Annual Report and Accounts 2023 to 2024

Financial statements

Statement of comprehensive net expenditure

For the year ended 31 March 2024

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2023-24 (£000)	2022-23 (£000)
Revenue from contracts with customers	5	(39,782)	(39,231)
Other operating income	6	(982)	(717)
Total operating income		**(40,764)**	**(39,948)**

	Note	2023-24 (£000)	2022-23 (£000)
Staff costs	3	30,731	28,672
Other administration costs	4	9,971	11,219
Total operating expenditure		**40,702**	**39,891**
Net operating income		**(62)**	**(57)**
Finance expense	13	64	60
Net expenditure for the year		**2**	**3**
Other comprehensive net expenditure			
Actuarial gain on pension scheme liabilities	16	(27)	(250)
Total comprehensive net income for the year		**(25)**	**(247)**

The 'Notes to the departmental resource accounts' form part of these accounts.

Statement of financial position

As at 31 March 2024

This statement presents the financial position of the department. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2023-24 (£000)	2022-23 (£000)
Non-current assets			
Property, plant and equipment	7	3,188	3,985
Right of use assets	8	4,171	4,125
Intangible assets	9	505	503
Total non-current assets		**7,864**	**8,613**
Current assets			
Trade and other receivables	10	1,604	3,895

	Note	2023-24 (£000)	2022-23 (£000)
Cash and cash equivalents	11	2,457	918
Total current assets		**4,061**	**4,813**
Total assets		**11,925**	**13,426**
Current liabilities			
Lease liabilities	13	(1,103)	(1,061)
Trade and other payables	14	(7,458)	(6,671)
Provisions	15	-	(67)
Total current liabilities		**(8,561)**	**(7,799)**
Non-current assets less net current liabilities		**3,364**	**5,627**
Non-current liabilities			

	Note	2023-24 (£000)	2022-23 (£000)
Lease liabilities	13	(4,751)	(5,083)
Provisions	15	(629)	(661)
Pension liabilities	16	(639)	(680)
Total non-current liabilities		**(6,019)**	**(6,424)**
Total assets less total liabilities		**(2,655)**	**(797)**
Taxpayers' equity			
General fund	SoCTE	(2,655)	(797)
Total taxpayers' equity		**(2,655)**	**(797)**

The 'Notes to the departmental resource accounts' form part of these accounts.

John Larkinson

Accounting Officer

17 July 2024

Statement of cash flows

For the year ended 31 March 2024

The statement of cash flows shows the changes in cash and cash equivalents of the department during the reporting period. The statement shows how the department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	Note	2023-24 (£000)	2022-23 (re-presented) (£000)
Cash flows from operating activities			
Net expenditure for the year	SoCNE	(2)	(3)
Adjustments for non-cash transactions	4	1,896	1,790
Finance costs	13	64	60
Decrease/(increase) in trade and other receivables	10	2,291	(832)
Adjustments for non-cash transactions for	8	777	7,173

	Note	2023-24 (£000)	2022-23 (re-presented) (£000)
lease liabilities			
Increase/(decrease) in trade and other payables	14	787	(5,901)
Less: movement in payables relating to items not passing through statement of comprehensive net expenditure		(763)	(4,740)
Less: movement in Consolidated Fund creditor not passing through statement of comprehensive net expenditure		(1,539)	2,094
Adjustments to previous provisions	15	(64)	(23)
Use of provisions	15	(31)	(29)
Use of provisions – by analogy pension	16	(41)	(37)

	Note	2023-24 (£000)	2022-23 (re-presented) (£000)
Net cash inflow/(outflow) from operating activities		3,375	(448)
Cash flows from investing activities			
Property, plant and equipment additions	7	(127)	(315)
Intangible non-current asset additions	9	(164)	(208)
Adjustment – non cash	9	20	-
Net cash outflow from investing activities		(271)	(523)
Cash flow from financing activities			
Repayment of principal on lease liabilities	13	(1,131)	(1,089)
Financing from the Consolidated Fund		-	2,500

