for money roads and railways. Here we set out how we will achieve our strategic objective to be an effective, high performing regulator as continuing change in the industry throws up a new set of challenges and opportunities.

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.

A core area of work this year continues to be on the **Periodic Review (PR18)** of Network Rail, which will set the next five year funding period. It presents an agenda for reform of the industry but it also presents an agenda for **regulatory reform**. We are therefore approaching this Periodic Review differently, responding to the industry's move to a route-based system and integrating virtual route teams within ORR.

Our fully-established **highways function** is now better integrated within the overall work of ORR. It is coordinated by the Director for Planning and Performance who also oversees rail, allowing a more **joined-up approach to regulating road and rail networks**, making us more efficient and effective as an organisation and growing dividends to users and funders. We will, however, continue to have a dedicated team working on Highways. Financially, agreement with the Department of Transport on our budget up to 2019-20 continues to provide stability for planning purposes.

Equally importantly, **non-Network Rail rail infrastructure** is going to become an increasing priority across ORR. We are into our second year as rail regulator in Northern Ireland and will continue to exercise our statutory powers in a proportionate way. We will continue our work with the Channel Tunnel and expect detail of High Speed 2 (HS2) to take up increasing focus in the coming year.



Crossrail is due to come into operation in 2018 and this, and the upgraded Thameslink service, are committing towards integrating metro and mainline rail infrastructure much more than they have before.

Regulating the safety of our railways remains central to our work, particularly as we work with industry to implement RAIB's findings on the tragic **Croydon Tramlink** incident. We are taking a fresh approach to the way we look at tram regulation and a strengthening of safety management systems in the **heritage sector** is also a priority.

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. We will seek 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 currently uncertain legislative and economic climate.

We continue to **achieve synergies internally and share best practice** with other regulators in the UK and with international bodies. We work through organisations such as the UK Regulators' Network (UKRN), the Health and Safety Regulators' Network and the OECD to make sure that ORR remains at the cutting edge of regulation both nationally and internationally.

Being an effective regulator means being predictable, transparent and authoritative. We are continually developing our **professional expertise** to ensure effective, proportionate regulation in the interests of users.

We strive to be a **communicative organisation**, focused on everyone getting the most from our approaches to consult, inform and listen to our many and varied audiences. These include our wide range of industry stakeholders, the media, parliamentarians and our own staff.

Engagement is especially important in the Periodic Review process, and we will continue our approach to connect with as many interested parties as possible on our Draft Determination.

We continue to be **data driven and evidence based** and fulfil our obligation to report publicly on our findings.

We will also continue to expand our use of social media, recognising the range of digital channels through which our audiences increasingly wish to connect with us.

Loss of technical expertise in our organisation and across the industry as a whole continues to be a risk that we proactively seek to address. We are always developing the tools at our disposal, through for example skills training and organisational ways of working, so that we can address the challenges we face now and in the future.

Our key focus will be on:

- Developing our 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 a responsibility to conduct our work as regulator effectively, transparently and in a way that provides best value for money for both the public and the industry.

Transparency lies at the heart of our operation. 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 are also a listening regulator and have continued to consult widely on our plans and intentions, also expanding our face to face listening.

Our income streams relate to our three main lines of business: 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 funding streams.

On the rail side, we receive £30.3m from the rail industry to fund our work, with health and safety regulation and economic regulation accounting for 51% and 42% of our income respectively. Our monitoring of the strategic road network is funded in the form of a direct grant from the Department for Transport and provides around 7% of the annual ORR budget.

We are an organisation built around people, so the majority of our expenditure is on our staff costs and the overheads that are necessary for them to carry out their work, such as building maintenance and IT.

We have a good track record of delivering year-on-year cost efficiencies in our expenditure. We have made savings in real terms of around 30% - which is

RUNNING ORR



more than £13 million per year and amounts to £89 million cumulatively since 2009-10.

This year we will continue our trend of keeping costs broadly flat in real terms. Our rail budget will remain the same as last year, meaning we will raise £30.3 million in statutory charges. Our roads budget from the DfT will be slightly lower this year at £2.45 million (a £50,000 reduction).

We will achieve our budget by efficient cost management, such as by continuing to exercise pay constraint in line with the Civil Service, of which we are part (which continues to mean a real terms cut in staff pay). We are also benefiting significantly

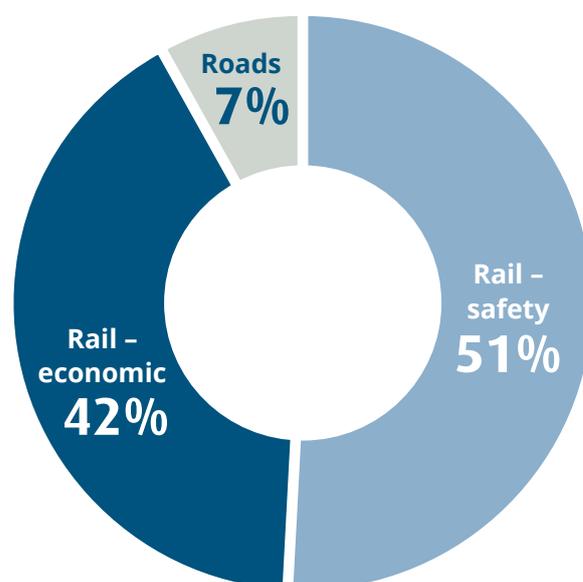
from our IT transformation programme and bringing IT services in-house, which has saved us around £500,000 annually compared to the previous outsourced arrangement.

