

Our procedures

Enabling legislation

1 We were established under the provisions of the Railways and Transport Safety Act 2003 (RTSA). This provided for the functions, property, rights and liabilities of the then rail regulator to be transferred to us. Our economic functions are rooted in the Railways Act 1993 which set up that regulator. Schedule 1 of RTSA sets out arrangements for our constitution, staffing, proceedings, money and conflicts of interest.

2 The Railways Act 2005 transferred to us safety functions for the railways in Britain. Regulations made under the Health and Safety at Work etc. Act 1974 made us responsible for railway related enforcement of health and safety. The Infrastructure Act 2015 made us the Monitor of how Highways England's exercises its functions. The Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016 amended section 17 of the RTSA to extend ORR's remit to Northern Ireland, thereby giving us economic regulatory responsibilities for the railways in Northern Ireland.¹ We also have economic regulatory responsibilities for the northern half of the Channel Tunnel pursuant to the Channel Tunnel (International Arrangements) (Charging Framework and Transfer of Economic Regulation Functions) Order 2015.²

3 We are required by the RTSA to agree and make public our procedures. This document meets that requirement.

Constitution

4 The Secretary of State for Transport appoints our chair and board members. The minimum number of members is four (currently we have twelve members, four of whom are executives). We can establish board committees and appoint independent members to them.

5 The chair will appoint a non-executive deputy chair to assist them in their work and to act as meeting chair in their absence. Should our chair become incapacitated, the executive should refer to the deputy chair for immediate guidance (notwithstanding the Secretary of State's responsibility for appointing our permanent Chair).

¹ Our economic functions for Northern Ireland are set out in the Railways Infrastructure (Access, Management and Licensing of Railways Undertakings) Regulations (Northern Ireland) 2016.

² This Order gave effect to the bi-national regulation of the Intergovernmental Commission of 23rd March 2015 transferring economic rail regulation competence from the Intergovernmental Commission to the national regulatory bodies. Our economic functions in respect of the Channel Tunnel are set out in the Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016.

6 We are required to appoint a chief executive and we choose to appoint a director of railway safety. We ask the Secretary of State to appoint these individuals to the board but as we cannot make these appointments ourselves we grant both post holders free and unfettered access to the Chair and the board.

7 The board expects that our chief executive will be designated Accounting Officer for the ORR by HM Treasury. Such an appointment carries additional responsibilities which on rare occasions will not align entirely with those of board membership. The chief executive may then ask the board to direct them in writing to implement a particular decision. This mechanism triggers Parliamentary scrutiny which is an important part of the system of checks and balances that we work within.

8 All our employees are members of the civil service and we rely on the values and standards for that service set out in the Civil Service Code.

9 The purpose of our board is to set ORR's strategic direction and our priorities and oversee our executive's delivery of our business. In doing so, our board takes decisions on the matters set out below and in [annex A](#).

10 In performing our functions we will comply with the generally accepted principles of good corporate governance and good regulation. All our members accept collective responsibility for all decisions made by our board.

11 These **procedures** set out how we will carry out our functions including how we deal with conflicts of interest and the delegations of any functions we have made to our committees, board members, our chief executive or another of our employees.

12 Our board, our employees and our committee members (who may or may not be employees) are all subject to a **general duty of confidentiality** in relation to the conduct of our affairs as regulator of Britain's railways. Similarly, our **code of conduct** ([annex C](#)) applies.

Our board meetings and decisions

13 **Meetings.** Our board secretary will propose by the end of each calendar year a schedule of board meetings for the next year. Our current practice is to hold ten meetings a year.

14 Our chair may call an additional meeting. Further, any two members may call an additional meeting, by making a written request to the chair (or, in their absence, to the chief executive) and the additional meeting shall be held within 15 working days of the request.

15 **Notice of meetings.** Meetings will normally be convened with a minimum of five working days' notice. In exceptional circumstances a shorter period might be necessary but such shorter notice will only be valid if ratified

at the meeting. Notice of a meeting shall be in writing or electronic mail and failure of a member to receive the notice does not invalidate that meeting or any business transacted at it.

16 Our board may invite any person to attend all or part of one of the meetings and any such invitation will be included in the notice for the meeting.

17 **Agenda & papers.** Normally the agenda and any papers will be circulated five working days in advance of a meeting. The non-receipt of agenda or papers by a member shall not invalidate the meeting or any business transacted at that meeting. Papers may be tabled at a meeting only with the permission of our chair.

18 **Quorum.** Meetings will be quorate if five members are present and remain present and at least three are non-executive (our chair is non-executive). In determining a quorum in relation to particular items, only those members who are entitled to vote on the item shall be counted. If our chair agrees then a member can participate fully in a meeting by telephone or video-conferencing. All attendances and absences will be recorded in the minutes.

19 Only in exceptional circumstances may board members be absent from meetings without the prior agreement of our chair or in their absence our chief executive.

20 **Procedure at meetings.** Subject to these rules, our board may meet together for the despatch of our business, adjourn and otherwise regulate meetings as it thinks fit.

21 If our chair is present at a meeting they will preside. If they are unable to be present then the deputy chair will preside.

22 If a member who is not present submits written comments on an agenda item(s) then these will be circulated at the meeting or read out by the meeting chair at the appropriate point in the meeting.