	Note	2023-24 (£000)	2022-23 (re-presented) (£000)
(Supply) – current year			
Advances from the Contingencies Fund		25,000	25,000
Repayments to the Contingencies Fund		(25,000)	(25,000)
Net cash (outflow)/inflow from financing activities		**(1,131)**	**1,411**
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**1,973**	**440**
Payments of amounts due to the Consolidated Fund (Supply)		(440)	(2,000)
Payments of amounts due to the Consolidated Fund (non-Supply)		(478)	(1,012)

	Note	2023-24 (£000)	2022-23 (re-presented) (£000)
Amounts due to Consolidated Fund but not paid over (non-Supply)		484	478
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		1,539	(2,094)
Cash and cash equivalents at the beginning of the period	11	918	3,012
Cash and cash equivalents at the end of the period	11	2,457	918

The cash flow statement has been re-presented to separate the payments of amounts due to the Consolidated Fund for Supply and non-Supply.

The 'Notes to the departmental resource accounts' form part of these accounts.

Statement of changes in taxpayers' equity

For the year ended 31 March 2024

This statement shows the movement in the year on the different reserves held by the department analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The general fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Note	General fund and total reserves (£000)
Balance at 1 April 2022		**(3,159)**
Net Parliamentary funding		2,060
Net expenditure for the year	SoCNE	(3)
Actuarial gain relating to pension provision	16	250
Auditors' remuneration	4	55
Balance at 31 March 2023		**(797)**
Excess cash surrenderable to the	14	(1,973)

	Note	General fund and total reserves (£000)
Consolidated Fund		
Net expenditure for the year	SoCNE	(2)
Actuarial gain relating to pension provision	16	27
Auditors' remuneration	4	90
Balance at 31 March 2024		**(2,655)**

The 'Notes to the departmental resource accounts' form part of these accounts.

Notes to the departmental resource accounts

1.Statement of accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context by the 2023-24 'Government financial reporting manual' (FReM) issued by HM Treasury. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the ORR for the purpose of giving a true and fair view has been selected. The particular policies adopted by the ORR are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

ORR does not exercise in-year budgetary control over any other public or private body. ORR is a

single entity department whose entire operations are within the accounting boundary reflected in these accounts. ORR is domiciled in the United Kingdom and its principal place of business is at 25 Cabot Square, London, E14 4QZ.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment.

1.2 Basis of preparation

The presentational and functional currency of ORR is pounds sterling. The financial statements are presented in thousands of pounds sterling (£000).

1.3 Going concern

In common with other government departments, the future financing of ORR's liabilities is to be met by future grants of Supply and the application of future income, approved annually by Parliament. Parliament has authorised spending for 2024-25 in the Central Government Main Supply Estimates and there is no reason to believe that future approvals will not be granted. It has therefore been considered appropriate to adopt a going concern basis for the preparation of these accounts.

1.4 New and amended standards and interpretations

IFRS 17 Insurance Contracts came into effect for accounting periods commencing on, or after, 1 January 2023. This has not had an impact for ORR.

1.5 Property, plant and equipment and depreciation

Property, plant and equipment are initially recognised at cost. The minimum level for capitalisation is £5,000. The grouping of assets below the threshold has been restricted to IT and fit-out costs.

Depreciated historical cost is used as a proxy for current value as this realistically reflects consumption of the asset. Annual revaluations would not create a material difference to the carrying value of the assets.

Depreciation is provided at rates calculated to write off property, plant and equipment by equal

instalments over their estimated useful lives. Lives are normally in the following ranges:

- Fitting out costs (limited to period of remaining lease) - up to 15 years
- Furniture and office equipment – 5 to 10 years
- Information technology – 3 to 5 years

Depreciation is provided in the month after purchase or on bringing the asset into use.

Right of use assets are depreciated as property, plant and equipment.

