OFFICE OF RAIL AND ROAD

Annual report and accounts
2023-24

July 2024

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Office of Rail and Road
Annual report and accounts 2023-24

For the period 1 April 2023 to 31 March 2024

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Preface

About this annual report and accounts

This document integrates performance and financial data to help readers gain a better understanding of the work of the Office of Rail and Road (ORR). It covers the activities of ORR from 1 April 2023 to 31 March 2024 and is split into three main sections:

The **performance report** includes a summary of progress achieved in 2023-24 in delivering our strategic objectives and service standards **(the performance overview)**, followed by a fuller review of delivery of our strategic objectives **(the performance analysis)**.

The **accountability report** is split into three sub-sections and includes:

- **A corporate governance report**, which includes the directors' report, the statement of Accounting Officer's responsibilities and a governance statement;
- **A remuneration and staff report**, which includes pay and benefits received by executive and non-executive board members and details of staff numbers and cost; and
- **A parliamentary accountability and audit report**, which allows readers to understand ORR's expenditure against the money provided to it by Parliament by examining the statement of outturn against Parliamentary Supply and includes a copy of the audit certificate and report made to Parliament by the head of the National Audit Office, setting out his opinion on the financial statements.

The financial statements show ORR's income and expenditure for the financial year, the financial position of ORR as of 31 March 2024, and additional information designed to enable readers to understand these results.

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Chief executive's report

ORR's role is to protect the interests of current and future rail and road users. 2023-24 has been another busy year across ORR's broad and diverse functions.

John Larkinson,
Chief executive and Accounting Officer

We continued to press Network Rail to improve train performance. By late autumn, while there were modest improvements on most parts of the network, performance in the Wales and Western region had failed to stabilise. We launched an investigation into whether the region was doing everything reasonably practicable to address the issue, concluding that this was not the case in July 2024. We required Network Rail to produce a robust plan by 31 August 2024 to remedy this, with a £3 million fine to be paid if the plan fails to meet the requirements we set.

Following breaches of health and safety law, we concluded several prosecutions, with significant fines for Network Rail for the Carmont derailment and for Transport for London and Tram Operations Limited in respect of the Croydon tram crash, both tragic incidents with fatalities.

We completed our 2023 periodic review, determining Network Rail's regulatory settlement for the next five-year control period separately for England and Wales and for Scotland. Among other things, this involved close scrutiny of whether the company could manage key safety risks, while also challenging it to deliver more for the significant taxpayer funding it was allocated, including more ambitious performance targets. Our focus is now on ensuring that Network Rail delivers on these commitments for passengers and freight users.

An important aspect of ORR's work is driving efficiency on the networks it regulates. I am pleased to report that Network Rail exceeded its efficiency target for both the year and the 2019-24 control period overall, delivering around £1.1 billion and £4 billion of efficiencies respectively. This is a major achievement for the company, but it is also important to recognise ORR's sustained scrutiny of this – reflecting the need to secure value for money for the taxpayer.

Our work to secure a better deal for passengers saw us, for example, intervene with third party ticket retailers to stop the practice of 'drip pricing'. This is where customers are initially given a lower price on a website, only to see the full costs become apparent at the end of the purchase process.

We also carried out a market study of the station catering market, where our provisional findings were that the market was not working as effectively as it should be and that passengers and taxpayers would benefit from greater competition. Our final report setting out our recommendations was issued in June 2024.

We continued to press for a better service for passengers who need support when travelling, building on important improvements in recent years. This included our first review of lift availability and the passenger information on this. We have since launched a review into whether Network Rail is taking appropriate steps to plan and carry out repairs to lifts. Following an audit, we also set out areas for improvement into how rail operators provide passenger assistance and are following up with the industry on this.

On roads, National Highways met a number of its annual performance targets in a year when there were delays in government decisions and a reduction in funding. However, we had wider concerns about its capability underpinning its performance and delivery. This led us to carry out a formal investigation of the company. This culminated in our board finding in June 2024 that National Highways was non-compliant with its licence in respect of the provision of data and information to allow us to perform our statutory duties, protect the interests of road users, and ensure the efficient spend of public money. We will work with the company as it produces a plan on how to address this.

Alongside our work on the 2024 periodic review of High Speed 1 (HS1), we reported on HS1 missing some of its targets and needing to do more to tackle this.

On corporate matters, we relocated our Glasgow office to a new long-term base, providing better facilities to support our staff in carrying out their duties. We also carried out significant work to improve our cyber security culture, including aligning with the Government Cyber Security Strategy.

This is a brief snapshot of the year, and inevitably does not cover a lot of the important day-to-day work we do which the rail industry relies on. This includes our work to authorise rail infrastructure and vehicles, our publication of official statistics and our approval of access agreements. The rest of this report covers all such areas more fully.

On a personal note, I would like to pay tribute to Ian Prosser for his work as HM Chief Inspector for nearly 16 years. The much improved safety record of the rail industry over his time as chief inspector owes much to Ian's focus and dedication, and I wish him well for his retirement.

And more broadly, I would like to thank all ORR colleagues for their professionalism and dedication in delivering ORR's work over the year.

Chair's report

The importance of our rail and road networks in supporting growth and enabling people to connect with each other remains as vital as ever.

Declan Collier, Chair

Yet the wider backdrop remains challenging. Inflation in the last year has again brought higher than anticipated costs for industry. Rail travel has broadly recovered since the pandemic, but industry revenues are lower as proportionately more people travel for leisure. Climate change continues to have an impact – particularly on the rail industry, which was especially affected by the winter's storms. And rail performance remains a concern for many passengers and freight operators.

In this environment, it is particularly important for ORR to make the right proactive judgements and interventions, in the public interest, not least to protect users and make the most of the limited funding available.

Our work on the 2023 periodic review of Network Rail is a good example of us playing exactly this sort of role, with difficult calls and trade-offs to make on a number of complex issues. These included: how to manage the impact of high inflation on the funding allocated by the governments; whether Network Rail's approach to asset management could deliver a safe railway; and the balance between being challenging on the performance targets we set while being realistic about what can be achieved.

ORR also stepped in a number of times to protect the interests of users, leading to fairer on-line ticketing, and improvements in Network Rail's plans for freight and performance. We have also had to take more formal steps where we were concerned that not enough was being done to address delivery issues. This has led to formal investigations into National Highways and Network Rail's Wales and Western region.

In addition to our primary work providing oversight and assurance for the benefit of users and funders of the railways and strategic roads network, a perhaps less visible aspect of our role is our support to government. ORR always works with the government of the day, providing independent advice and expertise to facilitate implementation of government policies while protecting the interests of current and future users. We know this will be especially important with the planned reforms of the railway following the general election.

The ORR board recognises that to remain trusted by those it serves, ORR needs to maintain an outward focus on what is happening within the rail and road industries and beyond. It needs to act at a pace that recognises the pressures that governments, industries, and end users face and demonstrate ambition for itself and those it oversees.

An example of this is data analytics – an area that continues to evolve rapidly in the wider world. The board is particularly mindful of the opportunities better analytics can bring for both industry and in informing better regulatory decisions by ORR. Reflecting this, this year ORR launched a new data strategy to support it in this respect.

Regarding the board itself, this year as part of our work to ensure our governance remains fit for purpose we completed a review both of our rules of procedure and of the effectiveness of the board and its committees. I am pleased to say that the outcome of that review was positive.

On a personal note, I was proud to be reappointed as chair for a second five-year term which began in January. I look forward to this, particularly at a time of major change for the rail and road industries, working with all our stakeholders.

Lastly, as ever, I would like to thank all ORR staff for their hard work over the last year. The board remains grateful for everything they have done.

Performance report

Performance overview

The performance overview provides a short summary of the annual report and accounts.

Our purpose

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

Our values

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

Inclusive

Professional

Ambitious

Collaborative

Our strategic objectives

A safer railway

ORR is the health and safety regulator for all of Britain's rail industry. Our strategic objective is to enforce the law and ensure that the industry delivers continuous improvement in the health and safety of passengers, the workforce and public, by achieving excellence in health and safety culture, management, and risk control.

Better rail customer service

We have a key role to improve the rail passenger experience in the consumer areas for which we have regulatory responsibility and take prompt and effective action to improve the service that passengers receive where it is required.

Value for money from the railway

We support the delivery of an efficient, high-performing rail service that provides value for money for passengers, freight customers, governments, and taxpayers. We also regulate other significant elements of the national rail infrastructure, including High Speed 1 (HS1) and the UK portion of the Channel Tunnel.

Better highways

National Highways operates the strategic road network, managing motorways and major roads in England. Our role is to hold it to account for its performance and delivery, so that its customers enjoy journeys on England's roads.

Who we are and how we work

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

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

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

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

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

Organisational structure

The diagram below shows how we are structured. Each directorate is headed by a director. Within each directorate, there are typically several teams.

Railway Safety	Strategy, Policy and Reform	Economics, Finance and Markets
Railway Planning and Performance	Highways	Corporate Operations
Communications	Legal	Private Office

2023-24 overview

April

- We prosecuted Amey Rail Ltd following an electrical shock injury to a rail worker, resulting in a £533,000 fine.
- We introduced a fertility treatment support policy for staff.

May

- We gave evidence to the House of Commons' Transport Select Committee on minimum service levels for rail.
- Linbrooke Services Ltd was prosecuted in Scotland with a penalty of £600,000 following the death of an electrician who fell from height.

June

- We published our PR23 draft determination which set out our views on Network Rail's plans for the control period April 2024 to March 2029 (CP7).
- We commenced a major market study on the provision of railway catering services.
- We provided mandatory training on inclusion to all staff.

July

- We published our annual assessment of Network Rail's and National Highways' performance; our annual consumer report and our annual report of health and safety on Britain's railways.
- We held our 'A Year in Rail' stakeholder event in London.
- We worked with DfT and other stakeholders to support the government's consultation to change the minimum age of train drivers from 20 to 18.
- We prosecuted Transport for London and Tram Operations Limited for health and safety failings that caused the 2016 Croydon tram crash. They were fined £10m and £4m respectively.

August

- We published new guidance for the heritage sector on safety management system requirements and delivered workshops across the country.
- We recruited seven summer interns who obtained work experience in different areas of our business.
- ORR maintained its Silver award status in the ENEI TIDE evaluation.
- Declan Collier was reappointed as ORR chair.
- Edinburgh Trams Ltd was prosecuted in Scotland and fined £240,000 following the death of pedestrian struck by a tram.

September

- We wrote to TOCs on the need for better explanation of passengers' options in the event of pre-cancellation of trains due to resource shortages (p*-coding).
- Network Rail prosecuted for health and safety failings that led to the Carmont train derailment in 2020. Network Rail were fined £6.7m.
- We gave evidence to the House of Commons' Transport Select Committee on accessibility and ticket offices.
- We prosecuted Gwili Railway Company after a volunteer was injured in a fall from height. They were fined £18,000.
- Eight trainee inspectors joined ORR after we received 1,700 applications for the posts.
- We reported on Network Rail's annual efficiency and performance.

October

- We issued Network Rail with an improvement notice for Euston station overcrowding.
- We published our final determination which confirmed what Network Rail is required to deliver in return for approximately £43 billion of funding.
- We provided advice to the Competition and Markets Authority for phase 2 of the Hitachi/Thales merger inquiry.
- We launched our data strategy, with the aim of unlocking the value of data to improved day-to-day operations and delivering real insights that can lead to better regulatory decisions.

November

- We took over sponsorship of the Rail Ombudsman allowing us to hold the provider to account for independent and impartial delivery of the service.
- We gave evidence to the London Assembly's Transport Committee on safety.
- We launched an investigation into the delivery of train service performance in Network Rail's Wales and Western region.
- We gave evidence to the House of Commons' Transport Select Committee on accessibility.
- We relocated our Glasgow office to a government hub.
- We held a webinar for Scottish politicians on 'the period ahead for rail in Scotland' following the publication of our final determination for CP7 in Scotland.

December

- Our review of fees charged and incentives offered by ticket retailers identified concerns about drip pricing, and secured commitments to improve transparency and fairness for consumers during the ticket buying process.
- Our annual assessment of safety performance on the strategic road network showed that National Highways is not on course to achieve its target of a 50% reduction of people killed or seriously injured on England's strategic road network.
- Our interim findings from our railway catering market study were that the market is not functioning as well as it should be.
- 82% of our staff participated in the 2023 civil service people survey, and our engagement score was 64%.
- We took part in 'One Big Thing', the government's initiative on data literacy and skills, topping the league table of civil service departments participating, with 87% of our staff registering.
- Richard Hines appointed as Director, Railway Safety.

January

- We held a parliamentary drop in in Westminster, attracting MPs and Peers from across the political spectrum to hear more about the ORR's work.
- We introduced a resolution policy.

February

- We launched an investigation into National Highways' performance, delivery and capability, after a number of previously identified risks materialised and performance dipped across several areas during the year.
- We held an insight day in partnership with Access Aspiration where 25 young people joined us to learn more about ORR, the civil service and the world of work.

March

- We published our first corporate environmental strategy, setting out measures ORR and colleagues can take to reduce our impact on the environment.
- We gave evidence to the Net Zero, Energy and Transport Committee in the Scottish Parliament.
- Our review of the reliability of lifts at stations on the GB rail network and information provided to passengers regarding lift faults identified concerns with lift performance and we launched a review of Network Rail's monitoring and management processes.
- We approved the new Grand Union Trains service between London and Scotland, introducing competition on the West Coast Mainline for the first time.
- Senior management were given training on conducting investigations and managing discipline and grievances in the workplace.

Performance against the business plan

The work we have carried out in the year is set out in more detail in the 'strategic objective' chapters in the performance analysis section. We achieved 46 out of 52 of our business plan deliverables for 2023-24 and 8 out of 10 service standards.