23 Our meeting chair will:

- preserve order
- ensure that each member has sufficient opportunity to express his/her views on all matters under discussion;
- determine all matters of order, competency and relevancy;
- determine in which order those present should speak; and
- determine whether or not a vote is required and how it is carried out in accordance with the rules below.

24 **Decisions.** Decisions of our board will normally be made by consensus rather than by formal vote. Failing consensus, decisions will be reached by a simple majority vote when:

- the meeting chair feels that no clear consensus has emerged or is likely to; or
- a member who is present requests a vote to be taken and this is supported by at least one other member; or
- any other circumstances have arisen where the meeting chair feels that a vote should be taken.

25 In these circumstances each member has a single vote exercised either orally or by a show of hands. Only members present (including by phone) may vote. In the case of an equality of votes ORR's Chair has a second casting vote. The meeting chair shall not have a second casting vote. The meeting chair will declare the result and the minutes will record only the numerical results of the vote including any abstentions without any attributions.

26 **Deferred decisions.** Our board may defer a scheduled decision for any reason. A decision to defer, together with the reasons for doing so, will be recorded in the minutes.

27 **Decisions outside meetings.** Any matter capable of being decided by our board may instead be decided by written or email confirmation given by a majority of the members of the board with ORR's Chair having the power to cast a second casting vote as provided for in the voting rule.

28 **Urgent matters.** Our Chair (or, in their absence, any other member) after advice from our chief executive (or, in their absence, another executive board member), may decide that a matter requires approval by the board before the next scheduled meeting. In these circumstances, the appropriate papers to inform the decision will be circulated to members for a decision by email or by telephone.

29 **Expedited decisions.** Our chair, or in their absence our chief executive or another executive board member, may trigger an expedited process if the matter is extremely urgent.

30 This process enables a decision to be taken by a minimum of two members participating in a meeting called for the purpose (one of whom must be our Chair so long as they can be contacted and can participate within the necessary timescale for the decision). Attempts must be made to contact all other members with an indication of the issue that needs resolution, and the time and place of the meeting, and they must be given the opportunity to participate in it in person or by telephone or video-conference as appropriate. Any decision made or approval given under this expedited process must be minuted and reported to the board at its next meeting.

31 **Minutes.** Minutes will be kept of all meetings and these should be reviewed and approved, as amended at the next scheduled meeting. The minutes will record the key points of discussions, unless a member specifically requests that his/her comments be recorded. Minutes (or a

version redacted as appropriate) will be lodged on our website within one month of their approval.

Our committees

32 Our board can establish standing or ad hoc committees in either an advisory role or with delegated powers. For every committee our board shall agree its terms of reference. These rules shall govern the proceedings of a committee so far as they are capable of applying [except for a Competition Case Decision Group appointed under Rule 34]. To the extent that our board has not done so, a committee shall be free to set its own rules of procedure.

33 We have four standing committees:

- our **audit and risk committee** – its terms of reference are set out at [annex D](#)
- our **remuneration and nominations committee** – see [annex E](#)
- our **safety regulation committee** – see [annex F](#)
- our **highways committee** – see [annex G](#)

34 Our Board will from time to time appoint a Competition Case Decision Group (CCDG) as an ad hoc committee under these rules to make all decisions involved in any case under the Competition Act 1998, following the issue of a statement of objections, and to supervise the investigation. The CCDG shall set its own rules of procedure.

Reserved matters and delegations

35 **Reserved matters.** The matters listed at [annex A](#) are reserved to our board unless our board delegates them to an employee or a committee. The list of matters reserved for decision by our board does not preclude other matters being referred to the board for decision by our chief executive.

36 **Delegations.** Any delegation made by our board may be made subject to conditions and the delegation or conditions may be revoked or altered by our board. The nature and scope of single issue delegations will be recorded in the minutes. Our board may decide to discharge a function even though it has previously delegated the discharge of that function to a committee or employee; when our board does discharge such a delegated-function, this will be recorded in the minutes.

37 **Chief executive.** Our board delegates to our chief executive the discharge of all our functions other than:

- any matter reserved to our board
- any matter delegated to a committee, and
- the health and safety enforcement matters delegated to our director of railway safety set out below (para 38 and 39).

38 The Board is required to make adequate arrangements for the enforcement of the relevant statutory provisions under the Health and Safety at Work Act³. Our board delegates the performance of these enforcement functions to our director of railway safety on the condition that this delegation will be carried out in full compliance with our board approved **health and safety enforcement policy**.

39 Our director of railway safety may authorise in writing appropriate employees to perform these functions on his behalf. Delegations will be subject to the same condition and the director of railway safety will maintain a list of delegations lodged with our board secretary. We also delegate to our director of railway safety approval of the appointment of suitably qualified safety inspectors and to specify which of the powers conferred on inspectors by the relevant statutory provisions are to be exercisable by that inspector in line with our health and safety enforcement policy. The process for assessing and appointing inspectors shall be reported to the board.

40 **Committee delegations.** The terms of reference for each committee set out any permanent powers or functions that our board has delegated to it. The board may choose to make additional, single issue delegations to a committee without amending its terms of reference.