1.6 Leases

ORR adopted IFRS 16 Leases from 1 April 2022, as mandated by the FReM. The definition of a contract is expanded under the FReM definition to include intra-UK government agreements where non-performance may not be enforceable by law. This includes Memorandum of Terms of Occupation (MOTO) agreements.

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date if later) ORR recognises a right of use asset, representing the right to use an underlying asset, and a lease liability, representing an obligation to make lease payments. Items with an underlying value of less than £5,000 or with a lease term of 12 months or less are excluded.

The lease liability is measured at the value of the remaining lease payments discounted either by the interest rate implicit in the lease or, when this is not readily determinable, ORR's incremental rate of borrowing. This rate is advised annually by HM Treasury for that calendar year (0.95% for 2022, 3.51% for 2023, 4.72% for 2024). The weighted average discount rate applied to the lease liabilities on transition to IFRS 16 was 0.95%. This reflects the HM Treasury discount rate prevailing at the time of adoption.

Where the lease includes extension or termination options, the lease payments will be for the non-cancellable period together with any extension options the department is reasonably certain to exercise and any termination option ORR is reasonably certain not to exercise. The measurement of lease payments excludes any VAT payable, and irrecoverable VAT is expensed at the point it falls due.

The right of use asset is measured at the value of the lease liability date, adjusted for any lease

payments made before the commencement date, any incremental costs of obtaining the lease, and any costs of removing the asset and restoring the site to the conditions required by the lease terms and conditions at the end of the lease.

Subsequent measurement

After initial recognition the right of use asset is measured using the fair value model. ORR considers that the cost model (measurement by reference to the lease liability) is a reasonable proxy for fair value for its leases as they are either less than five years in duration or have regular rent reviews.

Right of use assets are depreciated on a straight line basis from commencement date to the earlier of the end of the useful life of the asset and the lease term.

Lease liabilities are remeasured to reflect changes in lease payments, lease modifications or reassessments. Remeasurements are accounted for by discounting the revised cash flows at a revised discount rate. The amount of remeasurement is recognised as an adjustment to the right of use asset.

1.7 Intangible assets and amortisation

Purchased computer software licences and software development costs are capitalised as intangible assets where expenditure of £5,000 or more is incurred and where they are in use for over 12 months. Software licences are amortised over the shorter of the term of the licence and the useful economic life. Software development costs are amortised over 5 years or the life of the asset, whichever is shorter. The useful economic life for software is normally 2 to 5 years. Website costs are amortised over 5 years. Amortised historic cost is used as a proxy for current value as annual revaluations would not create a material difference to the carrying value of the assets. Other intangible assets are amortised over the shorter of the term of the asset and the useful economic life.

1.8 Cash

Cash and cash equivalents comprise cash in hand and current balances with banks. These are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value and have an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

1.9 Revenue from contracts with customers and other operating income

The FReM's definition of a contract under IFRS 15 Revenue from Contracts with Customers includes legislation and regulations which enable an entity to obtain revenue that is not classified as a tax by the Office of national statistics. This definition captures the majority of ORR's income streams.

Revenue from contracts with customers relates directly to ORR's operating activities. It comprises: licence fees; concession fees (HS1); safety levies; safety-related income and grant funding for highways regulation and Transport for London funding framework advice. ORR does not have one specific performance obligation for each contract. Instead, the performance obligation represents ORR carrying out its duties throughout the year. Revenue is therefore accounted for systematically over the period that the related costs are expensed.

Other operating income comprises rental income, government grant funding in respect of the apprenticeship levy and costs awarded to ORR arising from successful prosecutions and is also accounted for systematically over the period that the related costs are expensed.

Since all rail-related costs are recovered via licence fees or the safety levy, which are invoiced based on estimated costs, any over-recovery is treated as deferred income within current liabilities, and any under-recovery is treated as accrued income within current assets. Revenue is stated net of VAT. Roads-related costs are funded by grant provided by the Department for Transport. Any unspent grant is paid over to the Consolidated Fund.