Our funding

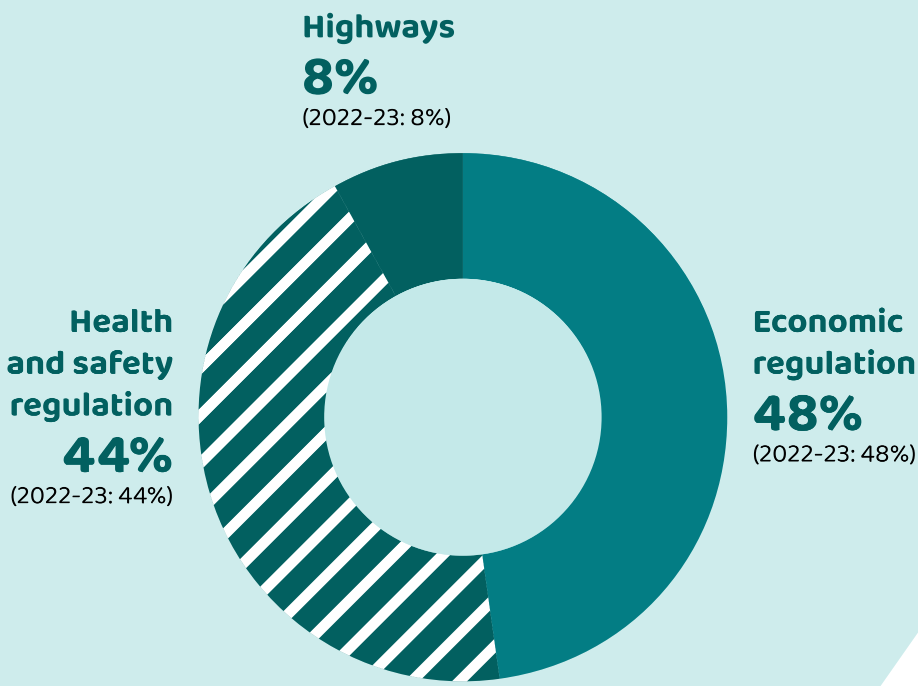
Our budget is agreed with HM Treasury through the Spending Review process and is then formalised by Parliament through the Supply Estimates procedure. Spending Review 2021 covered the years 2022-23 to 2024-25.

Our rail functions are funded almost entirely by the railway industry – broadly, passenger train and freight operating companies, plus Network Rail. We work within a defined budget and charge the industry via a safety levy and an economic licence fee. We also cover our regulatory costs relating to the Channel Tunnel, HS1 and Northern Ireland by charging the relevant organisations. Our charges are based on a full economic cost model, therefore without profit. Our combined charges and other income meet our rail-related costs in full. We receive grant funding from the Department for Transport (DfT) for our highways function. We have a token resource budget of £2,000 provided by Parliament.

Our capital departmental expenditure limit (CDEL) was £1,620,000 in 2023-24 and £720,000 in 2022-23.

Where we spent our money

In 2023-24 we spent a total of £40.8m (2022-23: £40.0m) compared to a budget of £41.8m, ending the year 2.5% below budget. The chart below shows the spend by key work area.



A more detailed comparison of what we spent this year compared to the Estimate is provided on page 54.

Principal risks

The key corporate risks we faced and actively managed in 2023-24 were: failure to deliver key milestones of the PR23 programme; not being seen to hold Network Rail to account for declining train service performance; late notice service removals; emerging cyber threats; the impact on ORR's credibility as a regulator as a result of uncertainty around the implementation of control period 7, modernisation programmes, industrial relations, financial pressures and managing ageing infrastructure; and delays and challenges in setting RIS3 lead to a loss of confidence in the roads reform system and impact on ORR's advice to the Secretary of State.

Details of how we mitigated these risks in the year are set out in the performance analysis section on page 42.

Performance analysis

The performance analysis section provides a more detailed analysis of how we have performed against the strategic objectives and deliverables set out in our business plan for 2023-24.

Strategic objective 1: A safer railway

ORR is the health and safety regulator for all of Britain's rail industry. Our strategic objective is to enforce the law and ensure that the industry delivers continuous improvement in the health and safety of passengers, the workforce and public, by achieving excellence in health and safety culture, management and risk control.

In July 2023 we published our annual health and safety report, assessing progress across all the sectors that ORR regulates, with a positive response. The report acknowledged the considerable challenges faced by the industry but recognised Great Britain's railways consistently perform as one of the safest in Europe. The inclusion of more case studies was particularly well-received; this and our decision to launch the report at our 'A Year in Rail' event helped us get our messages across in a more accessible way to a wider range of stakeholders beyond health and safety professionals, meaning greater understanding of how health and safety reads across to other areas of operation.

Network Rail and mainline operators

During the year we scrutinised Network Rail's strategic business plan, as part of the 2023 periodic review, to ensure it contained clear health and safety aims and objectives and provided detail on how risks would be managed and legal compliance ensured. We agreed a programme in Network Rail's delivery plan to run a safe railway for the next five years, and we will be monitoring progress and compliance.

The occupational health, safety and welfare of the railway workforce remained a priority, with a focus on a number of areas. Significant activity looked at the arrangements in place to manage and control rail workers' exposure to welding fumes. We brought in a new legionella inspection project, to secure compliance with relevant legislation and provide training opportunities for our new inspectors. In preparation for the expiry in late 2023 of the exemption to the regulation that prohibits asbestos supply and use (REACH), we conducted a stakeholder survey and subsequently agreed to a five-year extension to the exemption, which authorises placing onto the market railway vehicles (and their components) that contain asbestos but were in service or installed before 1 January 2005. ORR will monitor compliance with the exemption and its conditions.

We also monitored track worker safety and the roll-out of protection and warning technology, following the previous enforcement notices, and were pleased to see continued embedding of improvements, although with challenges remaining around the integrity of line blockages. On rail employees' welfare, we continued to engage with the Rail Wellbeing Alliance (RWA) and, along with other organisations, sponsored its annual Wellbeing Live event, which was very well-attended, including by frontline workers.

During the year we supported the Department for Transport (DfT) and the Health and Safety Executive (HSE) in their process to review EU-derived health and safety legislation, as part of the Retained EU Law (Revocation and Reform) Bill (REUL). While original reform proposals were scaled back, this provided a good opportunity to identify potential improvements to railway health and safety legislation. Following publication of the report on our post-implementation review of the Train Driving Licences and Certificates Regulation 2010, we worked with DfT and other stakeholders to take forward the review's recommendations. This focused on a proposal to change the minimum age of train drivers from 20 to 18 and we are supporting the government's consultation process, with the ambition to make more substantial changes in a second iteration of the legislation, using REUL powers.

As part of our important role of overseeing health and safety during periods of change on the railways, we engaged with the government on its proposals for rail reform and the planned creation of Great British Railways (GBR). We seconded people onto the GBR transition team and led the safety working group of the rail transformation programme. This has enabled us to provide support on safety assurance matters as the programme developed and to anticipate what comes next. Looking at other significant organisational change programmes in the industry, we completed our first phase of examining Network Rail's new modernising maintenance arrangements, which showed that these could secure the necessary maintenance outputs over time. We will continue to monitor embedding of the arrangements, particularly performance against KPIs and learning from post-implementation reviews.

With extreme weather events increasing in frequency and severity, we have continued to focus on impacts on earthworks and drainage management on the railway. We monitored the work of Network Rail's weather risk task force, in particular its delivery of action plans arising from the Mair and Slingo expert reviews, to ensure that progress is made. This has included scrutiny of actions taken in each region and, specifically, a review of the application of risk mitigation arrangements across the network, such as development of drainage inventory and inspection programmes for earthworks. We have also tracked implementation of the recommendations from the Rail Accident Investigation Branch (RAIB) report on the 2020 derailment of a passenger train at Carmont, when it hit a landslip. We reported that six out of the 20 RAIB recommendations have so far been closed and we will continue to monitor progress.

Network Rail is currently developing a new tool to support decision making in advance of extreme weather events. Over the past year we have worked to understand how the tool works and impacts on operational decision making. In 2024-25 we plan to carry out detailed work on extreme weather mitigation through a structured series of interventions to help the industry better understand, control and ultimately drive down the risks from operating during extreme weather.

During the past 12 months we have developed targeted and balanced strategies to drive improvement by train and freight operating companies in areas of key risk. We shared intelligence through industry risk groups and challenged the sector to improve, for example by proposing and participating in a review of its platform-train interface strategy. This has focused on the use of tactile paving, where we pressed Network Rail to expand its monitoring and assurance arrangements and secured a commitment to review their whole approach to managing falls from platforms, learning from the tactile paving programme.

In the final year of our three-year plan to review the capability of those who manage drivers in all train and freight operating companies, we concluded our work looking at their competence, the ratio of drivers to managers and how their fatigue is managed. We identified areas for improvement with individual operators, particularly around competently investigating incidents of signals passed at danger. Throughout the three-year plan we have seen significant interest in our good practice guidelines on fatigue factors.

We carried out inspections of freight companies that have an entities in charge of maintenance (ECM) role, to address RAIB's recommendations following its investigation into the derailment at Llangennech in 2020. We found all ECMs inspected were reviewing their activities to identify weaknesses in engineering maintenance arrangements and were looking to increase competence.

We continued to support and influence major new rail schemes, including HS2, the TransPennine route upgrade and East-West Rail. Engaging across the HS2 project, DfT and rail reform teams, our impact has been to ensure stronger understanding of key design and assurance activities that are critical to embedding the principles of 'safety by design'.

Non-mainline operators

Our focus with London Underground Limited (LUL) has been examining asset management, management of change and software integrity concerns associated with the implementation of the four-lines modernisation (4LM) signalling project, and operational delivery in the context of workforce change. We carried out a targeted intervention and are now working with LUL and the relevant manufacturer to take forward recommendations that will support further implementation.

In the heritage sector we continued to drive improvements in individual operators' safety management capability through better intervention design, dedicated guidance and supporting the understanding and use of our risk management maturity model, a tool for assessing the maturity of a safety management system. In August, we published new guidance specific to the heritage sector on the requirements for a safety management system and promoted it to the sector at six face-to-face workshops across the country, in collaboration with the

Heritage Railway Association (HRA) and attended by representatives from 82 different heritage railways and tramways. We have facilitated discussions between the HRA and other stakeholders to continue to encourage greater standardisation in the sector.

We undertook inspections at all seven modern tramways, comprising document review, face-to-face interviews and site visits, to benchmark levels of staff competence and the effectiveness of arrangements to ensure track worker safety on or near the tramway. We found varying standards with some formal written enforcement required.

Channel Tunnel

The timescales for implementation of new Channel Tunnel bi-national regulatory arrangements remain subject to UK parliamentary processes and therefore National Safety Authority (NSA) responsibilities for the UK half of the tunnel have not yet been transferred to ORR. However, discussions between the UK and France are at an advanced stage and we expect this to be delivered in the next year. In the meantime, we have continued to strengthen relationships with our colleagues at the French railway national safety authority, Établissement Public de Sécurité Ferroviaire.

Regulation and certification

ORR grants a range of health and safety permissions and approvals and, in some cases, we have statutory deadlines to meet. This work helps provide an effective framework for railway safety and, in the case of train drivers, establishes a common regime for licensing. The vast majority of all deadlines were met; train driving licence processing was not met every month due to issues with the new portal.

1,140 new train driving licences issued

874 train driving licence renewals processed

10 doctors and

24 psychologists recognised and added to our registers

34 level crossing orders,

3 revocation orders and

5 directions delivered

2 certificates of exemption from the requirements of the Railway Safety Regulations 1999 to enable mark 1 rolling stock to continue operating in passenger service

36 mainline and

7 non-mainline safety certificates and authorisations issued

Reported to RAIB on **93** recommendations:

58 closed

31 open

2 reported as insufficient response

2 reported as other public body

Investigation and enforcement

Prohibition notices stop activities that pose a risk of serious personal injury and improvement notices identify serious breaches of the law that require changes to be made. During the year we issued one prohibition notice against West Coast Railway Company Limited, related to the health and safety of their passengers and crew, as they had not implemented the controls identified in their risk assessment for rolling stock fitted with secondary door locking systems.

We served 7 improvement notices, a key one being to Network Rail Infrastructure following overcrowding issues at London Euston. To address the terms of the notice, Network Rail conducted a risk assessment to identify and implement control measures, enabling them to work with the train operating companies to ensure they manage passenger flows sufficiently.

Where appropriate we prosecuted duty holders in the courts to ensure compliance with the law. We successfully concluded a number of prosecutions under the Health and Safety at Work etc. Act 1974.

In April 2023, Amey Rail Limited (ARL) was fined £533,000 following an electrical shock injury to a overhead line worker as they carried out works to overhead lines outside Paddington Station.

In May, Linbrooke Services Ltd were found guilty after an electrician installing public address system equipment at Bearsden station, West Dunbartonshire, fell from a stepladder onto a section of improvised work equipment sustaining a fatal injury in June 2018. Linbrooke was found guilty of three offences under the Management of Health and Safety Regulations 1999 and the Work at Height Regulations 2005 at Dumbarton Sheriff Court. The court handed out a penalty of £600,000, comprising a fine of £400,000 and a compensation order of £200,000.

In July, Transport for London (TfL) and Tram Operations Limited (TOL) were sentenced at the Old Bailey after pleading guilty of health and safety failings that caused the 2016 Croydon tram crash, when seven passengers died and 51 were injured. TfL was fined £10 million and TOL £4 million.

In August, Edinburgh Trams Limited was fined £240,000 after pleading guilty to one offence under the Health and Safety at Work etc Act 1974, after a pedestrian was struck and killed by a tram in September 2018 at Saughton Mains footpath crossing on the Edinburgh tramway.

In September, Network Rail Infrastructure was fined £6.7 million for health and safety failings that led to the train derailment at Carmont in Scotland in 2020, when three people died and a further six were injured. This followed an ORR, Police Scotland and British Transport Police joint investigation under the direction of the Crown Office and Procurator Fiscal Service.

In September, the heritage-train operator Gwili Railway Company Ltd was fined £18,000 after pleading guilty to one offence under the Work at Height Regulations 2005, after a volunteer was injured in a fall in 2022 at the company's Llwyfan Cerrig Yard.

We continued to drive improvements in our own internal processes and performance. We are now at operator testing stage for our new train driving licence portal, which will enable train operators to make applications for new and renewed licences in a more efficient way. Whilst we had planned to implement this during 2023-24, we have been working with ORR colleagues to respond to some technical challenges, to ensure its successful implementation in 2024-25.