The current lease on ORR's London headquarters comes to an end in December 2019 and we are exploring all options for our future accommodation needs. We do not expect this to have an impact on our operational costs in 2018/19.

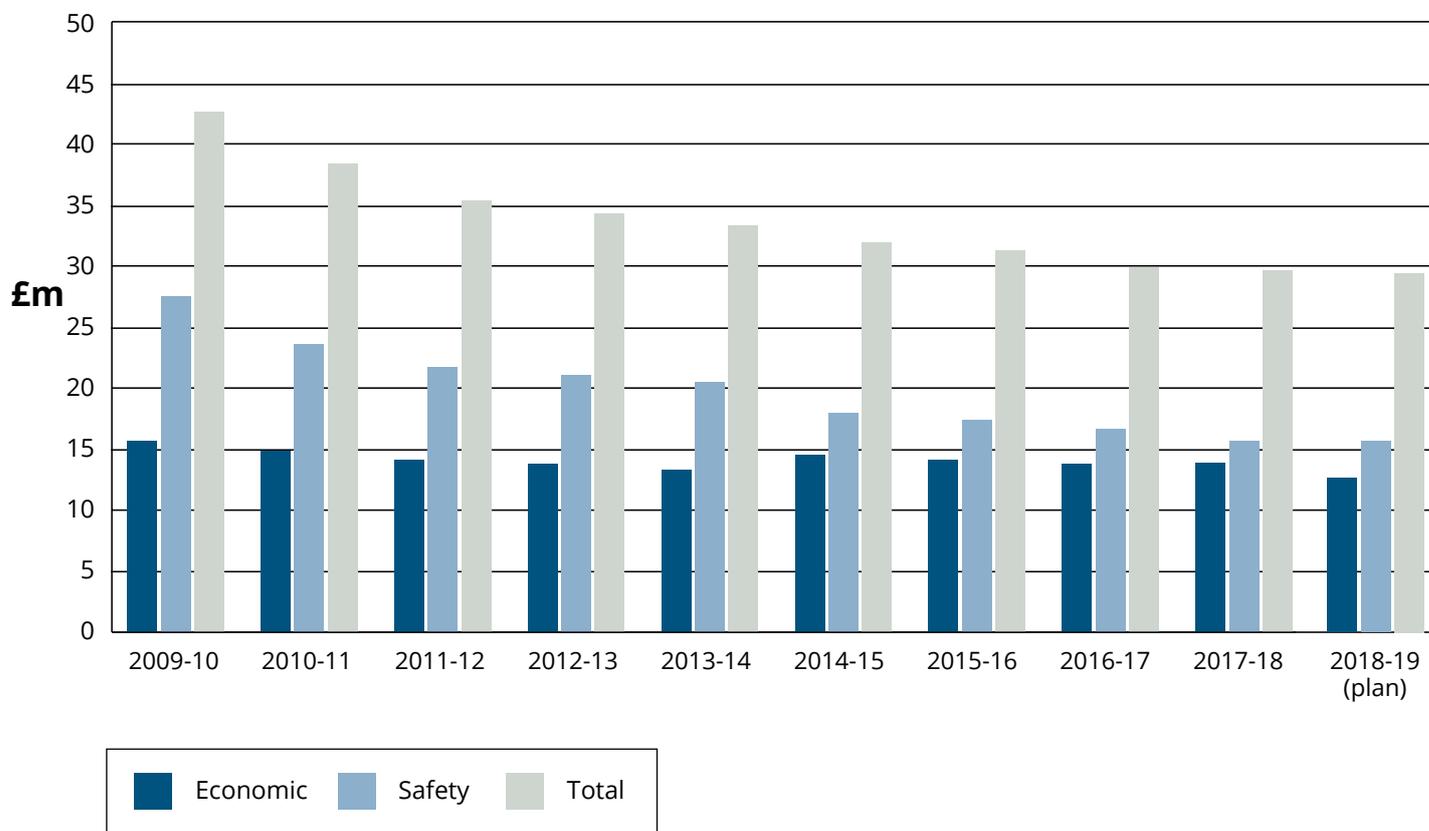
ORR has an expanding regional presence among its staff, all the way up to the leadership of the organisation, and there may be further opportunities in line with the industry's own route-based devolution.

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.