1.10 Pensions

ORR recognises the expected pension costs on a systematic basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. PCSPS is accounted for as a defined contribution scheme. In respect of defined contribution schemes, ORR recognises the contributions payable for the year.

In addition, two present employees (2022-23: two) are covered by the provisions of the Railways Pension Scheme (RPS) which is contributory and funded. The scheme is treated as a defined contribution arrangement because there is insufficient information to identify ORR's share of the scheme liabilities and costs. The contributions paid in respect of these pensions is shown under staff costs in the statement of comprehensive net expenditure (SoCNE).

Past rail regulators have separate pension arrangements that are broadly analogous with the PCSPS. The arrangements provide for an unfunded defined benefit scheme. However, unlike the PCSPS, a pension liability is included in the accounts provision to meet ORR's liability for future payment.

1.11 Provisions

ORR provides for legal or constructive obligations where it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the combined rate set by HM Treasury.

The discount rate applied to provisions for past rail regulators' pension commitments is the Treasury's post-employment benefits rate.

1.12 Value added tax (VAT)

Most of ORR's activities are outside the scope of VAT and, in general, output tax does not apply and input tax on some purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.13 Reserves

The general fund records elements of the accounts which are not charged to the industry, and therefore do not pass through the SoCNE. These include the effect of changes in accounting policy, actuarial gains and losses relation to our pension provision, auditors' remuneration, cash to be returned to the Consolidated Fund and our token annual £2,000 operating expenditure for the year voted by Parliament.

1.14 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, contingent liabilities and contingent assets, the department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of 'Managing Public Money'.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament is separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament. These are noted in the Parliamentary accountability disclosures.

2.Statement of operating expenditure by operating segment

	2023-24			2022-23		
	2023-24 gross expenditure (£000)	2023-24 gross income (£000)	2023-24 net expenditure (£000)	2022-23 gross expenditure (£000)	2022-23 gross income (£000)	
Economic regulation	19,430	(19,429)	1	19,193	(19,192)	
Health and safety regulation	17,917	(17,917)	-	17,739	(17,738)	
Highways regulation	3,419	(3,418)	1	3,019	(3,018)	
Total	**40,766**	**(40,764)**	2	**39,951**	**(39,948)**	

Short description of segments

Economic regulation: as the economic regulator of the mainline railway, ORR sets the outputs which Network Rail must achieve.

Health and safety regulation: ORR regulates the health and safety of the entire mainline network in Britain as well as London Underground, light railways, trams and heritage.

No individual train operating company contributes more than 10% of ORR income. However, Network Rail paid £5.8 million safety levy in 2023-24 (£5.4 million in 2022-23).

Highways regulator: ORR is responsible for monitoring and enforcing the performance and efficiency of National Highways.

The analysis of services for which a fee is charged is provided for fees and charges purposes, as required by the FReM, not for IFRS 8 purposes.

3. Staff costs

	2023-24 permanently employed staff (£000)	2023-24 others (£000)	2023-24 total (£000)	2022-23 total (£000)
Wages and salaries	21,701	893	**22,594**	21,304
Social security costs	2,593	24	**2,617**	2,538
Other pension costs	5,598	-	**5,598**	5110

	2023-24 permanently employed staff (£000)	2023-24 others (£000)	2023-24 total (£000)	2022-23 total (£000)
Total costs	29,892	917	30,809	28,952
Less: recoveries from outward secondments	(78)	-	(78)	(280)
Total net costs	29,814	917	30,731	28,672

Further information is provided in the Staff report.