Our performance against 2023-24 business plan deliverables

2023-24 Commitment	Status
Work with DfT, HSE and on wider stakeholder engagement to influence the Retained EU Law (Revocation and Reform) Bill	Met
Take forward recommendations from the post implementation review of the Train Driving Licences and Certificates Regulations 2010	Met
Secure transfer to ORR of National Safety Authority (NSA) responsibilities for the UK half of the Channel Tunnel	Not met
Monitor the Network Rail weather risk task force's implementation of action plans arising from the Mair and Slingo reports and the recommendations of the RAIB Carmont report	Met
Examine asset management, management of change and software integrity concerns associated with the implementation of London Underground's four-lines modernisation (4LM) signalling project	Met
Develop and deliver face-to-face workshops to drive improvements in SMS capability across the heritage sector	Met
Challenge industry to review its platform-train interface strategy and participate in review	Met
Conclude three-year plan reviewing driver management capabilities in all train and freight operating companies	Met
Inspect freight companies that have an entities in charge of maintenance (ECM) role	Met
Undertake legionella inspection project for trainee inspectors	Met
Undertake inspection programme to look at rail workers' welding fumes exposure	Met
Prepare for expiry of REACH asbestos exemption	Met
Support Rail Wellbeing Alliance and sponsor annual event	Met
Implement and embed ORR's new train driving licence portal	Met
Publish our annual safety report	Met

NSA responsibilities were not transferred to ORR as new legislation is still being drafted and likely to come into force at the end of 2024 or beginning of 2025.

Implementation of a new train driver licence portal was originally a 2022-23 business plan commitment which was delayed due to technical issues.

Future plans

In our deliverables for 2024-25, we have committed to the following priorities: the rail industry's resilience capability; Network Rail's approach to maintaining the safety of assets; legislative changes following the PIR of the Train Driving Licences and Certificates Regulations 2010; the adequacy of industry's risk management arrangements for operating during extreme weather; the transfer to ORR of NSA responsibilities for the UK half of the Channel tunnel; the industry's new platform-train interface strategy; rail workers' welding fumes exposure and improvements in health and safety risk management across the heritage sector.

Strategic objective 2: Better rail customer service

We have a key role to improve the rail passenger experience and take prompt and effective action to improve the service that passengers receive where it is required.

In fulfilling our role, we primarily focus our efforts on the four areas where we have regulatory responsibility:

- The provision of assistance to passengers who require additional support to make their journey.
- The provision of passenger information, including when there is disruption.
- The provision of a complaints handling service, awareness of the compensation process where passengers are subject to delay, and independent resolution through an ombudsman where necessary.
- Ticket retailing, specifically the ease with which passengers can purchase tickets and, where necessary, receive a refund for their ticket.

We also carry out unplanned work into infrequent but significant issues that impact on passengers where they span our regulatory responsibilities. This year, working with Transport Focus, we have carried out research into the experience of passengers on stranded trains. We will publish our findings shortly and use this to increase focus on the safety and wellbeing of passengers when significant incidents occur.

Our consumer expert panel provides independent advice and challenge and plays a key role in bringing a consumer perspective to our policy and regulatory decisions.

We do not have regulatory responsibility for train performance (punctuality and reliability) or fares, although both are important aspects of the passenger experience.

We do hold Network Rail to account for the quality of the rail infrastructure, which is a contributor to train performance, and provide transparency through publication of statistics. We also regulate access to the network for passenger services and freight companies, ensuring fair play and supporting greater competition where we consider it will benefit customers.

Passenger accessibility

Accessibility to the rail network and services for all customers, and particularly those with disabilities, continued to be a priority area for ORR in 2023-24.

ORR research suggests that satisfaction levels with booked assistance are high (over 90% in 2023-24) but when assistance fails it can significantly affect the wellbeing of passengers and their overall travel experience. As set out in our business plan, we carried out targeted audits into how five train operators were meeting regulatory requirements related to the delivery of assistance. Our report in March identified key areas of focus from the audits that would improve this and which are of relevance to the entire industry: wider adoption of the passenger assist staff app; clearer communication between departure and destination stations; effective procedures for onboard staff delivering assistance; and operators intensifying their work through the Rail Delivery Group to ensure industry-wide systems are robust and up to date. ORR is now taking forward actions that address the findings.

In March we published a review of the reliability of lifts at stations on the GB rail network, and the information provided to passengers regarding lift faults. We published baseline data on lift performance and will report on this regularly. We identified concerns with lift performance and launched a review of Network Rail's monitoring and management processes to ensure it is taking appropriate measures to plan and carry out maintenance and repairs. We found that there has been progress on lift availability information, with live data publicly accessible by passengers and staff for most lifts and are continuing to monitor progress.

Passenger information and ticketing

We continued to hold operators to account on better quality passenger information, with a particular focus on information provision during periods of disruption and monitored companies' performance against their customer information pledges. We secured implementation and improved clarity of operators' automated notifications where there are changes to booked trains more than two days ahead of travel, and asked operators to review their policies on ticket flexibility. In November, we published a report on the usefulness of passenger information on rail replacement services where there are planned engineering works, highlighting where improvements are needed, and are now following up with operators on how they are addressing the issues we raised. We continued to engage with the rail industry on its 'smarter information, smarter journey' programme, which has enabled important improvements in passenger information.

A key piece of work delivered in the past year was our review of fees charged and incentives offered by ticket retailers. We identified concerns with 'drip pricing', which is when consumers are shown an initial price for a product or service before additional fees are revealed later in the purchase process. We secured commitments that addressed our concerns from all seven retailers we engaged with. We will monitor progress and hold the companies to account for prompt implementation of planned changes, to improve clarity and fairness for consumers during the ticket purchasing process.

Complaints handling and redress

At the start of the business year, a new Code of Practice on complaints handling came into force and we supported its implementation and compliance by operators. We carried out a focussed review of the experience of disabled passengers in making complaints when things go wrong, including their access to redress. The findings were published in April 2024. We also continued to monitor companies' compliance with the new Code of Practice on delay repay, helping to ensure it is easier for passengers to exercise their rights for compensation.

In November we took over sponsorship of the Rail Ombudsman from the Rail Delivery Group, fulfilling a commitment in the government's Plan for Rail. The Rail Ombudsman offers a free, expert service to passengers to help sort out unresolved customer complaints. This is an important new role for ORR, allowing us to hold the provider (Dispute Resolution Ombudsman (DRO), appointed by us in May 2023) to account for the independent and impartial delivery of the service. In taking over sponsorship, ORR has also updated aspects of how the Rail Ombudsman operates to improve passenger experience. Changes include new arrangements to make the service more accessible, such as enhanced Ombudsman staff training on disability and vulnerability awareness, improved case handling response times for some case types, new passenger contact channels and process upgrades.

In July we published our annual consumer report, highlighting the work that we had undertaken in the previous year to protect the interests of rail passengers. With passenger numbers continuing to recover and significant disruption to train services, we welcomed the efforts train and station operators had made to overcome challenges and set out our key interventions to secure improvements across the consumer areas that we regulate.

Access (capacity use including timetabling) and licensing

We continued to provide independent expert advice and guidance to government to support its plans to transform railways in Great Britain, based on our experience of holding train operators and Network Rail to account in the areas of accessibility, passenger information, complaints handling and consumer law. We provided wide-ranging advice on access and licensing policy and worked closely with the GBR transition team to respond to a commission from the Secretary of State for Transport to identify simplifications and efficiencies in the regulatory framework, which reported in October.

We also advised government on applying the Retained EU Law Act, in relation to access and licensing activities, supporting opportunities to simplify processes, while ensuring that the regulatory framework continued to provide operators and customers with the right protections. In March we updated our access and licensing guidance for train operators, to ensure that everyone is clear about their legal obligations after revocation of several EU regulations led to minor changes to the rail framework.

Finally on policy, we carried out significant work with Treasury, DfT and industry stakeholders following a commission from ministers to reduce barriers to open access (i.e. for services independent of government funding). The initial findings were published in April 2024

During the year, we continued to perform our statutory role of reviewing, approving and where necessary directing alternative decisions taken by Network Rail on the use of network capacity (as well as station and depot assets). This enabled Network Rail and train operating companies to enter contracts to provide new or amended train services for the benefit of passenger and freight customers. Meeting all our service standards for access within our statutory timescales, we reviewed and approved 209 new and amended track access contracts for passenger (including open access) and freight operators; and reviewed and approved 515 access contracts for stations, depots, freight terminals, other service facilities and connecting networks.

In March 2024 we approved a new service between London and Scotland, introducing competition on the West Coast Mainline for the first time and providing more choice to passengers, bringing private sector investment to the railway and increasing competition. Grand Union Trains will start the service in June 2025 between London Euston and Stirling stations. The decision means that ORR has now approved open access services on three of Britain's major routes.

Resilient and high-performing timetables are an essential part of providing a good service to passengers and freight customers. We listened carefully to the concerns of train operators and customers regarding the industry's proposal for a new timetable process and decided that it should not be implemented. Instead, we required Network Rail to follow the defined process, which results in a published timetable 12 weeks in advance. This requirement enables operators to sell tickets at this point allowing passengers and freight companies to plan their journeys with confidence. This piece of work provided useful learnings for industry about listening to stakeholders and passengers.

This year we enhanced our focus on the whole industry's delivery of allocation of access rights and better-quality timetabling. Our increased monitoring of access and timetabling has been shared with Network Rail and industry to improve the timeliness and efficiency of allocating capacity (to deliver new and amended services) and producing a robust timetable for the benefit of passengers and freight.

Our work on licences and land disposals protects the public interest by ensuring that operators of rail assets are fit and proper and that Network Rail does not dispose of property that has a potential future railway use. During 2023-24, we issued seven licences or licence exemptions for operators of railway assets, meeting our timescale commitments to industry in every case; and reviewed four land disposals proposed by Network Rail, giving consent in each case without pre-conditions. We also completed to time our annual audit of land disposals by Network Rail to safeguard continued operation and future development of the network.

ORR also has an important role in regulating access to other networks. We have been dealing with several prospective new entrants in the cross-Channel passenger market and the work we have done has been important in helping them pass due diligence to develop their proposals further, with the potential to bring competition on the route for the first time. In response to this, in March we introduced a new guidance document summarising the regulatory framework that relates to international operations, to help make that clearer and more transparent to people.

We conducted our annual reviews of network statements for Eurotunnel, HS1 and Core Valley Lines. Our activity in this area ensures that all operators, including new entrants to the market, are clear about the arrangements for getting access to these networks, improving the prospects of them introducing new services that will improve passenger choice.

Our performance against 2023-24 business plan deliverables

2023-24 Commitment	Status
Review the experience of disabled passengers in making complaints including access to redress, and publish findings and recommendations	Not met
Review the frequency and duration of lift faults and how passengers are informed when lifts are out of order, and publish findings and recommendations	Met
Review the operation of fees charged and incentives offered by third party ticket retailers, and publish findings and recommendations	Met
Assume sponsorship of the Rail Ombudsman	Met
Decide on approval of new timetable process	Met
Establish a long-term charging framework for Crossrail	Cancelled
Conduct annual review of network statements for Eurotunnel, HS1 and Core Valley Lines	Met
Update our access and licensing guidance for train operators in response to any repeal of retained EU legislation	Met

The report on the experience of disabled passengers in making complaints was published in April 2024, to avoid too many publications in March.

We did not establish a long-term charging framework for Crossrail as it withdrew its application and does not have plans to resubmit at this time

Future plans

In our deliverables for 2024-25, we have committed to the following priorities: proposals to require operators to take passenger views into account when considering station staffing changes; the quality of passenger information for planned rail replacement services; a new approach to benchmarking operators' performance on provision of assistance; our review of the Retail Information Code of Practice; a review of our open access economic assessment methodology; compliance with sale of access and timetabling deadlines; and our annual review of network statements for Network Rail, Eurotunnel, HS1, the Heathrow Airport Link and Core Valley Lines.

Strategic objective 3: Value for money from the railway

ORR works to ensure that the railway is run in the most efficient way for users and funders and holding Network Rail to account is a key role for us.

We also regulate other significant elements of the national rail infrastructure, including High Speed 1 (HS1) and the UK portion of the Channel Tunnel. In addition, we have a number of roles that help secure a better deal for rail users now and in the future.

Holding Network Rail to account

Over the past year we maintained a focus on train performance and how Network Rail is supporting a reliable and punctual service. We also monitored how it is maintaining and renewing its assets, and keeping the network safe and in good condition, during the fifth and final year of control period 6.

In July we published our annual assessment of Network Rail's performance between April 2022 and March 2023. This highlighted the company's own contribution to worsening train performance and the external factors involved. The assessment showed that while Network Rail had delivered over £900 million of efficiency savings, which was above its target, its wider financial performance was hit by costs of industrial action, payments to operators for poor train performance, and inflationary pressures.

We called for sustained focus in three important areas: improving asset reliability; working with operators to build more resilient timetables; and making sure that, when things do go wrong, services can be recovered quickly. We required Network Rail to produce improvement plans in all its regional businesses.

In September we published our annual efficiency and finance assessment, which aims to give assurance to rail users, funders and other interested parties that Network Rail is spending money efficiently to deliver what was expected under CP6. This exercise in transparency also provides a strong reputational incentive for Network Rail to become more efficient.

In November we launched an investigation into the delivery of train service performance in the company's Wales and Western region, which concluded in July 2024. In December we followed up our annual assessment with a mid-year letter setting out our view on the further steps Network Rail had taken to address our concerns on performance across the country, and the challenges it faced in the coming months, in particular in the operational response to extreme weather events.

Periodic review 2023

A significant piece of work successfully concluded in the past year was the 2023 periodic review (PR23), which determined Network Rail's funding and regulatory requirements for control period 7 (CP7), starting in April 2024. The five-year settlement is designed to deliver a stable basis for Network Rail, its supply chain and train operators to plan, invest and provide services for passenger and freight operators.

Following a cross-industry consultative process working closely and to a tight timetable with funders, Network Rail and industry stakeholders, we completed the draft determination in June, the final determination in October and implementation by the end of March 2024. The final determination sets out what Network Rail is expected to deliver as infrastructure manager for the GB mainline rail network in return for the funding available.

In March, Network Rail published its delivery plan, setting out how it would give effect to the final determination. We recognise that this will be a challenging plan for Network Rail to deliver and it will need to carefully manage the pressures that emerge over the next five years. We wrote to Network Rail after the publication of its delivery plan setting out how we intend to hold the company to account in CP7.