41 Our chief executive may delegate the discharge of their functions (and, if they choose, the authority to make further delegations) to appropriate employees. They will maintain a list of all such delegations lodged with our board secretary.

42 In particular, the Chief Executive shall delegate the making of the decisions involved in each case under the Competition Act 1998, up to and including the issue of a statement of objections and the supervision of the conduct of the investigation to one or more suitably qualified SCS or Grade A members of ORR staff (except that the Chief Executive may not appoint himself). The Chief Executive may not delegate this function (except in circumstances where they are not available for a period) or allow the SCS or Grade A member of staff to delegate further.

43 An executive should not exercise a delegation from the chief executive on a matter which is novel or contentious or where the reputational risk to the organisation is such that the chief executive judges board participation to be prudent. The board shall receive reports and information from our executive in a form as to allow such matters to be identified.

44 **Contracts or other documents.** Our chair and chief executive are both authorised to sign contracts or other documents on our behalf, and our board authorises either of them to delegate this authority to one or more of our employees as he/she thinks appropriate.

³ Schedule 18, He

Conflicts of interest

45 **Disclosure.** If a member of our board or committee member knowingly has any interest or duty which is material and relevant or the possibility of such an interest or duty, whether direct or indirect and whether pecuniary or not, that in the opinion of a fair-minded and informed observer would suggest a real possibility of bias in relation to any matter that is brought up for consideration at a meeting of the board or any committee he/she shall disclose the nature of the interest or duty.

46 The declaration of interest or duty may be made at the meeting at the start of the discussion of the item to which it relates or in advance in writing to the chairman of that meeting. If an interest or duty has been declared in advance of the meeting this will be made known by the chairman of the meeting prior to the discussion of the relevant agenda item. In the event of the member not appreciating at the beginning of the discussion that an interest or duty exists, he/she should declare such an interest or duty as soon as he/she becomes aware of it.

47 Our employees in attendance at a board or committee meeting should declare interests as set out above.

48 The board members present at the meeting will decide whether the interest or duty is one that is likely to influence the member's or employee's performance of his/her function or whether it is one that is relevant to that function. If it is decided that the former is the case, the member or employee shall withdraw from all further participation on the issue leaving the meeting until the next item is called. If it is decided that the latter is the case, the member or employee shall withdraw unless the other board members present decide the member or employee may participate to the extent those board members consider appropriate; if the board members present decide that the member or employee should leave the meeting, the chairman of the meeting may allow that member or employee to make a statement on the item under discussion.

49 A member of the board, committee member or ORR employee in attendance at meetings of the board or a committee shall be subject to the procedures for dealing with conflicts of interest set out at [annex B](#).

50 All the above matters will be recorded in the minutes of the meeting together with any additional information that our board considers appropriate (including the extent to which the member or employee had access to papers prior to withdrawal).

Other matters

51 **Public statements.** Our members agree to obtain the approval of our chair or our chief executive (or in both their absences our director of external affairs) before making statements to Parliament or the media, submitting

papers/articles in published media and making formal presentations/speeches on any matter relevant to ORR or the discharge of our functions.

52 **Performance reviews.** Our board and committees will review their performance on an annual basis and provide details of these reviews in our annual report and accounts.

53 **Procedural reviews.** These procedures will be reviewed as and when required by our board, but at least every other year and may be varied by the consent of the majority of the members of our board present at a meeting. No procedure may contravene a statutory provision.

Annex A - reserved matters

A1 Our board will take the decisions on the matters set out below.

A2 **Our corporate strategy.** The approval of our corporate strategy and any revisions to it.

A3 **Our annual plans and budgets.** Approval of the priorities for forthcoming annual plans and approval of our published plan and budget allocations prior to start of the year in question.

A4 **Our annual report and accounts.** Approval of the annual report and accounts that we submit to Parliament. Also the approval of significant changes in our accounting policies and the appointment or removal of our auditors.

A5 **Major items of regulatory policy.** including but not limited to:

- periodic reviews – overall process, frameworks and draft and final determinations
- our enforcement policies – including the use of our health & safety, licence, competition and consumer powers
- all statutory enforcement action (except that related to health & safety, which is delegated to our director of railway safety in accordance with rule 38 and 39 of our rules of procedure and that related to cases under the Competition Act 1998, which is delegated under rules [34](#) and [42](#))
- reviewing final reports produced from investigations under paragraph 4 of schedule 3 of the Railways Act 2005 prior to publicationⁱ
- establishing or changing regulatory policy relating to the exercise of any of our functions;
- our response to any consultation affecting our role, powers or constitution conducted by government.

A6 **Competition matters:** notwithstanding Rule [34](#), the Board retains strategic oversight of the exercise by ORR (through a competition case decision group) of its functions under the Competition Act 1998 and the executive shall provide the board with appropriate information and updates to enable it to discharge this function.

A7 **Litigation other than statutory enforcement** Oversight of any major legal dispute in which we are involved, including approving the start by ORR of any significant litigation, any decision to appeal any significant judgment that has been given against us and the defence of any litigation started against us.

A8 **Our governance.** Approval of our policy on conflicts of interest and any changes to our procedural rules. Also approval of any new memorandum of understanding or formal agreement that we may enter into with a third party including with a government department or other UK regulatory body and any material changes to any existing memorandum of understanding or formal agreement.