4. Other administration costs

	Note	2023-24 (£000)	2022-23 (£000)
Non-cash items			
Depreciation	7 and 8	1,644	1,617

	Note	2023-24 (£000)	2022-23 (£000)
Amortisation	9	132	103
Loss on disposal of property, plant and equipment	7	1	1
Loss on disposal of intangible assets	9	2	-
Interest charges in respect of by analogy pension scheme	16	27	14
Auditors' remuneration and expenses (note 1)		90	55
Total non-cash items		**1,896**	**1,790**
Provisions			
Release of dilapidations provision		(15)	(26)
Provision for dilapidations		-	3
Release of other provisions		(45)	-

	Note	2023-24 (£000)	2022-23 (£000)
Total provisions		**(60)**	**(23)**
Other			
Travel and subsistence		1,095	895
Hospitality		17	9
Consultancy		2,024	2,672
IT and telecoms		1,641	2,135
Rent		4	62
Landlord service charges and rates		779	636
Printing and stationery		89	77
Recruitment and training		764	819

	Note	2023-24 (£000)	2022-23 (£000)
Staff-related		145	175
Building-related		651	724
External services – internal audit, payroll, banking and finance		98	96
External services – other		795	1,098
Hire of office equipment		23	23
Other costs		10	31
Total other		**8,135**	**9,452**
Total other administration costs		**9,971**	**11,219**

Note 1: The Comptroller and Auditor General carries out the audit of ORR's financial statements. The notional cost of auditing the financial statements was £90,000 (2022-23: £55,000). No remuneration, actual or notional, was paid to the National Audit Office for non-audit work (2022-23: none).

5. Revenue from contracts with customers

	Note	2023-24 (£000)	2022-23 (£000)
Licence fees		19,625	19,921
Less: income deferred to next year	14	(257)	(856)
Safety levy and related safety income		18,150	17,886
Less: income deferred to next year	14	(1,154)	(468)
Income from roads regulation		3,419	2,749
Less: income deferred to next year	14	(1)	(1)
Total		**39,782**	**39,231**

All revenue from contracts with customers relates to ORR's operating activities carried out throughout the year.

6. Other operating income

	2023-24 (£000)	2022-23 (£000)
Other operating income	982	717

Other operating income consists mainly of costs awarded to ORR arising from successful safety prosecutions, costs recovered from other organisations resulting from ORR safety inspectors being engaged to work on their behalf, rental income and government grants for apprenticeship funding.

7. Property, plant and equipment

	Fitting out costs (£000)	Furniture, office equipment and telecoms (£000)	Information technology (£000)	Total (£000)
Cost or valuation				
At 1 April 2023	4,975	623	1,187	**6,785**
Additions	-	1	140	**141**
Revaluations	(20)	-	-	**(20)**

	Fitting out costs (£000)	Furniture, office equipment and telecoms (£000)	Information technology (£000)	Total (£000)
Disposals	-	(15)	(68)	**(83)**
At 31 March 2024	**4,955**	**609**	**1,259**	**6,823**
Depreciation				
At 1 April 2023	1,797	270	733	**2,800**
Charged in year	545	65	307	**917**
Disposals	-	(15)	(67)	**(82)**
At 31 March 2024	**2,342**	**320**	**973**	**3,635**
Carrying amount at 31 March 2024	**2,613**	**289**	**286**	**3,188**

	Fitting out costs (£000)	Furniture, office equipment and telecoms (£000)	Information technology (£000)	Total (£000)
Carrying amount at 31 March 2023	3,178	353	454	3,985

	Fitting out costs (£000)	Furniture, office equipment and telecoms (£000)	Information technology (£000)	Total (£000)
Cost or valuation				
At 1 April 2022	5,219	608	1,049	6,876
Additions	-	52	138	190
Revaluations	(52)	-	-	(52)
Disposals	(192)	(37)	-	(229)

	Fitting out costs (£000)	Furniture, office equipment and telecoms (£000)	Information technology (£000)	Total (£000)
At 31 March 2023	4,975	623	1,187	6,785
Depreciation				
At 1 April 2022	1,443	252	425	2,120
Charged in year	545	55	308	908
Disposals	(191)	(37)	-	(228)
At 31 March 2023	1,797	270	733	2,800
Carrying amount at 31 March 2023	3,178	353	454	3,985
Carrying	3,776	356	624	4,756

	Fitting out costs (£000)	Furniture, office equipment and telecoms (£000)	Information technology (£000)	Total (£000)
amount at 31 March 2022				

All tangible assets are owned by ORR.