We have also provided advice and support to funders in relation to other important infrastructure decisions.

High Speed 1 (HS1)

In July we published our annual report on HS1 Ltd for the period April 2022 to March 2023. We reported that the company had made significant improvements in its planning and delivery of route renewals, in response to concerns we had raised in our previous annual report. However, several new issues had arisen during the year, leading to HS1 Ltd missing a number of its targets, including on workplace injuries and train service performance. While its delivery of renewals had improved, it was failing to meet targets for the availability of lifts, escalators and travelators; and while Network Rail (High Speed) was meeting its efficiency challenges, HS1 Ltd's costs had risen. We saw evidence that HS1 Ltd had taken steps to resolve these issues, but further improvements were still needed. We will continue to monitor these areas closely in accordance with our policies for holding HS1 Ltd to account.

During the year we continued our work on the 2024 periodic review (PR24), our five-yearly review of HS1 that looks at costs for control period 4 (CP4) starting in 2025; and in February 2024 HS1 began consulting stakeholders, including us, on its Five-Year Asset Management Strategies (5YAMS).

Promoting competition

We have continued our work to monitor and take action to promote competition and tackle anti-competitive behaviour in railway markets. In June 2023 we launched a major market study on the provision of railway station catering services. We published the interim report in December, provisionally finding that the market is not working as effectively as it should be and that greater competition to operate at stations would benefit passengers and taxpayers. Our final report in June 2024 made recommendations to increase such competition between catering companies.

We have also continued to monitor Network Rail's progress on implementing the recommendations in our 2021 market study on GB signalling procurement. Network Rail is on track to introduce recommended changes designed to increase value for money in the procurement of signalling equipment.

During the year a significant piece of work was to provide advice to the Competition and Markets Authority (CMA) for phase 2 of the Hitachi/Thales merger inquiry. The CMA's final report was issued in early October and final undertakings were accepted from Hitachi in December.

We considered four complaints about anti-competitive behaviour but determined that there were no grounds to open new cases.

Information and analysis

ORR is the primary producer of official statistics for the rail industry. The majority of our statistics have been assessed by the Office for Statistics Regulation and have been designated as 'national statistics'. This means that they meet the highest standards of trustworthiness, quality and value, as set out in the Code of Practice for Statistics.

We continued to publish a range of quarterly and annual statistics on our data portal, as planned. The summaries and suite of data tables and interactive dashboards are used by a wide range of stakeholders including policymakers, passenger watchdogs, academia and consultants, media, and the public. Transparent reporting of statistics aims to provide people with accessible information they can use and to hold industry to account on performance, efficiency and value for money.

Throughout this year we have also published statistics on 'P*-coded' pre-cancellations of trains, to address concerns raised by stakeholders. These are when changes are made to train services due to non-availability of staff or rolling stock and are included in a short-notice revised timetable, and therefore may not be appearing in operators' cancellation scores.

In November 2023 we published our annual rail industry finance (UK) statistics, reporting income and expenditure for Network Rail, passenger operators and other sectors of the UK rail industry. We reported that the year 2022-23 saw the introduction of services to the central section of the Elizabeth Line generating additional revenue for the industry. However, industrial action across Great Britain resulted in fewer train services than anticipated. Despite this, passenger revenues continued to recover from the impact of the pandemic and government financial support to the industry reduced.

Our performance against 2023-24 business plan deliverables

2023-24 Commitment	Status
PR23 draft determination	Met
PR23 consultation on changes to access contracts	Met
PR23 final determination	Met
Complete implementation of PR23	Met
Publish annual assessment of Network Rail	Met
Publish Network Rail annual efficiency and finance assessment	Met
Publish annual assessment of HS1	Met
Publish annual rail safety statistics	Met
Publish annual rail industry finance statistics	Met
Publish annual assessment of Network Rail's stakeholder engagement	Met
Publish statistics on annual estimates of station usage	Met

Future plans

In our deliverables for 2024-25, we have committed to publishing the following: an open letter on the conclusion of PR23 and an outline of future CP7 work; the final report on our railway station catering market study; annual assessments of Network Rail's stakeholder engagement and efficiency and finance; annual assessments of Network Rail and HS1; draft and final determinations for HS1 (PR24); annual statistics on rail safety, rail industry finance and estimates of station usage. We will also consult on our approach to charges for CP8.

Strategic objective 4: Better highways

ORR is the independent regulator for National Highways. We hold it to account to ensure that it manages, operates and improves the strategic road network (SRN) in England efficiently and effectively on behalf of road users and taxpayers.

Annual assessment of National Highways' performance

During the past year, we continued to monitor National Highways' delivery of requirements set out in the second road investment strategy (RIS2, April 2020 to March 2025). In July we published our annual assessment for 2022-23, in which we looked at the company's performance and efficiency over the year, its delivery of enhancements schemes to budget and time, and its effectiveness in discharging its duties to run an efficient, safe and reliable strategic road network in England.

Our key messages focused on efficiency, enhancements, asset management and environmental performance. Overall, we concluded that National Highways had delivered efficiently for road users, despite financial uncertainties. However, we highlighted a number of areas of concern that needed to be addressed, particularly underperformance in its capital programme and asset maintenance, and ongoing risks to delivery of its RIS2 performance targets and commitments.

Following the publication of the report, we observed through the year that performance dipped in a number of areas and some of the risks we had identified had materialised. Due to the repetitive nature of the concerns and the proximity to the end of the road period, we decided that we needed to take further action. Therefore, in February 2024, we launched an investigation into the company's performance, delivery and capability, to form a view on whether the company is acting in compliance with RIS2 and its licence.

Regional Benchmarking

In November 2023, we published our latest regional benchmarking, including summary performance dashboards for each National Highways region. This exercise uses disaggregated data to measure the company's performance and efficiency across its own regional areas and to challenge where it is investing public funds on the SRN. This reporting provides transparency to government, taxpayers and stakeholders about the variation in performance across the network and helps to inform the development of future investment priorities.

Safety on the strategic road network including Smart Motorways

In December 2023, we published our second annual assessment of safety performance on the strategic road network, setting out our assessment of National Highways' performance in 2022. This included looking at safety on smart motorways, with an update on our findings in relation to recommendations from the Transport Select Committee's 2021 inquiry into the rollout and safety of smart motorways.

The assessment examined National Highways' performance against its RIS2 key performance indicator (KPI) safety target, which is to halve the number of people killed or seriously injured on the SRN by the end of 2025, compared to a 2005-2009 baseline. We reported that in 2022 the company achieved a 38% reduction in the number of people killed or seriously injured. However, we identified that it was not on course to achieve its safety target of a 50% reduction across the whole of the SRN by the end of December 2025, and that increasing traffic levels would make this even harder to achieve. We therefore stated that the company needed to produce a robust plan by the end of March 2024, setting out how the company aims to recorrect its performance to meet its agreed target. National Highways has now provided this plan for us to review, and we will provide an update on progress later this year.

Our assessment also concluded that National Highways had improved the performance of stopped vehicle detection on 'all lane running' (ALR) motorways, a key concern we raised in our 2022 safety report. However, we identified that the company now needs to focus on expanding its analysis to understand how it can further optimise the technology. Combined with other smart motorway technologies, we will continue to monitor performance and assess the company's progress to meeting its targets.

In December 2023, we also published our quality assurance of two smart motorways safety reports from National Highways: smart motorways stocktake third-year progress report and smart motorways scheme safety before versus after assessment. We found that new data and analysis produced by the company had contributed effectively to the reports; changes to data were sound and clearly communicated; and in developing its analysis, the company continued to follow appropriate analytical assurance processes to ensure the reliability of its analysis.

We have received positive engagement and feedback from stakeholders on the outcomes of our safety reporting this year, and the transparency it brings to this high-profile issue, which is of concern to road users.

Preparing for the third road investment strategy (RIS3)

Our planned efficiency review of National Highways' draft strategic business plan for the third road investment strategy (RIS3) will continue into this coming business year, due to delays to the programme outside of our control. Earlier in the year we reviewed initial plans, in order to provide the Secretary of State with provisional, independent, expert advice on the level of challenge and resource requirements for the draft RIS3. Ultimately, our recommendations will help the government maximise the long-term benefits of investment in the SRN, with a view to better outcomes for road users, improved environmental impacts and better value for money for taxpayers.

Our performance against 2023-24 business plan deliverables

2023-24 Commitment	Status
Carry out efficiency review of National Highways' strategic business plan for RIS3	Not met
Publish the annual assessment of National Highways	Met
Publish annual assessment of safety performance on the strategic road network	Met
Publish annual benchmarking National Highways – regional performance	Met
Monitor National Highways' delivery of the smart motorways action plan	Met
Quality assure National Highways' annual smart motorways safety update report	Met

We did not complete the efficiency review of National Highways' strategic business plan as RIS3 development has been significantly held back by delayed government decisions. Timetables remain uncertain.

Future plans

In our deliverables for 2024-25, we have committed to publishing the following: an efficiency review of National Highways' strategic business plan for RIS3; the outcome of our investigation into National Highways' performance, delivery and capability and our annual assessment and regional benchmarking of its performance; our third annual assessment of safety performance on the strategic road network; and quality assurance of National Highways' annual smart motorways safety update report. We will also refresh our policy on how we will hold National Highways to account for the third road period (RP3).

Our people and performance

As an organisation, we are committed to carrying out our regulatory duties efficiently, effectively and transparently, to deliver the best value for money for all stakeholders. We have made good progress against last year's business plan deliverables on developing and supporting our people and modernising our ways of working.

Technology, data and processes

An important part of our technology strategy has been a continued focus this year on enhancing our cyber security to align ourselves with the Government Cyber Security Strategy 2022-30 and achieve a more cohesive and stronger 'security first' culture across the business. Alongside other government departments we were also required to complete Gov Assure to review security maturity.

We successfully completed the personnel security maturity model assessment, which has led to a greater understanding of security risks across the entire organisation and the part individuals play in protecting ORR. We engaged employees in a number of phishing campaigns to raise awareness and improve vigilance and will continue to do so in the coming year. We have begun work to improve our real-time network and external device monitoring for cybersecurity threats, with implementation of tools that can holistically scan across our estate and highlight any critical issues, and we will continue to invest in early warning protection.

We had intended to seek Cyber Essentials Plus certification this year, an assessment to help strengthen ORR's protection against a whole range of the most common cyber-attacks. We decided that we could not evidence some of the requirements, so we undertook a number of gap analysis exercises offered by central government to help us understand what good looks like and how to gather evidence to complete the assessment in future. We took part in several tailored exercises specific to ORR and government, including one provided by the Cabinet Office that focussed on a targeted attack on internal threat risk.

ORR's data strategy was launched in October 2023. Delivered at pace, the strategy supports our goal of being a forward-looking regulator by unlocking the value of data to improve day-to-day operations and deliver real insights that can lead to better regulatory decisions. Wide-ranging engagement with colleagues helped to develop the strategy and embed it in the organisation, and the strategy is being delivered through a detailed implementation plan.

The momentum created in designing the strategy helped ORR top the league table of Civil Service departments participating in One Big Thing, the government's initiative on data literacy and skills, with 87% of our staff registering.

We achieved only partial adoption of the new case management system across the organisation. This new digital product will improve efficiency by enabling all data to be held in one place. We expect to complete adoption by all teams in 2024-25.

As planned, we completed our location move to our permanent new office in Glasgow. Success was down to excellent collaboration between our facilities team and the Glasgow team, resulting in a modern and vibrant workspace.

Supporting and developing our people

We launched our new diversity and inclusion (D&I) strategy in May 2024, and as part of our cycle of D&I learning across the organisation we ran mandatory inclusion training for all colleagues in 2023-24, using our MyLearning system. Mandatory training is part of ensuring continuous professional development and organisational health, and in the coming year we will build on this with bystander and inclusive recruitment training.

In January we introduced our new resolution policy, which focuses on informal resolution of complaints wherever possible, and was supported by joint learning between our HR team and trade union colleagues on how to have facilitated conversations. We deliberately delayed the roll-out of the policy to ensure that we had engaged effectively with colleagues on what was a significant change in policy, and this also meant it was aligned with delivery later in the year of director training on investigations, which complements our disciplinary and grievance processes. This training will be rolled out to other senior leaders in the coming year.

Our new fertility treatment support policy was introduced early in the year, with uptake by three members of staff so far. The policy offers special leave of up to five days per annum for those who are undergoing – or have partners who are undergoing – fertility treatment and is part of widening our employee benefits offering, to help the organisation attract and retain the talent we need.

ORR participated in the Women in Rail mentoring programme throughout the year, with very positive feedback from both mentors and mentees on its value. There are already a higher number of applicants this year and, given its success, we intend to embed the scheme into our business-as-usual development opportunities in future.

Recruitment activity

3,948
total applications received leading to
64
new starters

Our people survey

A response rate of
82%
and an engagement score of
64% overall

Learning and development

85% of all staff completed our training on understanding barriers to inclusion

Employee benefits

72%
of staff are active users of our Edenred My Lifestyle employee benefits portal

Recognition

86%
of staff received an in-year award in the award period August 2022 to July 2023

Leadership

23
staff are undertaking the ORR leadership and management development programmes, to invest in our approach to change management and strategic leadership

Our performance against 2023-24 business plan deliverables

2023-24 Commitment	Status
Conduct personnel security maturity model assessment	Met
Complete Cyber Essentials assessment	Cancelled
Implement more real-time monitoring fore cyber security threats	Met
Full adoption of the new case management system	Not met
Finalise workforce and location move to new Glasgow office	Met
Provide mandatory training on inclusion	Met
Provide mandatory senior management training on conducting investigations and managing discipline and grievance in the workplace	Met
Introduce a new ORR dispute resolution policy	Met
Participate in Women in Rail mentoring programme with 5 mentor-mentee opportunities	Met
Introduce a fertility treatment support policy	Met
Develop a corporate environmental strategy for ORR	Met
Develop a data strategy for ORR	Met

Following a review of the Cyber Essentials criteria, it was clear that ORR were not in a position to complete the Cyber Essentials assessment in 2023-24. However, a number of third party audits and security strengthening measures have been completed in place of these planned works.