A9 **Our committees.** Approval of the terms of reference of our committees.

A10 **Our organisation.** Approval of our overall structure, oversight of our people strategy including our strategy on reward (within the constraints of wider civil service rules);

A11 **Our executive.** Approval of the appointment of our chief executive and the terms of employment. Approval of our executive remuneration policy and the pay of our senior civil service employees.

A12 **Contracts.** Approval to enter into any contracts not in the ordinary course of business and any capital projects above £500k.

Note. In an emergency situation where significant additional expenditure is urgently required to safeguard any of our operations or to protect our assets, our Accounting Officer (usually the Chief executive) may approve unbudgeted expenditure. Such approval should be submitted at the earliest opportunity to our board for ratification

A13 **General.** Approval to anything that by law is reserved to our board (including deciding, as a qualified person for the purposes of section 36(2) of the Freedom of Information Act 2000, whether information that has been requested should be treated as exempt information under that section of that act).

A14 Anything not covered in these reserved matters may be determined by the Chief Executive or delegated by them except that no executive should exercise such a delegation on a matter which is novel or contentious or which carries a reputational risk to the organisation such that the chief executive judges board engagement to be prudent.

Annex B - conflicts of interest

Introduction

B1 Members must ensure that no conflict arises, or could reasonably be perceived to arise, between their public duties and private interests – financial or otherwise.

B2 Members must declare publicly any private interests which may, or may be perceived to, conflict with their duties as members⁴. Statute requires members to withdraw from the discussion or determination of matters in which they have a financial interest. In matters in which they have a non-financial interest, members should not participate in the discussion or determination of a matter where the interest might suggest a danger of bias.⁵

B3 Any member or committee member who has a financial or other personal interest which is relevant to any of our functions is obliged to declare that interest. In addition:

- (a) if that interest is likely to influence that member's performance of a particular function, he/she is obliged to withdraw from the performance of the function
- (b) if that interest is **not** likely to influence that member's performance of that particular function, he/she must still withdraw from the performance of the function to the relevant extent **unless** our board directs otherwise.

B4 Our employees must comply with our general policy regulating financial or other interests. Any employee who attends our board or committee meetings must comply with these rules.

B5 Every member should avoid situations in which his/her duties and private interests may conflict or where there would be a suspicion of conflict and ensure that, before he/she becomes involved in taking a decision or participating in a discussion, there are no conflicts of interest that, in the opinion of a fair-minded and informed observer, would suggest a real possibility of bias.

B6 Where a member comes into possession of confidential information in the course of his/her duties, he/she must not use or disclose that information in order to benefit himself or herself or any other person.

B7 A member should consult our chair before accepting a new appointment whether or not this may lead to a conflict of interest.

⁴ In general, all financial interests should be declared. When considering what non-financial interests should be declared, you should ask yourself whether a member of the public, acting reasonably, would consider that the interest in question might influence your words, actions or decisions.

⁵ These are common law provisions.

B8 Each member is responsible for his/her own compliance with these procedural arrangements and with the law.

B9 **Register of Interests** - our board secretary will keep a register of interests. This register is published on our website.

B10 Each member must register all interests that are capable of being interests that might conflict with his/her duties. Each member is responsible for keeping his/her register entry up to date and should notify our board secretary as soon as possible of any changes which need to be made.

B11 Every year our board secretary will confirm with every member that his/her interests have been registered. Our board secretary may from time to time ask each member to confirm that his/her registered interests are up to date and that he/she has complied with these procedural arrangements.

B12 **Registering Interests** – On appointment, members should include in the register brief details of past employers in the road or rail industries, with dates and job titles. Case law demonstrates that the seniority of such roles and their duration may lead to a perceived interest or bias in relation to that organization. The board will decide on a case by case basis whether such an interest should be treated as likely to influence the member (as set out in B3(a)) and for how long it should be considered relevant.

B13 Our members should register the following interests:

relevant securities which are not placed in a blind trust (as defined below);

remunerated employment, office or profession other than with us;

other regular sources of remuneration;

directorships, whether remunerated or not; and

membership of public bodies (hospital trusts, governing bodies of universities, colleges and schools, and local authorities), trusteeships (of museums, galleries and similar bodies) and acting as an office holder or trustee for pressure groups, trade unions and voluntary or not-for-profit organisations.

B14 For these purposes, “relevant securities” means any financial interest (such as shares or debt securities including debentures, bonds, options, rights or future rights to shares or other securities but not including units in a unit trust or equivalent managed fund and not including gilts, government bonds or other financial instruments issued by or on behalf of HM Government) in the bodies referred to in paragraph B15 held by a person, their spouses or dependent children which are not placed in a blind trust. “Blind trust” means an arrangement by which a person gives a stockbroker or other professional investment manager absolute discretion to manage investments in relevant securities and under which that person:

- is not consulted before any dealing takes place;
- does not instruct the investment manager with regard to any specific securities; and
- is not informed of changes in specific investments or the state of the portfolio other than in an aggregated form or as required for tax returns.