8. Right of use assets

	Buildings (£000)	Other (£000)	Total (£000)
Cost or valuation			
At 1 April 2023	4,812	22	4,834
Additions	777	-	777
Revaluations	(4)	-	(4)
At 31 March 2024	5,585	22	5,607
Depreciation			

	Buildings (£000)	Other (£000)	Total (£000)
At 1 April 2023	705	4	709
Charged in year	720	7	727
At 31 March 2024	1,425	11	1,436
Carrying amount at 31 March 2024	4,160	11	4,171
Carrying amount at 31 March 2023	4,107	18	4,125

	Buildings (£000)	Other (£000)	Total (£000)
Cost or valuation			
At 1 April 2022	-	-	-
Reclassification on transition to IFRS 16	4,812	-	4,812<

	Buildings (£000)	Other (£000)	Total (£000)
Additions	-	22	22
At 31 March 2023	4,812	22	4,834
Depreciation			
At 1 April 2022	-	-	-
Charged in year	705	4	709
At 31 March 2023	705	4	709
Carrying amount at 31 March 2023	4,107	18	4,125
Carrying amount at 31 March 2022	-	-	-

A maturity analysis of lease liabilities is given within note 13 'Lease liabilities'.

9. Intangible assets

	System developments (£000)	Software licences (£000)	Website (£000)	Other intangibles (£000)	Assets under construction (£000)
Cost or valuation					
At 1 April 2023	334	78	171	105	189
Additions	-	29	-	-	107
Disposals	(95)	(11)	-	-	-
Transfers	205	-	-	-	(205)
At 31 March 2024	**444**	**96**	**171**	**105**	**91**
Amortisation					
At 1 April 2023	200	63	91	20	-

	System developments (£000)	Software licences (£000)	Website (£000)	Other intangibles (£000)	Assets under construction (£000)
Charged in year	61	15	34	22	-
Disposals	(95)	(9)	-	-	-
At 31 March 2024	166	69	125	42	-
Carrying amount at 31 March 2024	278	27	46	63	91
Carrying amount at 31 March 2023	134	15	80	85	189

	System developments (£000)	Software licences (£000)	Website (£000)	Other intangibles (£000)	Assets under construction (£000)
Cost or					

	System developments (£000)	Software licences (£000)	Website (£000)	Other intangibles (£000)	Assets under construction (£000)
valuation					
At 1 April 2022	215	78	171	105	69
Additions	50	-	-	-	189
Transfers	69	-	-	-	(69)
At 31 March 2023	**334**	**78**	**171**	**105**	**189**
Amortisation					
At 1 April 2022	165	49	57	-	-
Charged in year	35	14	34	20	-

	System developments (£000)	Software licences (£000)	Website (£000)	Other intangibles (£000)	Assets under construction (£000)
At 31 March 2023	200	63	91	20	-
Carrying amount at 31 March 2023	134	15	80	85	189
Carrying amount at 31 March 2022	50	29	114	105	69

All intangible assets are owned by ORR.

10. Trade and other receivables

	2023-24 (£000)	2022-23 (£000)
Amounts falling due within one year		
Trade receivables	438	2,293

	2023-24 (£000)	2022-23 (£000)
Other receivables	1	-
Staff receivables	7	7
Prepayments and accrued income	1,003	1,345
HM Revenue and Customs (VAT) receivable	155	250
Total	**1,604**	**3,895**

11.Cash and cash equivalents

	2023-24 (£000)	2022-23 (£000)
Balance at 1 April	918	3,012
Net change in cash balances	1,539	(2,094)
Balance at 31 March	**2,457**	**918**

The following balances at 31 March were held at:

	2023-24 (£000)	2022-23 (£000)
Government Banking Service	2,448	886
Commercial banks and cash in hand	9	32
Total	2,457	918

