Annual report and accounts 2022 to 2023

Performance report - Performance overview

A summary of progress achieved in 2022-23 in delivering our strategic objectives and service standards.

This overview sets out our purpose and our strategic objectives.

Who we are and what we do

The Office of Rail and Road (ORR) is an independent, non-ministerial UK government department, established by, and accountable directly to, Parliament. We protect the interests of current and future rail and road users, overseeing the safety, value and performance of the railways and monitoring the performance and efficiency of England's strategic road network.

We regulate Network Rail, including setting the targets it has to achieve, and report regularly on its performance. We regulate health and safety standards and compliance across the whole rail industry. We oversee competition and consumer rights issues – driving a better deal for rail passengers and taxpayers. We also regulate the High Speed 1 link to the Channel Tunnel.

We hold National Highways to account on its commitments to improve the performance and efficiency of England's strategic road network.

As an independent regulator, we operate within the framework set by UK legislation and are accountable through Parliament and the courts.

ORR comprises a governing board appointed by the Secretary of State for Transport and over 360 professionals, spanning engineering, railway safety, economics, competition, statistical analysis and management, operating from six offices across the country.

We are part of the Civil Service and its code underpins our values, which are:

- inclusive
- professional
- ambitious
- collaborative

Our strategic objectives

Our business plan summarises what we aim to achieve each year to meet our strategic objectives:

- a safer railway
- better rail customer service
- value for money from the railway
- better highways

Our performance against the business plan

In our 2022-23 business plan we set out a number of priorities under each of our strategic objectives. These were underpinned by key deliverables, defined during our annual business planning round. We also published a series of service standards in our business plan. The Board reviews progress against business plan commitments and service standards on a quarterly basis. The Executive reviews progress against deliverables monthly.

The work we have carried out in the year to meet our priorities is set out in each of the 'strategic objective' chapters. Performance against each of our deliverables is documented in Annex A. We achieved all of them except for one in 2022-23.

How we are funded

Our rail functions are funded almost entirely by the railway industry – broadly, passenger train and freight operating companies, plus Network Rail. We work within a defined budget and charge the industry via a safety levy and an economic licence fee. We also cover our regulatory costs relating to the Channel Tunnel, HS1 and Northern Ireland by charging the relevant organisations. Our charges are based on a full economic cost model, therefore without profit. Our combined charges and other income meet our rail-related costs in full, except for a token resource budget of £3,000 provided by Parliament.

We receive grant funding from the Department for Transport (DfT) for our highways function and have a token resource budget of £1,000 provided by Parliament.

Our Capital Departmental Expenditure Limit (CDEL) was £720,000 in 2021-22 and 2022-23.

Summary of financial performance

The table below shows our gross costs for 2022-23 compared to budget and prior year outturn. Variances against budget and 2021-22 are analysed in our Financial Performance section.

Funding stream	2022-23 gross costs outturn (£000)	2022-23 gross costs budgeted (£000)	2021-22 gross costs outturn (£000)
Economic regulation	19,193	19,868	15,866
Health and safety regulation	17,739	18,450	17,377
Highways monitoring	3,019	3,442	2,652
Total	**39,951**	**41,760**	**35,895**

We were given a broader scope of work in 2022-23, in relation to taking over sponsorship of the rail ombudsman and supporting the development of rail reform, therefore our budget increased accordingly.

Key risks and uncertainties

Our risk management strategy and the key issues and risks that could affect us in delivering our strategic objectives are set out in the Governance Statement. The key risks facing us in the year were: failure to deliver key milestones within the PR23 programme; Network Rail's train service performance; the future structure of the rail industry; network funding to support passenger and service levels being difficult to secure; Network Rail being unable to achieve funders' requirements with the level of funding made available for CP7; and industrial action in the rail sector.

- ← Previous Annual report and accounts 2022 to 2023
- → Next Performance report - Performance analysis