B15 The bodies referred to in paragraph B12 and B13 are bodies having an interest in the rail or highways industries in Britain which includes:

- persons who operate trains, networks or other railways or highways assets or who are parties to access agreements;
- persons applying for licences or approval or direction of access agreements on the railways;
- persons who supply any material equipment or services to the railway industry including rolling stock leasing companies;
- construction contractors active in UK highways or railways;
- funders; and
- bodies which are part of the same group as a person falling within any of the above sub-paragraphs.

B16 **Disclosing interests** - from time to time a member may have or become aware of interests which might conflict with his/her ORR duties. As well as keeping his/her entry on the register of interests up to date, a member must disclose to our board secretary such interests as soon as he/she becomes aware that they may cause a conflict, for example, on receipt of an agenda or board meeting papers.

B17 Such interests must be disclosed whether or not they are entered on the register.

B18 The minutes of any board or committee meeting will note the disclosure of any such conflicts and our board's decision in relation to that member's continued participation or withdrawal from discussions and decisions.

B19 In considering whether to disclose such an interest, a member should ask whether, in the opinion of a fair-minded and informed observer, the interest would suggest a real possibility of conflict on that member's part. The following questions may be useful:

Does he/she have any material financial or other business relationship with a stakeholder?

Does he/she have any other relationships with another party, the existence of which might suggest a real possibility of bias on his/her part?

Has he/she taken a public position that might be seen as compromising his/her ability to deal objectively with a matter that is relevant to ORR?

In the opinion of a fair-minded and informed observer, would the interests of close family members suggest a real possibility of bias on the part of that member?

B20 In particular, a material financial interest held by a member, other than through a blind trust, in a body referred to in paragraph [B15](#) should be considered to have such a wide ranging potential influence in relation to our decisions that it creates a strong presumption that it is not practicable for that member to serve on the board or committee. This presumption should be rebuttable only in exceptional circumstances. For the purposes of this paragraph, a material financial interest in a funder is not to be interpreted as covering the holding of gilts, government bonds or any other financial instruments issued by or on behalf of HM Government.

B21 Advisory interests in the bodies referred to in paragraph [B15](#) may in certain cases be **likely** to influence a member's functions within the meaning of paragraph B3(a) above. An assessment can be made in each instance whether they preclude membership or can be dealt with on a case by case basis in accordance with the procedures set out below.

B22 Such an assessment should have regard to how directly the interests of the person with whom the member has such an advisory link would be influenced by our decision making. The greater the extent of the person's involvement in Britain's rail industry as regulated by ORR the more problematic the interest is likely to be. Advisory interests in businesses whose underlying value could be materially impacted by our decisions are likely to be unacceptable. Other relevant factors include:

the subject matter and scope of the advice the member would be likely to be asked to give; and

the duration of the relationship.

B23 It will be important to weigh up the extent to which there could be any perception that the member has access to confidential information that could benefit a third party. Consultancy or advisory interests are more likely to raise problems where the advice to be given by a member to a third party could be expected to be materially affected by our decisions.

B24 Some interests will not raise such serious concerns and may only be **relevant** to one or more of a member's or Committee Member's functions (for the purposes of paragraph B3(b) above).

B25 Each member also needs to consider any financial or advisory interests held by his/her spouse or dependent children. In certain situations he/she may also need to consider the interests of other close family members.

B26 The presumption should always be in favour of a member declaring any interest that could be relevant to the performance of his/her functions.

B27 **Procedures for handling interests** - if a member receives a written paper on a matter in relation to which he/she has a conflict of interest, he/she must immediately return the paper to our board secretary with an indication of the extent to which he/she has read the paper.

B28 If a member becomes aware of a conflict during the course of any discussion, he/she should immediately disclose his/her interest and he/she should, if appropriate, withdraw from the discussion and any decision relating to the matter. However, in some circumstances he/she may, if the board or committee permits, participate in such discussions and decisions in accordance with rules [45-50](#) of our rules of procedure.

B29 Before trading relevant securities or exercising options, a member should disclose his/her intention to our chair giving their sufficient time (at least one working day) to veto any such trading. The board secretary will record the disclosure of such intention to trade by any member together with our chair's decision.

B30 **Confidential information** - it is a criminal offence for an individual who has information as an insider to deal in securities (including shares, debentures, warrants and options) on a regulated market. A member who gains access to price-sensitive information through his/her duties will be considered an "insider". A member will be committing an offence if he/she has unpublished price-sensitive information on any company, and deals in the securities himself/herself, or arranges for someone to deal in the securities on his/her behalf, or passes the information on to someone, or encourages someone else to deal.

B31 Every member must take particular care to avoid disclosing to any person (or otherwise acting on) any discussion relating to decisions which have not yet been made public.

B32 Even where disclosure would not breach the insider dealing rules, a member must ensure that he/she does not disclose to any person information received during the course of his/her duties where such information has been provided on a confidential basis.

Annex C - code of conduct

C1 Our chair, members of our board and committee members (together “members”) must comply at all times with the Code of Conduct for Board Members of Public Bodies and act in good faith and in ORR’s best interests. Our employees must comply with the civil service code and ORR’s code of conduct.

C2 **Public service values** - in our activities and actions we will have regard to the seven principles of public life and the principles of good regulation: proportionality, accountability, consistency, transparency and proper targeting of regulation to achieved defined goals.