12.Reconciliation of liabilities arising from financing activities

			Non-cash		
	1 April 2023 (£000)	Financing cash flows (£000)	Non-cash additions (£000)	Non-cash finance costs (£000)	31 March 2024 (£000)
Amounts issued from the Consolidated Fund for supply but not spent at year end	440	(440)	-	-	-

			Non-cash		
	1 April 2023 (£000)	Financing cash flows (£000)	Non-cash additions (£000)	Non-cash finance costs (£000)	31 March 2024 (£000)
Lease liabilities	6,144	(1,131)	777	64	5,854
Total	**6,584**	**(1,571)**	**777**	**64**	**5,854**

13.Lease liabilities

Analysis of expected timing of lease liability discounted cash flows

	2023-24 buildings (£000)	2023-24 other (£000)	2023-24 total (£000)	2022-23 building (£000)	2022-23 other (£000)	2022-23 total (£000)
Not later than one year	1,098	5	**1,103**	1,054	7	**1,061**
Later	3,905	3	**3,908**	3,972	10	**3,982**

	2023-24 buildings (£000)	2023-24 other (£000)	2023-24 total (£000)	2022-23 building (£000)	2022-23 other (£000)	2022-23 total (£000)
than one year and not later than five years						
Later than five years	843	-	**843**	1,101	-	**1,101**
Total	**5,846**	**8**	**5,854**	**6,127**	**17**	**6,144**

ORR's leases are for office accommodation and ziptaps.

Amounts recognised in the statement of comprehensive net expenditure

	2023-24 (£000)	2022-23 (£000)
Interest expense	64	60

	2023-24 (£000)	2022-23 (£000)
Low value and short-term leases	23	71
Total	**87**	**131**

Amounts recognised in the statement of cash flows

	2023-24 (£000)	2022-23 (£000)
Interest expense	64	60
Repayments of principal on leases	(1,131)	(1,089)
Total	**1,067**	**(1,029)**

14.Trade and other payables

	2023-24 (£000)	2022-23 (£000)
Amounts falling due within one year		
Trade payables	65	672

	2023-24 (£000)	2022-23 (£000)
Other payables	1,262	1,184
Other taxation and social security	7	8
Accruals	2,255	2,564
Deferred income	1,412	1,325
Balance of Intergovernmental Commission levy payable to the Consolidated Fund	437	345
Balance of DfT roads funding payable to the Consolidated Fund	47	133
Excess cash surrenderable to the Consolidated Fund	1,973	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	440
Total	**7,458**	**6,671**

15.Provisions for liabilities and charges

The provision for dilapidations has been established in order to satisfy the obligation to return our offices to their original condition, calculated on a cost per square foot basis and discounted from the end of the lease date.

	2023-24 dilapidations (£000)	2023-24 other (£000)	2023-24 total (£000)	2022-23 total (£000)
Balance as at 1 April	**683**	**45**	**728**	**832**
Provided for in the year	12	-	**12**	3
Provisions no longer required	(41)	(45)	**(86)**	(86)
Provisions utilised in the year	(31)	-	**(31)**	(29)
Borrowing costs (unwinding of discounts)	6	-	**6**	8
Balance as at 31 March	**629**	**-**	**629**	**728**

Analysis of expected timing of discounted cash flows

	2023-24 dilapidations (£000)	2023-24 other (£000)	2023-24 total (£000)	2022-23 total (£000)
Not later than one year	-	-	-	67
Later than one year and not later than five years	-	-	-	46
Later than five years	629	-	629	615
Total	**629**	**-**	**629**	**728**

16.Pension liabilities

Analysis of movement in scheme liability

	2023-24 (£000)	2022-23 (£000)
Net pension liability at 1 April	680	953
Interest cost	27	14
Actuarial gain	(27)	(250)

	2023-24 (£000)	2022-23 (£000)
Benefits paid	(41)	(37)
Net pension liability at 31 March	**639**	**680**

Former rail regulators and a former ORR chair benefit from a defined benefit pension scheme by-analogy with the PCSPS. An actuarial assessment was carried out on the scheme by the Government Actuary's Department (GAD) as at 31 March 2024. The current chair has no pension arrangements with ORR.