While most areas of the business are using the case management system, there are two areas which have not yet migrated onto the system.

Future plans

Our deliverables for 2024-25 are to: finalise our new three-year technology strategy and complete the first cycle of our rolling 12-month cyber security plan; provide fraud awareness and risk management training for colleagues; and revise ORR procurement policy and procedures to comply with new legislation. In line with the ambition of our diversity and inclusion strategy, our focus will also be on evaluating and benchmarking organisational culture with a culture audit, and strengthening our management and leadership capability, aided by the introduction of people information dashboards for managers and delivering bystander training over the year.

Delivery of service standards

Much of ORR's business-as-usual work involves providing services to those in the industry or others with an interest in our work. As an organisation that is largely funded, directly or indirectly, by the public, it is essential that we publish service standards as part of our commitment to transparency. The service standards below were published in our business plan for 2023-24. The table shows how we performed against each of these.

Provision	Service standard	Percentage achieved
Issue new or revised train driver licences	100% of applications processed within one month of receipt of all necessary documentation	89%
ROGS safety certificate and authorisations (Railway and Other Guided Transport Systems Regulations)	100% determined within 4 months of receiving completed application	100%
Report to Rail Accident Investigations Branch (RAIB) on the progress of its recommendations	100% response to RAIB recommendations within 1 year of associated RAIB reporting being published	100%
Efficient processing of technical authorisations	100% of responses within 28 days of receiving complete submission	100%
Access and licensing casework	100% decided within 2 months of receipt of all relevant information	100%
Freedom of Information requests	90% of requests for information responded to within 20 working days of receipt	100%
General enquiries and complaints, including adjustment to account for cases investigated	95% of enquiries and complaints responded to within 20 working days of receipt	98%
Prompt payment of suppliers' invoices to ORR	80% paid within 10 days of valid invoice	93%
Prompt payment of suppliers' invoices to ORR	100% paid within 30 days of valid invoice	100%
Publication of quarterly statistical releases	100% published within 4 months after quarter end	88%
Proactive railway inspection	50% (minimum) of ORR inspector time on proactive inspection	55%

We did not process 100% of train driver licence applications within one month of receipt of documentation as we experienced a dip in performance during migration to a new train driver licensing portal. Performance is now back up to 100%.

We did not publish 100% of quarterly statistical releases as we experienced data quality issues from our data source, which delayed publication. These have now been resolved and performance is back up to 100%.

Risk profile

The key corporate risks managed by ORR during 2023-24 were as follows:

Principal risks and mitigating actions	Risk category	Change in the year
Uncertainty around implementation of CP7 and modernisation programmes, industrial relations, financial pressures and managing ageing infrastructure impact on ORR's credibility as a health and safety regulator. We have worked with dutyholders, seeking sustained compliance with health and safety responsibilities (delivering our proactive inspection work, providing feedback in end of year reports and appropriate use of enforcement). We are progressing a strategic intervention on Network Rail maintenance delivery in CP7, including embedding of modernising maintenance and management of change. We pursue effective responses from Network Rail to rail break incidents and seek assurance of learning from such incidents across Network Rail. We will recruit additional resource to provide a focal point to work with internal and external stakeholders in holding Network Rail to account for meeting commitments in their CP7 delivery plan for safety.	Reputational	↔ Score remained the same throughout the year
ORR does not hold Network Rail to account for declining train service performance. We held Network Rail to account in accordance with our holding to account policy, escalating concerns with train service performance where relevant. We publicly reported on Network Rail's contribution to train service performance, including through a published letter and Network Rail annual assessment report. We engaged with industry stakeholders on our approach to holding to account for train service performance. An investigation was launched into Network Rail's train service performance in its Wales and Western region, as train performance was notably poor compared to other Network Rail regions.	Reputational	↔ Score remained the same throughout the year
We fail to deliver key milestones of PR23 programme, causing uncertainty for Network Rail, its supply chain and train operators. Programme milestones were actively tracked by the project management office throughout the 2023 periodic review, and risks and mitigations actively monitored. We worked with external stakeholders and had governance channels in place to coordinate the delivery of key milestones.	Reputational	↓ Risk closed after the publication of the final determination

Principal risks and mitigating actions	Risk category	Change in the year
We do not keep pace with emerging cyber security threats which results in a cyber attack on the critical infrastructure of the business. Network management is kept up to date and in accordance with recognised standards. Laptop and mobile device encryption and multi-factor authentication have been in place throughout the year. We maintain and publicise a security policy for accessing data. Staff are reminded of their responsibilities in respect of data security and are encouraged to report potential problems. We work with partner organisations to monitor threats and implement security measures.	Operational	Score increased part way through the year
Having exposed the size of the issue, we are ineffective in reducing the effect of resource availability shortage "P*-coded" pre-cancellations on passengers and stakeholders. We have required TOCs to advertise pre-cancellations to the public as soon as they are known. We will use the TOC licence to monitor compliance. We collect and publish periodic data from all TOCs on resource availability shortage "P*-coded" pre-cancellations, including where caused by Network Rail. We are currently engaging TOCs and Network Rail to bring network-wide consistency on how pre-cancellations are recorded, intending to eliminate the need to collect separate data and therefore reduce manual processing workload.	Reputational	Risk lowered due to increased transparency through our reporting
Delays and challenges in setting of RIS3 lead to a loss of confidence in the roads reform system and impact ORR's advice to the Secretary of State We started our efficiency review at risk to mitigate the impact on the delay to the overall programme, by reviewing an interim draft RIS and draft strategic business plan. We have also engaged with DfT and National Highways on what contingency plans would be required, should there be no RIS by March 2025.	Reputational	Risk arose in Q3, score has remained the same for the remainder of the year

Sustainability report

ORR has different environment and sustainability duties for rail and road, and the industries are subject to different goals and legislation. We are also subject to sustainability and reporting duties as a public authority through the Greening Government Commitments.

We regularly meet with statutory environmental bodies across England, Wales and Scotland and contribute to industry forums (such as the rail working group on weather resilience) to understand the key sustainability challenges for the industries we regulate, and potential ways to address them.

In December 2023 we were invited by Defra to contribute to the fourth adaptation reporting process and have engaged early on this. We will review our approach to regulating for extreme weather resilience and adaptation, in order to complete our report by the end of 2024.

Following the 2022 refresh of our sustainable development policy statement and environmental guidance for all railway licence holders, we have conducted a review of industry compliance against their licence requirements on environment. We will work with industry to secure any necessary improvements in the coming year.

Holding Network Rail to account

We have continued to have an increased focus on environmental sustainability across the national rail network, to ensure it is on track to meet key legislative requirements for decarbonisation, biodiversity and environmental improvement. We have used the 2023 periodic review (PR23) process over the last year to set wider and more robust environmental outcomes to monitor and hold Network Rail to account over the next five-year control period (CP7). These cover carbon emissions, biodiversity and air quality.

Carbon emissions

In January 2024 we published the results of our independent reporter review of Network Rail's regional forecasts of the scope 1 and 2 carbon emissions measure. While we welcomed the setting of targets for CP7, we recommended that Network Rail could go further, particularly regarding accelerating the rollout of zero-emissions vehicles and developing more stretching carbon reduction targets for the coming five years. It is important that Network Rail addresses these recommendations in a robust action plan, and we will be monitoring implementation of this throughout CP7.

Our PR23 final determination now means that Network Rail will be required to report scope 3 and infrastructure carbon emissions to the regulator for the first time. Network Rail Scotland has provided its forecast and trajectories for reducing scope 3 emissions during CP7. Whole life infrastructure carbon (WLIC) emissions forecasts for England and Wales will also be provided before the start of the second year of the control period. We will work closely with Network Rail to ensure that reporting processes are put into place in a timely manner. This will build upon the work we have undertaken this year with Network Rail to improve scope 1 and 2 emissions data capture, assurance and governance.

Biodiversity

This is the first time that a metric on biodiversity has been adopted as part of the periodic review process and reflects the growing recognition of the importance of the railway estate as a habitat for nature. While information on how Network Rail will achieve this metric is limited at present, good examples of current activities are being provided at regional meetings and we will look for these to increase, alongside evidence of adoption of more nature-based solutions.

We have also provided feedback on Network Rail's second state of nature report. We would like to see more consistency in reporting and explaining biodiversity trends across all regions, the adoption of a 'biodiversity accounting' approach, and more specific references to medium-term targets for the end of CP7.

Following our independent reporter review of Network Rail's lineside vegetation management practices last year, we have been working with their engineering teams to monitor implementation of the recommendations. We have seen signs of positive progress around governance, expanding resources, exploiting partnerships with external organisations and training. We will look for evidence of improved performance targets and stronger governance of habitat management plans through next year.

Circular Economy

This is also the first time we have required Network Rail to set a metric for circular economy performance as part of the periodic review process. We have agreed for Network Rail to report performance in this area through a headline metric reporting the proportion of waste that is reused, with additional assurance measures covering other waste management routes, non-virgin materials in key products, and updating of standards and procurement contracts. We are also keen to see Network Rail progress ways over the next 12 months to report how increased circularity delivers financial efficiency savings.

Air quality at stations

We continue to work with the Department for Transport to ensure the specific requirements for Network Rail to produce air quality management plans for priority stations, and to work in partnership with train operators are put in place as soon as possible.

Weather resilience and climate change adaptation

The CP7 final determination also included an important new metric for Network Rail on weather resilience, as part of its asset sustainability measures. This progresses the work on weather resilience and climate change adaptation (WRCCAs) plans introduced by the Network Rail regions during CP6. Extreme weather continues to be a challenge for the railway and there were several named storms causing disruption in 2023. As part of the PR23 process, we have therefore been working with Network Rail to improve their WRCCA plans, in particular taking on the recommendations from our 2021 review and ensuring that the plans are aligned with Network Rail's strategic business plans. The new weather resilience metric will help us monitor delivery of this during CP7.

Holding National Highways to account

We hold National Highways to account on progress against its commitment to deliver better environmental outcomes on the strategic road network. For the second road period covering April 2020 to March 2025, this includes holding the company to account on its performance against four key indicators: biodiversity, carbon emissions, noise and air quality.

We also track progress against several other environmental performance indicators covering carbon emissions from the supply chain, the condition of cultural heritage assets, water quality and litter.

In July we published our annual assessment of National Highways' performance in 2022-23. We reported that:

- As a result of ORR's challenge and increased engagement, the company had produced a robust biodiversity delivery plan in September 2022. This followed our 2021-22 annual assessment, where we reported that the company was forecasting a biodiversity net loss by 2025. It is now forecasting that it will achieve no net loss of biodiversity by the end of the second road period (RP2), meeting its target.
- National Highways' corporate carbon emissions were worse than expected, and higher than the company projected. Government agreed to adjust National Highways' corporate carbon reduction target due to the carbon intensity of generated electricity being higher than modelled in 2020, when the original target was set. Given this, we will analyse and report on the company's electricity usage for the remainder of RP2.
- National Highways was expecting to mitigate 829 households from noise during the year 2023-24. If this is delivered, the company will have to mitigate 2,508 households in the final year of RP2 to achieve its target. This would be the highest number it has achieved in a single year. We have therefore been challenging National Highways on its programme to accelerate delivery of noise mitigations as part of holding the company to account to achieve its noise target and will continue to do so in the coming business year.
- We are content with the progress that National Highways has made to deliver air quality mitigations on sections of the strategic road network identified by government as having exceeded NO_2 limits.

In 2023-24, ORR increased its public engagement by publishing a series of blogs on our work to hold National Highways to account for its environmental performance.

Our next annual assessment is due to be published in summer 2024, when we will report on National Highways' progress against these environmental metrics during 2023-24.

ORR's own environmental strategy

ORR is committed to delivering the 2021-25 Greening Government Commitments (GGCs), which set goals for reducing emissions and resource use in the UK government's estate and operations. In March 2024 we published our first corporate environmental strategy. This sets out the role we can play in our day-to-day operations to help advance the UK's sustainable development goals, the progress we have already made and further practical actions we can take, both as an organisation and as individual employees. It showed that we have already reduced our environmental impacts across several GGC metrics in recent years but that there are opportunities for further savings in the short-term and beyond 2025. Our environmental performance data since the 2017-18 baseline year is reported below.

Compliance statement: climate-related financial disclosures

We have reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. ORR has complied with the TCFD recommendations and disclosures around governance (all recommended disclosures) and metrics and target (disclosures (b)). This is in line with central government's TCFD aligned disclosure implementation timetable. We plan to make disclosures for strategy, risk management, and metrics and target disclosures (a) and (c) in future reporting periods in line with the central government implementation timetable.

Board oversight

The ORR board provides oversight of climate-related risks and opportunities in its role in holding to account Network Rail and National Highways. Board governance arrangements are set out in the governance statement. For rail, the board had oversight of the CP7 settlement which included sustainability and biodiversity targets and will monitor delivery of those metrics throughout CP7, in the context of the challenges of climate change and preparation for severe weather events. Throughout the year the board has been kept updated on Network Rail's activities around weather resilience and actions following the Carmont fatal accident derailment. The board also receives monthly reports on National Highways' biodiversity key performance indicators and targets. During the year the board has discussed ORR's role in improving sustainability, including its current role and remit across both rail and road. Our corporate environmental strategy was developed with one of our non-executive directors who has subject matter expertise and was shared with the board. The strategy is supported by an action plan, against which progress will be monitored and regularly reported to the board.

Management's role

The executive team is responsible for managing climate-related risks and opportunities on a day-to-day basis and for delivering our corporate environmental strategy. Executive governance arrangements are set out in the governance statement. Environmental issues impacting the rail and roads sectors are monitored through the Regulation and Policy Committee. The risk that climate change impacts on the rail and roads sectors are more severe than modelled in current and future funding settlements features in our strategic risk register, and the director-level risk owner for this risk is responsible for ensuring that it is actively managed. Delivery of our corporate risk strategy is assigned to a director-level sponsor, and progress against the supporting action plan will be reported to the Executive Committee in advance of to the board.

Metrics and targets

The current Greening Government Commitments framework cover the period 2021 to 2025, and targets are measured against a 2017-18 baseline to be achieved by March 2025. At March 2024 we had made good progress against the GGC targets.