Total income from our rail and roads functions of £32.8 million in 2018-19



Maximum statutory charges to rail industry (£m) 2017-18 prices using RPI



A: SERVICE STANDARDS FOR 2018-19

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.

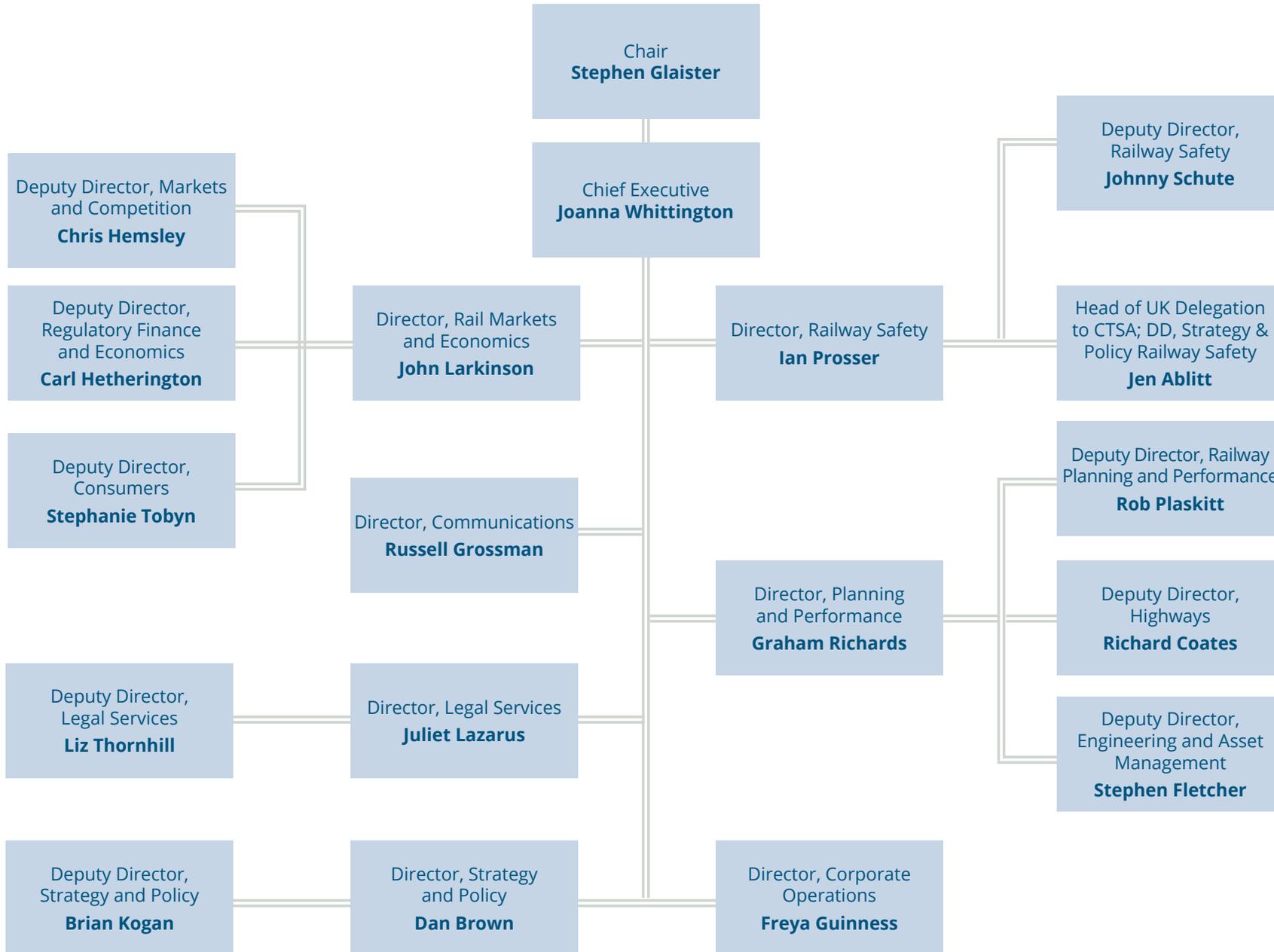
2017-18 was the fourth year in which we published a commitment to meet certain service standard levels. For 2018-19 we remain committed to meeting or exceeding these standards.

Service Standards

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

We will target at least half of our front-line activity on proactive inspection with Network Rail.

B: ORGANISATION CHART



Office of Rail and Road

One Kemble Street
London
WC2B 4AN

For general enquiries, please email: **contact.cct@orr.gsi.gov.uk**
Or call: **020 7282 2018**

Follow us on digital media:

Twitter : **@railandroad**

LinkedIn: **ORR - Office of Rail and Road**

Media Enquiries: **020 7282 2094**

© Crown copyright 2018

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit **nationalarchives.gov.uk/doc/open-government-licence/version/3** or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: **psi@nationalarchives.gsi.gov.uk**.

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

This publication is available at **orr.gov.uk**

Any enquiries regarding this publication should be sent to us at **orr.gov.uk**