The pension provision is unfunded, with benefits being paid as they fall due and guaranteed by the employer. There is no fund, and therefore no surplus or deficit. Contributions to the pension scheme in 2024-25 are expected to be £43,000.

ORR has recognised all actuarial gains and losses immediately through the general fund.

Present value of scheme liabilities

Liability in respect of	2023-24 (£000)	2022-23 (£000)
Active members	-	-
Deferred pensioners	-	-
Current pensioners	639	680

Liability in respect of	2023-24 (£000)	2022-23 (£000)
Total present value of scheme liabilities	639	680

Liability in respect of	Value at 31/3/24 (£000)	Value at 31/3/23 (£000)	Value at 31/3/22 (£000)	Value at 31/3/21 (£000)	Value at 31/3/20 (£000)
Deferred pensioners	-	-	-	-	-
Current pensioners	639	680	953	919	890
Total present value of scheme liabilities	**639**	**680**	**953**	**919**	**890**

Actuarial assumptions

Under IAS 19 employers must disclose any other material actuarial assumptions used for the assessment. The main actuarial assumptions used by the actuary are shown below:

Liability in respect of	2023-24	2022-23
Gross discount rate	5.10%	4.15%
Rate of increase of pensions in payment	2.55%	2.40%
CPI inflation	2.55%	2.40%

Rates are as prescribed by HM Treasury.

Life expectancy at retirement

The life expectancies shown below illustrate the longevity assumption used for the assessment. There were no future pensioners in the scheme at 31 March 2024 or 2023.

Current pensioners exact age	2023-24 men (years)	2023-24 women (years)	2022-23 men (years)	2022-23 women (years)
60	26.7	28.2	26.6	28.1
65	21.9	23.3	21.8	23.2

Cumulative amount of actuarial gains and losses

The cumulative actuarial loss for the year to 31 March 2024 amounts to £265,000 (31 March 2023: £292,000).

Sensitivity of the defined benefit obligation (DBO) to changes in the significant actuarial obligations

Change in assumption [note 1]		Impact on DBO (%)	Impact on DBO (£000)
Gross discount rate	+0.5% a year	(5)	(32)
Rate of increase in CPI	+0.5% a year	5	32
Life expectancy: each member assumed 1 year younger than their actual age		2	14

Note 1: Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO.

17. Financial and capital commitments

17.1 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2023-24 (£000)	2022-23 (£000)
Information technology	10	73

Capital commitments in 2023-24 were for system upgrades.

17.2 Other financial commitments

ORR has not entered into any non-cancellable contracts for any new expenditure as at 31 March 2024 (31 March 2023: £nil).

18. Financial instruments

As the cash requirements of the department are mainly met through the licence fee, safety levy and grant, with advances from the Contingencies Fund to cover timing differences between income and expenditure, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. We are therefore exposed to little credit, liquidity or market risk. ORR is also not exposed to any significant interest rate or foreign currency risks.

Fair values

The carrying amounts for current assets (Note 10) and current liabilities (Note 14) approximate to their fair value due to their short-term nature.

19. Contingent liabilities

There are no contingent liabilities at 31 March 2024 or 2023.

20. Related party transactions

In addition to balances due to the Consolidated Fund (see note 14) regarding excess cash and Intergovernmental Commissionaire levy and grant funding from the Department for Transport, there have been a small number of transactions with other government departments and other central government bodies.

No board member, key manager or other related parties has undertaken any material transactions with ORR during the year, other than remuneration. Full details of compensation for key management personnel are disclosed in the remuneration report.

21. Events after the reporting period

The Accounting Officer authorised the issue of these financial statements on the date of the Comptroller and Auditor General's audit certificate. The financial statements do not reflect events after this date.

- ← Previous Parliamentary accountability report