	2017-18 baseline	2023-24	% reduction	GGC headline targets
Emissions from electricity, gas and oil (tonnes CO_2)[1]	277	153	45%	Reduce overall greenhouse gas emissions from a 2017-18 baseline
Business travel emissions (tonnes CO_2)[2]	256	144	44%	
Domestic flights emissions (tonnes CO_2)[2]	56	32	43%	Reduce emissions from domestic business flights by at least 30% from a 2017-18 baseline
Total waste[1] (tonnes)	20	2	90%	Reduce the overall amount of waste generated by 15% from the 2017-18 baseline
Paper use (A4 reams)[2]	2,158	386	82%	Reduce government's paper use by at least 50% from the 2017-18 baseline
Water consumption (m^3)[1]	2,329	1,332	43%	Reduce water consumption by at least 8% from the 2017-18 baseline

[Note 1] London data for both years, Glasgow data for 2017-18 only.
[Note 2] all offices

In the past year we have continued to gather data where available on our own environmental performance as an organisation and we report this to government through the Department for Transport. We have presented the data as transparently as possible and have noted where it has not been possible to obtain some information. Building-related data is provided only for the offices for which we are leaseholders (our London office and our Glasgow office up to November 2022, when we relocated to government premises). Shared data from Government Property Agency offices in which we are resident (in Bristol, Birmingham and Manchester) is currently incomplete and therefore not provided this year, but we are collecting the data with a view to reporting it as part of the next five-year GGC period. We do not currently receive data for our offices in York or Glasgow, where we are minor occupiers in other government department offices.

Mitigating climate change: working towards Net Zero by 2050

We have made good progress against this headline target and are on track to meet the sub-targets which are relevant to us.

Greenhouse gas emissions

		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Scope 2	277	274	107	24	99	116	153
	Indirect emissions from the consumption of purchased gas, electricity and oil							
	Scope 3	256	169	195	31	77	126	144
	Emissions from domestic and international travel							
	Total emissions	**533**	**443**	**302**	**55**	**176**	**242**	**297**

ORR does not have any scope 1 emissions. Scope 3 includes emissions from domestic and international travel. The GGC emissions reduction target applies to domestic business travel only. For a breakdown of domestic and international travel, see travel data below.

Energy consumption

		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
KWh	**Electricity – non-renewable**	440,157	480,562	243,175	-	-	-	-
	Electricity – renewable	32,261	33,342	103,567	88,734	109,752	110,280	96,567
	Gas	n.a	n.a.	n.a.	n.a.	414,783	509,160	709,462
	Oil	251,016	209,180	66,742	-	-	-	-
Expenditure (£)	**Energy**	83,075	82,709	73,896	75,411	77,007	162,873	172,608

n.a = Data not available

Electricity consumption covers the London office and the Glasgow office until November 2022, after which the office relocated to premises where another government department holds the responsibility for reporting. Gas reporting is for the London office only and based on an apportionment of the building. Gas consumption for 2023-24 has increased due to increased occupancy in the building. The figure for total expenditure is for all utilities for the London office and for Glasgow until November 2022.

Business travel

		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Tonnes CO2e	**Domestic travel**							
	Air	56	28	39	1	7	21	32
	Rail/underground/tram	89	89	98	5	30	54	62
	Car (personal vehicle)	88	40	40	22	28	34	23
	Hire car	13	4	8	3	11	13	4
	Total domestic travel	**246**	**161**	**185**	**31**	**76**	**122**	**121**
	International travel							
	Air – short haul	6	8	6	-	1	3	6
	Air – long haul	2	-	4	-	-	1	17
	International rail	2	-	-	-	-	-	-
	Total international travel	**10**	**8**	**10**	**-**	**1**	**4**	**23**
	Total business travel	**256**	**169**	**195**	**31**	**77**	**126**	**144**
Expenditure £	**Expenditure on official business travel**	**629,267**	**651,810**	**784,837**	**100,104**	**283,916**	**522,771**	**664,318**

		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Km	**Domestic air travel**	**358,025**	**210,798**	**299,279**	**6,608**	**81,502**	**160,347**	**200,862**
	International air travel							
	Short haul – economy	64,314	90,666	75,494	3,396	16,718	29,855	59,322
	Short haul – business	1,027	-	-	-	-	-	-
	Short haul – first class	463	601	2,956	-	-	880	-
	Long haul – economy	-	-	-	2,288	-	9,846	19,373
	Long haul – premium economy	-	-	35,087	-	-	-	38,746
	Long haul – business	20,307	-	-	-	-	-	24,027
	Total international air travel	**86,111**	**91,267**	**113,537**	**5,684**	**16,718**	**40,581**	**141,468**

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
No. of domestic flights	530	139	564	14	155	311	409

Business travel is reported for the whole organisation. Greenhouse gas emissions from travel increased in 2021-22 and 2022-23 as more normal travel requirements resumed following the pandemic. During the year we updated our travel and expenses policy. We introduced a sustainable travel hierarchy, encouraging colleagues to consider public transport first and to choose electric vehicles when hiring a car for business purposes where practical. Air travel can only be considered in specific circumstances.

Minimising waste and promoting resource efficiency

We are on track to meet the sub-targets which are relevant to us.

Waste

		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Tonnes	Non-hazardous recycled	12	11	20	1	3	1	1
	Non-hazardous incinerated/ energy from waste	8	7	36	5	7	4	1
	Total waste	**20**	**18**	**56**	**6**	**10**	**5**	**2**
Expenditure (£)	Waste collection	5,279	8,125	36,415	1,795	3,242	1,818	n.a

n.a = Data not available

Waste figures are for London and Glasgow only. The waste figures include data for the Glasgow office until November 2022, after which the office relocated to premises where another government department holds responsibility for reporting. London waste figures are for a percentage of the building until September 2022, and actual weights for ORR thereafter. Waste collection costs are for London only and are based on an apportionment of the building. We do not have any waste that goes to landfill.

Paper use

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Paper consumption (A4 reams)	2,158	1,520	995	150	100	355	386
Expenditure (£)	n.a	n.a	n.a	n.a	n.a	n.a	615

n.a = Data not available

Paper consumption is for all offices and has decreased significantly since 2017-18. The increase since last year is because of a legal requirement to print hard copies of review notices in relation to PR23.

Reducing our water use

Water

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Water consumption (m^3)	2,329	2,063	866	n.a	971	1,285	1,332
Expenditure (£)	5,480	4,820	2,628	1,992	n.a	n.a	n.a

n.a = Data not available

Water consumption and expenditure figures are for London only. Most water usage is controlled by the landlord. We will work with our landlords to ensure they implement water-saving measures, such as fixing leaks, auditing appliances and installing sensor taps and low flush toilets. Dishwashers in our London office are controlled by cleaning staff to reduce use.

Procuring sustainable products and services

Sustainable procurement involves the management of internal demand to ensure that only appropriate goods and services are obtained from third parties, selecting suppliers that have appropriate sustainability credentials where relevant to the contract, utilising eTendering and opening up procurements to small and medium enterprises (SMEs). For a large proportion of our common goods and services, we have continued to utilise the Crown Commercial Service (CCS) frameworks where they follow Government Buying Standards. These set out mandatory minimum standards for goods and services such as paper, office equipment, ICT, cleaning products, furniture, construction and fleet.

This year we have included additional sustainability questions in relevant tenders where proportionate to do so and will continue this approach in the coming year.

Adapting to climate change

We occupy most of our accommodation as sub-tenants of offices, therefore are limited in what is achievable and practical for us. In our corporate sustainability strategy we have committed to developing a climate change risk assessment for our London office, and to contribute to our landlords' efforts in our regional offices.

Reducing environmental impacts from ICT and digital

ORR is predominantly a cloud-based organisation. During the year we have disposed of IT equipment, making use of sustainable organisations to ensure that where possible IT components are reused or recycled.

Our finances

The public sector budgeting framework

The budgeting system is designed to support the UK's public spending framework. Estimates are the mechanism by which Parliament authorises departmental spending and are presented using the public sector budgeting framework. Through the Estimates process, Parliament is required to vote limits for different budgetary categories of spending. For ORR, these are the:

- Net resource departmental expenditure limit (RDEL) requirement.
- Net capital departmental expenditure limit (CDEL) requirement.
- Net cash requirement (NCR) for the Estimate as a whole.

A breach of any of these voted limits would result in an Excess Vote. Parliament must be asked to vote an actual amount for any control limit. Therefore, in ORR's case, as our income fully covers our costs, the Estimate shows a token £2,000 to be voted.

A summary of our income and expenditure and capital outturn compared to the 2023-24 Estimate is shown in the table below.

	2023-24 outturn (£000)	2023-24 Estimate (£000)	2022-23 outturn (£000)
Economic regulation income	(19,429)	(19,574)	(19,192)
Health and safety regulation income	(17,917)	(18,670)	(17,738)
Highways regulation income	(3,418)	(3,565)	(3,018)
Total income	**(40,764)**	**(41,809)**	**(39,948)**
Staff costs expenditure	30,731	30,097	28,672
Other costs expenditure	9,971	11,649	11,219
Finance costs	64	65	60
Total expenditure	**40,766**	**41,811**	**39,951**
Net operating cost/net resource outturn (RDEL)	**2**	**2**	**3**
Net capital outturn (CDEL)	**1,051**	**1,620**	**450**
Net cash requirement (NCR)	**(1,973)**	**4,000**	**2,060**

This table ties directly to the statement of outturn against Parliamentary Supply on page 85, a key accountability statement which is audited.

Variances between Estimate and outturn

Income

All rail-related costs are recovered via licence fees or the safety levy which are invoiced based on estimated costs. Therefore, any over-recovery is treated as deferred income and any under-recovery as accrued income, as set out in note 5 to the accounts. All highways-related costs are recovered in full from the Department for Transport.

Income from economic regulation comprises income from the licence fee, HS1 and our monitoring of Northern Ireland. Health and safety regulation income includes income from railway service providers and from the Channel Tunnel.

Resource expenditure

In 2023-24 we spent a total of £40.8m compared to a budget of £41.8m and an outturn of £40.0m in 2022-23.

The majority of ORR's costs are staff costs, which accounted for £30.7m (75%) of total costs, compared to £28.7m (72%) in 2022-23. We spent £0.6m (2%) more on staff costs than budgeted, as pay increases were higher than budgeted, and all staff were given a £1,500 cost of living allowance, following a Cabinet Office instruction. Our average staff cost per full-time equivalent (including employer's National Insurance and pension contributions) in 2023-24 was £82,168 compared to £77,495 in 2022-23.

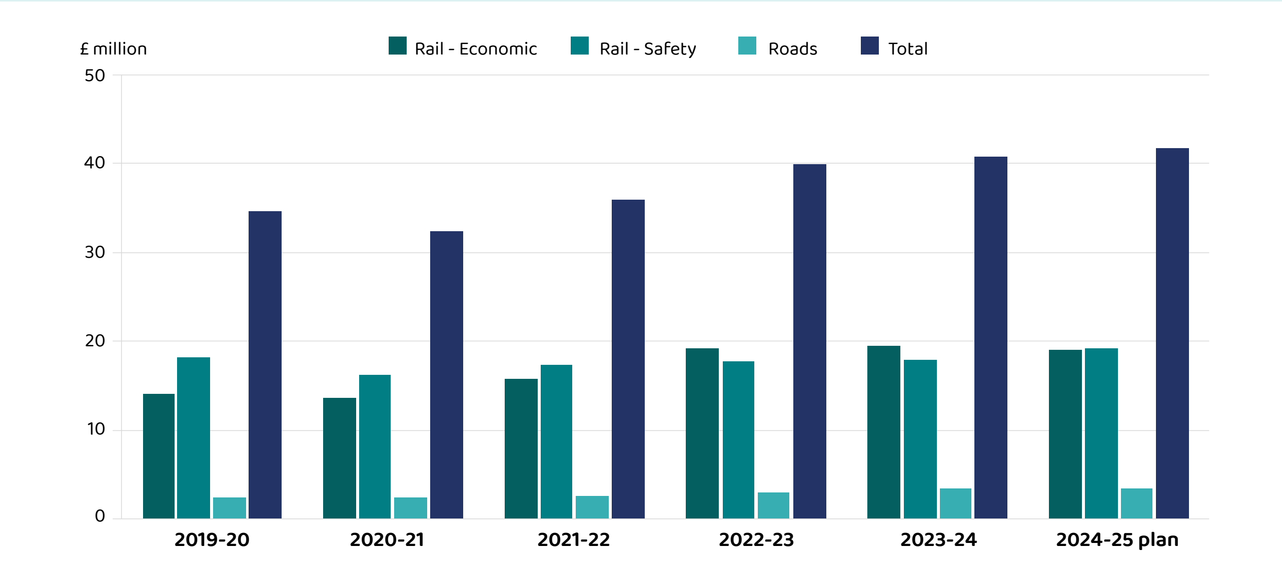
We spent £1.0m (33%) less on consultancy than expected and £0.6m (24%) less than last year. Some budgeted pieces of work related to our Channel Tunnel and National Highways work proceeded slower than expected due to factors outside of our control. We also spent less than expected on running costs associated with the set up of our sponsorship of the rail ombudsman.