C3 Our members must maintain the highest standards of propriety, involving integrity, impartiality and objectivity in relation to the stewardship of public funds and our management. Our members must not seek to gain material benefits for themselves, their families or their friends through the performance of their duties.

C4 Our members must comply with the conflicts of interest arrangements set out in [annex B](#).

C5 Our members are required to take all appropriate steps to ensure we operate in the most efficient and economical way, within available resources, and with independent validation of our performance wherever practicable.

C6 **Gifts and hospitality** - our members (including those who are not our employees) must comply with the policy on accepting gifts and hospitality which we publish for all staff, as updated from time to time.

C7 **Expenses** - a member may only recover his/her expenses if the expenditure is reasonably and necessarily incurred on our behalf. A member must submit receipts with his/her claim form, save in exceptional circumstances. Claims should be submitted to our Board Secretary as soon as possible after they have been incurred.

C8 Our members must comply with the policy on travel and subsistence which we publish for all staff, as updated from time to time.

C9 **Leaving ORR** - on termination of office, our chair, members and committee members must return all of our property.

C10 **Data Protection** - our members give their consent for all purposes to the holding, processing and accessing by us of personal data about them. We hold all such data in accordance with ORR’s data protection policy.

C11 Our members who are not our employees must also hold data in accordance with our data protection policy.

Annex D – audit and risk committee terms of reference

D1 The Board has established an audit and risk committee as a committee of the Board, to support them in their responsibilities for issues of risk, control and governance and associated assurance by:

- Reviewing the comprehensiveness of assurances in meeting the Board and accounting officer's assurance needs;
- Reviewing the reliability and integrity of these assurances;
- Providing an opinion on how well the Board and accounting officer are supported in decision taking and in discharging their accountability obligations (particularly in respect of financial reporting and risk management).

D2 Membership - the Board made appointments to the committee, including the committee chair. The committee would comprise at least two non-executive members of the Board and at least one independent member with relevant experience. Membership would be reviewed every three years.

D3 Reporting - the chair of the audit and risk committee will report back to the Board after each meeting. Minutes of each committee meeting will be circulated to members of the Board for noting once they have been approved.

D4 The audit and risk committee will provide the Board and accounting officer with an annual report, timed to support finalisation of the accounts and annual report, summarising its conclusions from the work it has done during the year, with particular reference to the organisation's risk, governance and internal control framework.

D5 Responsibilities - the audit and risk committee will advise the Board and accounting officer on, and where appropriate make recommendations for changes to:

- ORR's strategic processes for risk, control and governance and the annual Governance Statement.
- Encourage the ORR Board to take a proactive approach in the ownership of organisational risk;
- The effectiveness of ORR's internal processes, ensuring that timely and focused reviews of any internal process failures take place and are discussed by the committee to share lessons learned;
- ORR's accounting policies, accounts, and financial annual report, This should include accounting policies and practice, compliance with laws and accounting standards and major matters of judgement. It will also cover the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;

- the planned activity and results of both internal and external audit, promoting internal audits as a driver for continuous improvement of our existing systems;
- the effectiveness of the internal audit function;
- adequacy of management response to issues identified by audit activity, including external audit's management letter;
- assurances relating to the corporate governance requirements for ORR;
- the adequacy of anti-fraud and corruption policies and whistle-blowing processes;
- (where appropriate) proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services;
- the appointment or dismissal of any external organisation appointed to provide internal audit services;
- the effectiveness of the internal audit function including the internal audit strategy and plan including the nature and scope of their audit programme covering the planning, undertaking and management of the internal audit process;
- the fees and annual costs of internal and external audit.
- any other matters referred to it by the Board
- the lessons learned from each meeting will be discussed at each meeting.

D6 The audit and risk committee will also annually review its own effectiveness and terms of reference and report the results of that review to the Board, including any recommendations for change.

D7 **Rights** - the audit and risk committee may

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience;
- ask the Health and Safety Regulatory Committee to oversee studies where ARC considers that the HSRC's competency is better suited to the content;
- procure specialist ad-hoc legal or other professional advice at the expense of the organisation, subject to budgets agreed by the Board and where the use of ORR's internal resources is inappropriate.
- investigate any activity within its terms of reference, and seek through the accounting officer any information it requires from ORR employees. All such employees are directed to co-operate with any reasonable request made by the committee in the conduct of its enquiries.

D8 **Access** - the representatives of internal and external audit will have free and confidential access to the Chair of the audit and risk committee between meetings and the committee if required at each meeting.

D9 The Director of Railway Safety will have free and confidential access to the audit and risk committee and its Chair.

D10 **Meetings** - the audit and risk committee will meet at least three times a year. The Chair of the committee may convene additional meetings, as he/she deems necessary;

D11 A minimum of two members of the audit and risk committee will be present for the meeting to be deemed quorate;

D12 Audit and risk committee meetings will normally be attended by the accounting officer, the director of corporate operations, the associate director of finance and corporate governance, a representative of internal audit, and a representative of external audit;

D13 The audit and risk committee may instruct any other officials of the organisation to attend to assist it with its discussions on any particular matter;

D14 The audit and risk committee may instruct any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters;

D15 The Board, accounting officer, internal audit or external audit may ask the audit and risk committee to convene further meetings to discuss particular issues on which they want the committee's advice.