Assets and liabilities

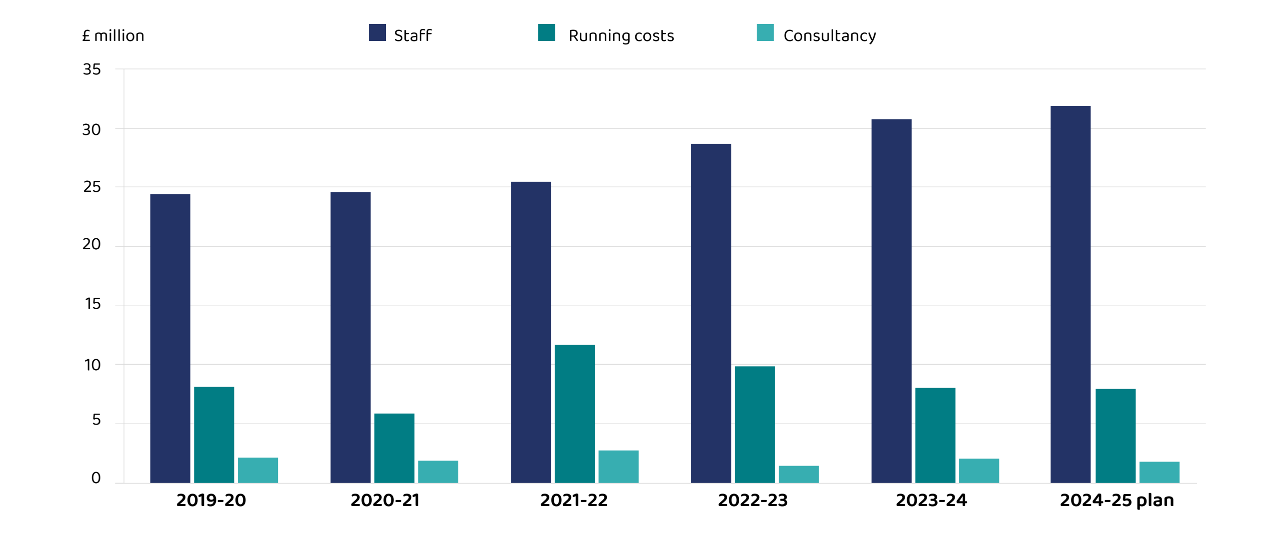
At 31 March 2024, ORR remains in a net liability position. Net liabilities have increased from £0.8m at 31 March 2023 to £2.7m at 31 March 2024. This has been mainly driven by: £0.7m lower non-current assets , caused by depreciation of property, plant and equipment being significantly higher than additions; and £2.3m lower trade and other receivables due to collecting safety levy debtors in more quickly in 2023-24; partly offset by a decrease in trade and other payables (excluding Consolidated Fund balances) of £0.8m caused mainly by lower trade payables; and £0.4m lower non-current lease liabilities.

Long-term expenditure trends

The chart below shows our spending pattern, in cash terms, over the last five years and for the 2024-25 plan, split by key work area.

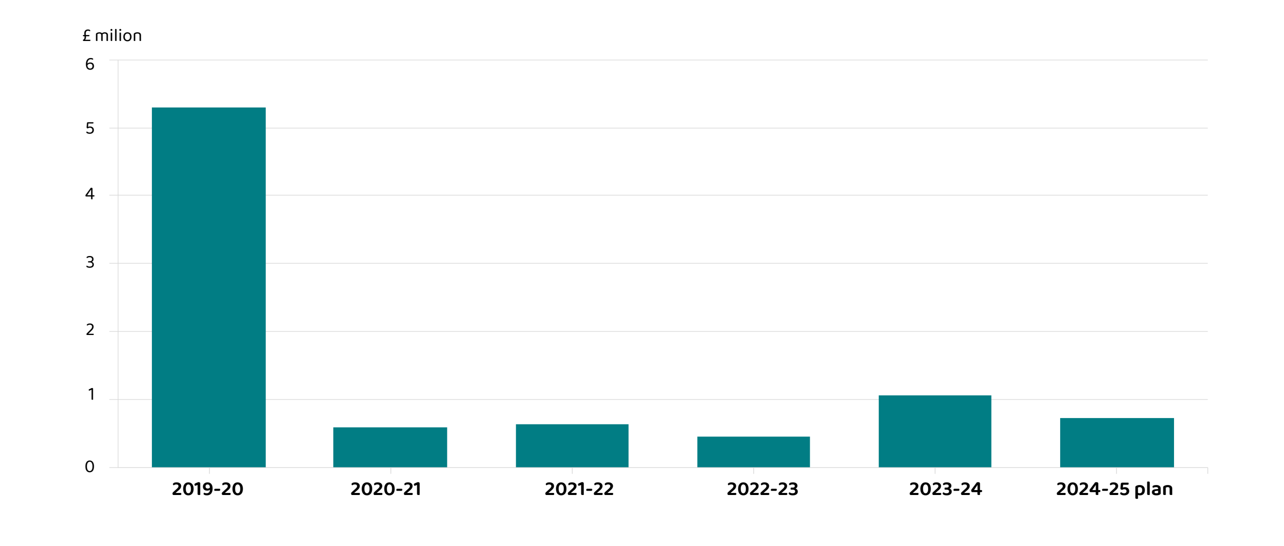


The following chart shows how our spending breaks down by category of spend over the last five years and for the 2024-25 plan.



Capital expenditure

Net capital expenditure was £1.1m compared to £1.6m budget due to planned projects not taking place. The chart below shows CDEL outturn for the last five years and for the 2023-24 plan. Capital expenditure was higher than usual in 2019-20 at £5.2m due to fit-out costs associated with the London office move and 2023-24 at £1.0m due to a new IFRS 16 lease being entered into.



Net cash requirement

We had a negative net cash requirement (NCR) of £2.0m compared to £4.0m requested in the Estimate. We request an NCR to cover timing differences, and we did not use this in 2023-24.

Future plans

We agreed a multi-year budget with HM Treasury through the 2021 Spending Review. Our overall operating expenditure budget for 2024-25 will be £41.7m. We have also secured £0.7 million of capital budget, which we will use largely for renewal of operational assets.

Performance in other areas

Prompt payment

We are committed to the prompt payment of our suppliers and seek to pay all valid invoices as soon as possible. During 2023-24, 100% of invoices were paid within 30 days (99% in 2022-23) and 93% paid within 10 days (88% in 2022-23). In 2024-25 we are adopting the government standard of 90% paid within 5 days.

Complaints made to the Parliamentary Ombudsman

If someone is unhappy with the service they have received from ORR, they can raise a formal complaint in writing with the head of the public correspondence team. Their complaint will be acknowledged and passed to the relevant director to respond. If the complainant remains unhappy, they can escalate their concern to the Parliamentary and Health Services Ombudsman (PHSO). In 2023-24 ORR received three formal complaints which were investigated, with none being escalated directly to the PHSO.

Responding to public correspondence

The majority of correspondence we receive relates to concerns about the rail industry and the strategic road network. ORR is represented at the cross-government complaint handlers' forum and the Department for Transport complaint handlers' working group.

We aim to respond to 95% of all such enquiries within 20 working days of receipt, excluding safety cases which can often take longer than 20 days to investigate due to the complexity of often multi-part enquiries. We aim to respond to 90% of freedom of information requests withing 20 working days or within a permitted extension deadline. In 2024-25 our target will be 100%.

	2023-24	2022-23
No. of general enquiries and complaints received	1,232	1,118
% cleared within 20 working days	97%	96%
No. of freedom of information requests received	135	114
% responded to within 20 working days or within the permitted extension deadline	99%	100%

Smarter regulation

Our work in this area this year was largely shaped by the publication of the government's smarter regulation to grow the economy programme in May 2023. Smarter regulation means only using regulation where necessary and ensuring its design and use is both proportionate and future-proof.

In support of this programme, we engaged with the Department for Business and Trade on the refreshed better regulation framework, the smarter regulation: updating growth duty guidance consultation and attended two roundtable workshops on the smarter regulation and the regulatory landscape: call for evidence.

Our statutory requirement to publish an annual business impact target report was removed under the Retained EU Law (Revocation and Reform) Act 2023. We continued to participate in networks and forums with other regulators, for example, the Department for Science, Innovation and Technology's regulators' innovation network and the Department for Business and Trade's regulators' forum.

Throughout the year, we worked collaboratively wherever appropriate with other economic regulators, principally through the UK Regulators Network (UKRN) of which we are an active member.

Fraud prevention

We have a fraud prevention policy that ensures all employees understand how to prevent fraud and what to do if they suspect that fraud may be taking place. The policy sets out employees' responsibilities under the Fraud Act 2006, the Bribery Act 2010 and the Public Interest Disclosure Act 1998, as well as under Managing Public Money. The policy is reinforced through ORR's conduct and discipline policies. We have assessed ourselves against functional standard GovS 013 Counter Fraud and consider that we comply with all mandatory elements. No incidents of fraud or bribery have been identified in 2023-24.

Engagement with Parliament

We are accountable to the House of Commons' Transport Select Committee and the courts for our role as an independent health and safety and economic regulator of the railways and in our role holding National Highways to account. Our parliamentary accountability manifests itself practically in several ways, including the appointment of our chair being subject to scrutiny by the Transport Select Committee and senior officials regularly contributing to parliamentary committee inquiries.

This year we have contributed to the parliamentary process at Westminster by submitting evidence to the Transport Select Committee inquiries on the draft rail reform bill, accessible transport legal obligations, and future of transport data. We also gave oral evidence to the committee on both accessible transport legal obligations and on minimum service levels for rail.

We offer expert and impartial information and advice to governments and parliamentarians, including members of the Welsh and Scottish Parliaments, to inform their scrutiny of rail and road issues. This year we have met with staff from the Transport Select Committee, the research and information service based in Parliament to assist MPs and their staff, on several occasions, and with members of staff from the House of Commons library. We have also met with staff from the Scottish Net Zero Energy and Transport Committee and given evidence to a committee session on Scotland's railway. In addition, we have given evidence to the London Assembly's Transport Committee.

We also provide independent assessment of delivery across key transport strands. We actively engage with parliamentarians on issues which are of interest to them and their constituents through briefings, correspondence, and proactive engagement. In 2023-24 we met with a number of MPs, MSPs and Peers from across the political spectrum. We hosted a parliamentary drop in event at Westminster which all MPs and Peers were invited to as well as relevant members of staff and an online webinar for all parliamentarians with a Scottish constituency. We also produced three parliamentary newsletters which went to all MPs and Peers.

John Larkinson
Accounting Officer

17 July 2024

Accountability report

Corporate governance report

This report explains the composition and organisation of ORR's governance structures and how they support the achievement of our strategic objectives.

Directors' report

Directors

Executive and non-executive members of the ORR board are listed in the governance statement on page 62.

Register of interests

No directorships or other significant interests, which may have caused a conflict with their management responsibilities, were held by any board members. A register of interests is available on our website.

Personal data related incidents

There were no personal data-related incidents requiring notification to the Information Commissioner's Office during the year.

John Larkinson
Accounting Officer

17 July 2024

Statement of Accounting Officer's responsibilities

Under the Government Resource and Accounts Act 2000, HM Treasury has directed ORR to prepare for each financial year resource accounts, detailing the resources required, held, or disposed of during the year and the use of resources by ORR during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of ORR and of its income and expenditure, statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government financial reporting manual and in particular to:

- Observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards, as set out in the Government financial reporting manual, have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis; and
- Confirm that the annual report and accounts as a whole is fair, balanced and understandable, and take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

The Treasury has appointed the chief executive as ORR's Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding ORR's assets, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information, and to establish that ORR's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

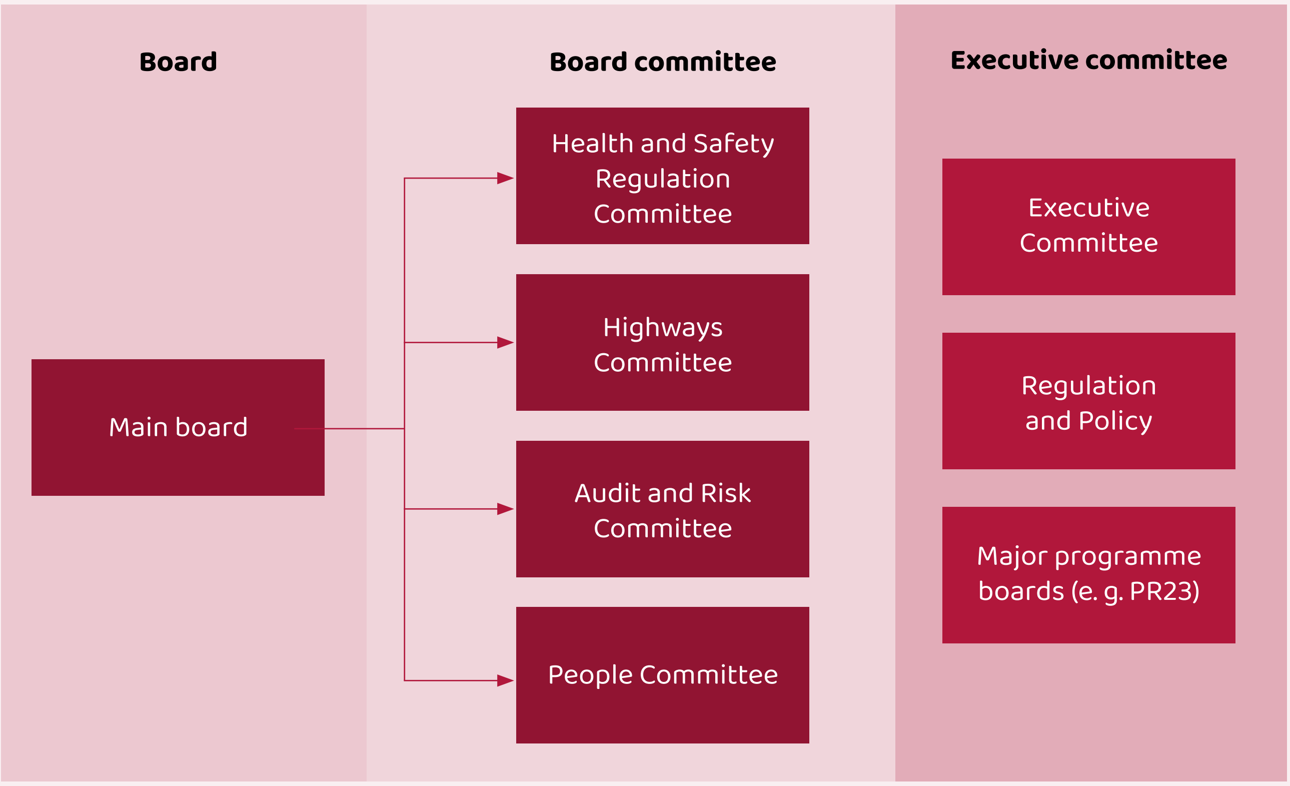
Governance statement

This statement explains the governance arrangements of ORR, including the management of risk and resources.

Governance structure

Our governance structure for 2023-24 is shown below:

Figure 1: Governance structure



The board

ORR is a non-ministerial government department led by a statutory board consisting of non-executive directors (including the chair) and executive directors (including the chief executive). The Secretary of State for Transport makes appointments to the board for a fixed term of up to five years, which is renewable, but can only remove individual members for grounds specified under paragraph 2 of Schedule 1 of the Railways and Transport Safety Act 2003.