D16 An outline agenda programme will be agreed by the committee at its first meeting following the beginning of each financial year and reported to the board.

D17 **Information requirements** - for each meeting the audit and risk committee will be provided with:

- A report summarising any significant changes to the organisation's risk register;
- A progress report from internal audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from internal audit work;
 - management response to audit recommendations;
 - changes to the periodic plan;
 - any resourcing issues affecting the delivery of internal audit objectives.
- A progress report from the external audit representative summarising work done and emerging findings;
- Notice of any incidents of financial irregularity or fraud;
- Internal and external audit will have an opportunity at each meeting to raise any issues with the committee without ORR staff being present.

D18 As and when appropriate the committee will also be provided with:

- External audit's audit strategy
- The internal audit strategy;

- Proposals for the terms of reference of internal audits;
- Full reports and follow up reports from internal audit investigations
- The internal audit's annual opinion and report; quality assurance reports on the internal audit function;
- ORR's draft accounts;
- ORR's draft statement on governance;
- A report on any changes to accounting policies;
- External audit's management letter;
- A report on any proposals to tender for audit functions;
- A report on co-operation between Internal and external audit.

Any other material that the committee reasonably requires in order to fulfil its responsibilities

Annex E – remuneration and nominations committee terms of reference⁶
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TERMS OF REFERENCE

E1 Authority

This is an advisory committee of the ORR Board.

E2 The committee's functions vary for different groups of people:

A For non executive roles:

- Advise on recruitment process and criteria;
- Agree induction plans for new members and keep these under review;
- Consider succession planning for board committees and advise the chair.

B For the chief executive (SCS3):

- Advise the Chair on CEO recruitment;
- Annually consider performance and reward (in line with wider civil service rules) and make recommendations to the board;
- Review succession options for the CEO role and advise the chair in the light of any short term need.

C For SCS1 and SCS2 roles:

- With the chief executive consider annual performance and reward (in line with wider civil service rules) and make recommendations to the board;
- Review succession plans and consider emerging risks;
- Advise the CEO on additional requirements for recruitment of roles which are expected to include board appointments.
- **Oversight of SCS Recruitment:** A non-executive board member will sit on the selection panel for all SCS2 recruitments: the chief executive will agree with the chair which member that should be. The chief executive will agree with the recruiting director the composition of the panel for any SCS1 recruitment.

D For non-SCS roles:

- Oversight of our people strategy including our strategy on reward (within the constraints of wider civil service rules);

⁶ This committee combines the functions of the former remuneration committee with the nominations committee. The TOR was reviewed by the committee in October 2019 and approved by the board in February 2020.

- Consider the outcome of the annual staff survey and executive plans for addressing any issues; and
- Annually meet with the staff council in advance of reviewing the reward strategy and executive performance.

In addition, the Committee as a whole or its individual members may be asked to hear appeals or grievances, including fulfilling reciprocal commitments to other civil service bodies including the CMA.

E3 Membership

The committee will consist of three non-executive members of the ORR Board. The quorum will be two members with the most senior HR professional (currently the Associate Director of HR).

E4 Attendees and resources

Meetings of the committee will be attended by the Chief Executive, the Director of Corporate Operations, the most senior HR professional (currently the Associate Director of HR), and the Board Secretary.

Other secretarial support may be called on as necessary.

The committee may obtain independent legal or other professional advice where the use of ORR's internal resources is inappropriate.

E5 Meeting procedures

Three Committee meetings each year will be scheduled to enable regular decisions and reports to be dealt with in a timely way. These meetings will normally be held around scheduled board meetings.

Additional meetings may be called by the committee to deal with emerging or urgent issues.

E6 Reporting

The committee chair will report headlines to the board orally at its next meeting (usually the next day).

Once agreed by the committee, minutes of the meetings will be circulated to board members with the next board paper pack (except where the content is sensitive).

The committee will review these terms of reference each year and advise the board of the outcome.

Annex F – Health and safety regulation committee terms of reference

Health and safety regulation committee terms of reference⁷

F1. **Authority** – this is an advisory committee established by the Board.

F2. **Purpose** - a Board / senior team forum:

- ☐ To assist with ORR's regulation of health and safety by retaining oversight of certain areas on behalf of the Board and by helping shape the strategic health and safety issues to be put to the Board for consideration. This includes oversight of:
 - the overall risk picture, and the strategic work of ORR in relation to health and safety;
 - the development of health and safety related policy; and
 - the overview of the performance of the industry.
- To consider what other health and safety related bodies, including relevant bodies outside the UK, are doing and ensure ORR adopts relevant examples of good practice.
- To safeguard relationships with HSE, RAIB and RSSB.
- ☐ To oversee, on behalf of the ORR Board, reviews of RSSB's effectiveness.
- ☐ To examine such matters as requested by, and report its findings to, the Board.
- ☐ To oversee studies for the audit and risk committee where that committee considers that the HSRC's competency is better suited to the content;
- ☐ To make such recommendations to the Board as it sees fit from time to time.

F3. **Membership** - the committee will consist of a mix of executive and at least two non-executive directors appointed by the Board from time to time.

Meeting arrangements

F4. **Quorum** - the quorum for meetings is three members: one of whom must be a non-executive director and another of whom must be the Director of Railway Safety or a deputy Director of Railway Safety.

F5. **Chairing meetings** - the committee will be chaired by the appointed chair or in their absence the ORR Chair. If neither is in attendance then the committee will appoint one of the attending non-executive directors as the chair for the meeting.

F6. **Frequency of meetings** - the committee will usually meet quarterly. The ORR chair or committee chair may call special meetings at any time.

⁷ Updated by the Committee in June 2020 and agreed by the ORR Board on 28 July 2020

F7. **Attendance** – experts (including staff) and external stakeholders will be invited to attend and contribute to specific committee discussions in order to support the committee's oversight of the health and safety performance of the industry.

F8. **Agendas** - the secretary will agree the agenda with the chair, following discussion with the Director of Railway Safety. The committee will at each meeting consider its forward agenda. The agenda and any papers will be circulated, where practicable, one week in advance of the meeting.

F9. **Papers and presentations** – these would normally be expected in order to aid the informed discussion of the topic on the agenda.

F10. **Reporting and follow up** - the chair will report orally to the ORR Board at its next meeting and will provide general feedback on matters discussed to the Railway Health and Safety Advisory Committee (RIHSAC) at its next meeting. Once approved, the HSRC minutes will be circulated to the ORR Board.

Where external stakeholders attend the committee and the committee agrees it is appropriate (following consideration of the discussion), the chair of the committee will formally record any unanswered concerns in writing with the stakeholder. The minutes should record whether or not any follow up is to be made, on each occasion that an external stakeholder appears.

F11. The committee will review these terms of reference each year and advise the Board of the outcome. Previous versions of amended terms of reference will be retained in ORR's document management system, in order to provide an audit trail.

Date of last review: June 2020

Next review due: June 2021

Annex G – Highways Committee

Highways Committee

TERMS OF REFERENCE

G1 Authority

This committee is a sub-committee of the ORR Board. Except when given a delegation to act in a specific matter, its purpose is to advise the board.

The existence of this committee is a requirement of a 2015 memorandum of understanding between the Department for Transport and ORR as the Highways Monitor⁸. Changes to these terms of reference and committee membership must continue to meet the requirements of the MOU and confirmation of this should be obtained from the Department.

G2 Functions

- advise the ORR Board in developing an appropriate and effective monitoring framework and internal decision making framework for roads, and keep these under review;
- receive and scrutinise outputs from the monitoring framework;
- advise the ORR Board if the strategic highways company [Highways England] appears to be failing to comply with the road investment strategy or the Secretary of State's directions and guidance;
- oversee the planning, resourcing and delivery of any special report commissioned by the Secretary of State;
- make recommendations to the ORR Board as to what any advice or report to the Secretary of State should contain, including advice on the objectives for a future road investment strategy;
- oversee the creation and regular meetings of a roads expert panel; and
- advise the ORR Board of opportunities for synergies with ORR's rail functions.

G3 Membership

The committee will consist of up to seven members:

- two non-executive members of the ORR Board including one with relevant specialism who will chair the committee;

⁸ Section 6,
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/411801/mou-orr.pdf

- up to two co-opted independent members to supplement the other members' skills and experience or to represent the views of wider stakeholders
- up to two executive directors including one with economic regulatory or asset management experience; and
- ORR's highways director.

The quorum will be 50% of members as long as the executive members are not in a majority.

G4 Attendees and resources

Meetings of the committee will be attended by members of staff appropriate to the agenda.

Secretariat will be provided by the Roads Directorate with the support of the Board Secretary.

G5 Meeting procedures

At least four committee meetings each year will be scheduled to enable regular decisions and reports to be dealt with in a timely way. These meetings will normally be held around scheduled ORR board meetings.

Meetings may be called by the committee to deal with emerging or urgent issues (such as sudden changes in HE's performance).

G6 Reporting

The committee chair will report headlines to the board orally at its next meeting (usually the next day) or if necessary by a direct report to the ORR chair.

Once agreed by the committee, minutes of the meetings will be circulated with the next ORR board pack.

The committee will review these terms of reference each year and advise the board of the outcome.

ⁱ Railways Act 2005, Schedule 3, Paragraph 4

4(1)The Office of Rail Regulation may authorise a person to investigate and make a special report on any accident, occurrence, situation or other matter of any sort which that Office thinks it necessary or expedient to investigate—(a)for any of the railway safety purposes; or

(b)with a view to the making of regulations for any of those purposes.

(2)The Office of Rail Regulation may cause—

(a)the contents of a special report made under this paragraph, or

(b)so much of them as it considers appropriate, to be made public at such time, and in such manner, as it thinks fit.

(3) Where a person who is not a member, officer or employee of the Office of Rail Regulation carries out an investigation and makes a special report under this paragraph, that Office may pay him such remuneration and expenses as the Secretary of State determines.

1. (4) The Office of Rail Regulation may, to such extent as the Secretary of State may determine, defray the other costs (if any) of—
2. (a) an investigation under this paragraph; or
3. (b) the making of a special report following such an investigation.
4. (5) In section 14(1) of the 1974 Act (matters about which investigations etc. may be required or authorised by the HSC), for “it is” substitute—
5. “(a) those general purposes shall be treated as not including the railway safety purposes; but
6. (b) it is otherwise”.