The board provides support and challenge on the effective running and long-term strategy of ORR as well as on the department's performance and risk management, and progress against delivery of our objectives and priorities. Members' duties and responsibilities are set out in a code of conduct included in the board's rules of procedure. The board's objectives are aligned to key business and risk management activities.

Membership and appointment terms of ORR's board as at 31 March 2024 were as follows:

Non-executive Directors

Declan Collier, chair, since 1 January 2019, reappointed until 31 December 2028

Justin McCracken, Deputy chair, reappointed to 31 July 2024

Xavier Brice, to 16 January 2027

Anne Heal, reappointed to 30 September 2026

Madeleine Hallward, to 12 April 2025

Bob Holland, reappointed to 31 December 2024

Daniel Ruiz, to 16 January 2027

Catherine Waller, to 16 January 2027

Executive directors

John Larkinson, chief executive from 8 October 2018, reappointed to the board until 27 March 2027

Ian Prosser, Director, Railway Safety, reappointed to the board until 26 June 2024

Changes to board membership

There were no changes to board membership this year.

Board meetings

The board held 13 formal meetings in 2023-24.

Key areas of discussion

- Regular reports on health and safety risks across the rail industry and ensured that safety impacts of industrial action were considered and mitigated.
- The performance of Network Rail, with particular attention to train reliability and punctuality, financial efficiency, asset reliability, weather risk safety management, environmental targets, and safe operation of the railway.
- Key stages of the periodic review process for Network Rail, approving the final determination in October 2023.
- The performance of HS1, with particular attention to health and safety targets, availability of lifts and escalators, train service provision, and renewals delivery.
- The risks, issues and priorities for the periodic review of HS1 Ltd (PR24) ahead of the Final Determination due in December 2024.
- The performance of National Highways, with particular attention to efficiency, enhancements, asset management and environmental targets, and oversaw ORR's second annual assessment of safety on the strategic roads network.
- Oversight of the establishment and management of a refreshed rail ombudsman as part of rail reform.
- Oversight of ORR's work on improving the rail passenger experience and its role as competition authority for the rail industry.
- Industry data management and the development of a data strategy to maximise the value of data within ORR.
- ORR's role in improving sustainability, including its current role and remit across both rail and road.

- Participation in a programme of engagement to better understand the needs of our stakeholders, which included regional field visits related to rail and road as well as external speakers at board meetings.
- ORR's financial position, progress against the business plan for 2023-24, communications strategy, and strategic risks.
- The effectiveness of the board and review of its board procedure rules, including committee terms of reference.

Audit and Risk Committee

The Audit and Risk Committee supports the board in its responsibilities for issues of risk, control and governance and associated assurance. Its role is to review whether assurances presented are sufficient and comprehensive enough to meet the board and the Accounting Officer's needs, and to assess the reliability and integrity of those assurances, as well as to provide an opinion on how well the board and Accounting Officer are supported in decision making and in discharging their accountability obligations (particularly in respect of financial reporting and risk management).

The Audit and Risk Committee comprises four non-executive directors (one of whom chairs the committee) and an independent member.

The committee met five times during the year.

Key areas of discussion

- Internal and external audit plans and progress against those plans, including progress made in implementing audit recommendations.
- Key strategic risks for ORR and how they are managed.
- Deep dives into safety risks and freight risks.
- Learning and development spend controls.
- A regular report on cybersecurity, including threats, trends and cyber effectiveness.
- The annual report and accounts and draft governance statement.
- A review of the committee's terms of reference.

People Committee

The People Committee (formerly the Remuneration and Nominations Committee) fulfils the functions of a remuneration and nominations committee. It has a specific role in reviewing the performance and remuneration of ORR's senior civil servants including the chief executive, as well as advising the chair on non-executive recruitment and induction. It maintains oversight of our people-related strategies (such as our reward strategy for employees below the senior civil service) and culture.

The Committee, which comprises three non-executive Directors, met four times during the year.

Key areas of discussion

- The performance of ORR's senior civil servants during 2022-23.
- ORR's pay policy and non-consolidated performance-related pay awards for its senior civil servants, ensuring that this is consistent with the annual guidance produced by Cabinet Office for the senior civil service as a whole and meets Secretary of State approval.
- Implementation of ORR's pay and reward and diversity and inclusion strategies.
- People and employee relations data, including a deep dive into the railway safety directorate in the first of a series of deep dives focusing on organisational issues such as succession planning.
- The annual people survey results.
- The succession and talent management arrangements for senior civil servants covering critical roles at ORR, including updates on the recruitment of the Director of Railway Safety.
- Advice on the recruitment of non-executive directors.
- A review of the committee's terms of reference and effectiveness, resulting in a recommendation to the board to update the committee's name.

Health and Safety Regulation Committee

The Health and Safety Regulation Committee's role is to develop, maintain, review and update ORR's health and safety regulatory strategy and the overall adequacy of arrangements to meet ORR's statutory duties. It consists of a mix of non-executive and executive members.

The committee met four times during the year.

Key areas of discussion

- ORR's strategic approach to health and safety regulation, including key performance indicators, risk profiling and activity planning.
- The development of health and safety-related policy, considering the management of fatigue, interoperability, enforcement, train protection systems, and ORR strategic risk chapters.
- Dutyholders' health and safety performance.
- Network Rail's work to improve track worker safety, fire safety, structures compliance, modernising maintenance, and extreme weather resilience.
- Safety performance and management of non-mainline sectors, including heritage operators, trams, and London Underground.
- Relevant 'lessons learned' reviews from inside and outside the rail industry.
- Emerging safety trends and challenges, including cybersecurity and high integrity software-based systems.
- A review of the committee's terms of reference and effectiveness.

Highways Committee

The purpose of the Highways Committee is to oversee the work of the highways team, advise the ORR board and act as a forum for policy development with senior staff. It consists of a mix of non-executive and executive members. The committee met six times in the year.

Key areas of discussion

- Reports from our monitoring framework for National Highways.
- National Highways' capital planning and asset management.
- Operational performance, including safety and efficiency.
- Implementation of the second road investment strategy (RIS2) and planning for RIS3, including advice to the Secretary of State.
- National Highways' safety performance, including the performance of safety systems on smart motorways.
- National Highways' management of local disruption to the network and support for those affected.
- A review of the committee's terms of reference and effectiveness.

Meeting attendance

Meeting attendance in 2023-24 was as follows:

Member	Board	Audit and Risk Committee	People Committee	Health and Safety Regulation Committee	Highways Committee
Declan Collier	13/13	-	-	4/4	-
Xavier Brice	12/13	5/5	-	3/4	-
Madeleine Hallward	12/13	4/5	-	-	6/6
Anne Heal	13/13	-	4/4	-	6/6
Bob Holland	13/13	5/5	-	4/4	-
John Larkinson	13/13	-	-	4/4	6/6
Justin McCracken	12/13	-	4/4	4/4	-
Ian Prosser	10/13	-	-	3/4	-
Daniel Ruiz	13/13	-	-	4/4	6/6
Catherine Waller	13/13	5/5	4/4	-	-
Nicholas Bateson [note 1]	-	5/5	-	-	-

Note 1: independent member of the Audit and Risk Committee

Board effectiveness

The board and its standing committees are governed by the board's rules of procedure. There is a formal appraisal system for all board members, including executive members, undertaken by the chair. Committee chairs report to the board after each meeting and minutes are circulated to board members. The board is required to review its own performance, including that of the committees, on an annual basis (conducted externally at least every three years), and its rules of procedure on a biennial basis. A thorough review of the board procedures took place in January 2024 with amendments made accordingly.

In early 2023 an externally conducted board effectiveness review found that "the current ORR board is strong, dynamic and challenging. board renewal and increased diversity have created a different complexion of board in terms of diversity of thought. In 2019 there was the solid base of a well-functioning board, but this board appears more proactive and engaged in an anticipatory way around critical challenges". In early 2024, an internal review of board effectiveness was undertaken, which considered progress against the 2023 recommendations. It found that the board continued to perform well, noting the upcoming changes to board composition due in 2024, following the standing down of two long-serving members at the end of their terms.

Across 2023-24, each committee also reviewed its terms of reference and effectiveness and made recommendations to the board as appropriate.

Conflicts of interest

The board's rules of procedure include strict guidelines on conflicts of interest. A register of board members' interests is available on ORR's website, and members declare interests on agenda items at the start of every board and Committee meeting. On the rare occasion where there is a risk of a conflict of interest, the board must decide whether or not the relevant member must withdraw from the meeting during discussion of the relevant item, and this is recorded in the minutes. No issues arose during the year where a board member was required to withdraw from a meeting.

Compliance with the Code of Practice on corporate governance

ORR is a non-ministerial government department with its functions vested in a statutory board appointed by the Secretary of State. On that basis, there are some departures from the model envisaged in the 'Enhanced Departmental board Protocol' for ministerial departments, as follows:

- The board reserves to itself any changes in its governance and scrutiny thereof, so there is no committee with responsibility for governance.
- The senior management team and the board do not include a finance director as ORR is not a spending department.
- The board has a role in deciding individual reward for senior civil servants (further to the recommendation of the People Committee). This approach adds a useful element of independence and objectivity given the small size of the department.

These exceptions aside, the board considers that ORR is compliant with the principles established in the [Code for central government departments](). The board and senior team operate according to the recognised precepts of good corporate governance in business, namely: leadership, effectiveness, accountability, and sustainability.

The executive

As chief executive, I head ORR and am also the Accounting Officer. Executive governance arrangements are based around two committees. Each committee involves a sub-set of executive directors as appropriate.

- The Executive Committee meets weekly and oversees operational issues such as progress against the business plan and allocation of resources for business planning.
- The Regulation and Policy Committee meets three times a month and assists the development of safety strategy, policy, and reviews the overall adequacy of arrangements to meet ORR's statutory duties.

In addition, certain major workstreams have their own programme board, for example, the PR23 programme. Programme boards are made up of a task-appropriate mix of executive board members, directors and staff.

Managing outside interests

Leavers from ORR are reminded of the business appointment rules (BARs) in place for departing civil servants, as part of our leaving process. Similarly, as part of the onboarding process new joiners are asked to disclose any conflict of interest (this is in addition to an annual disclosure process) and are referred to the employment handbook and policy available on our intranet.

Application of business appointment rules

In compliance with business appointment rules, we are transparent in the advice given to all grades of employees and those at SCS level. Our conflict of interest policy is published on our intranet and we advise our employees that there must never be any reason for people outside ORR to suspect that our decisions may be influenced by private interests. We therefore impose certain restrictions on employees' financial and non-financial activities. These requirements form part of their employment contract and the Civil Service Code. In 2023-24 there have been no exits where BARs have been required or set.

Internal whistleblowing

All employees at ORR are required to comply with the terms of the Civil Service Code, including the core values of integrity, honesty, objectivity and impartiality. The Code also sets out what an employee must do if they believe they are being required to act in a way that conflicts with the Code, or if they become aware of actions of others which they believe are in conflict with the core values.

Our 'whistleblowing and raising a concern' policy is available to all staff on our intranet. No internal whistleblowing complaints were raised in 2023-24. In 2022-23 three complaints were investigated and closed.

External whistleblowing

ORR's whistleblowing policy is designed to provide an avenue for people working in the rail and road industries to raise concerns about perceived wrongdoings, illegal conduct or fundamental misconduct that may endanger others. ORR is a prescribed person under the Public Interest Disclosure Act 1998. Prescribed persons are people and bodies you can blow the whistle to rather than your employer. Whistleblowers are able to contact ORR regarding concerns over the provision and supply of railway services and any other activities in relation to our functions.

An outline of whistleblowing complaints by railway employees is published on our website Whistleblowing Annual Report 2022-2023 (orr.gov.uk).

Risk management

Management of risk is delegated to the Executive Committee. The Audit and Risk Committee is responsible for assuring the Accounting Officer and the Board on the adequacy of risk management processes.

Risk is managed in line with our risk management strategy. The strategy has been approved by the Executive Committee and agreed as appropriate by the Audit and Risk Committee. The risk management strategy was updated in the year to take account of a change in approach, resulting in a separation of strategic and corporate risks into different registers. The risk management strategy is supported by a risk manual which provides guidance on the operational aspects of risk management for colleagues. Our risks are aligned to the risk categories in HM Treasury's risk management guidance – 'The Orange Book'. Risk management is the responsibility of all colleagues within ORR, and organisation-wide risk management training will be provided in 2024-25.

Our corporate risk dashboard contains largely operational and reputational risks with a close proximity which need to be actively managed. Risk registers are maintained by each directorate. Risk champions in each directorate are responsible for collating risks at directorate level. This ensures that risks are working level are captured. Risk champions come together as a group quarterly to discuss the top risks in their area and to provide an additional perspective on others' risks. The corporate risk dashboard is then discussed by the deputy directors' group, who moderate the scoring and provide assurances for the risks in their areas, ahead of discussion and challenge of the top risks by the Executive Committee. Corporate risks are reviewed quarterly by the Audit and Risk Committee. The key corporate risks we have faced and actively managed in the year are outlined in the performance analysis section on page 42.

The strategic risk register identifies those risks which have the potential to have a serious, critical or existential impact on ORR's ability to meet its strategic objectives and are typically longer-term risks which do not change quickly and require less active management. Strategic risks are identified through a biannual horizon scanning exercise. They are reviewed quarterly by the Executive Committee and biannually by the Audit and Risk Committee. The Board considers the key strategic risks facing ORR annually.

Quality and analytical assurance

We have quality assurance guidance, including an analytical assurance framework, robust processes and tools in place for effective risk management of analysis and decisions. This helps to inform and support our analysts, policy, and decision makers.

During the year we reviewed our data, analytical and publication guidance, making it more accessible. We continue to assess the fitness for purpose for each of the business critical model (BCM) quality assurance and governance processes using a five-pillar methodology and a scoring system. This is in alignment with the recommendations from Sir Nick Macpherson's review of quality assurance of government models, the Aqua Book, the 'government functional standard: 'analysis'' and best practice across government. The internal BCM panel has helped to support cross-working between model leads and to strengthen quality assurance processes.

Information assurance

We maintain an information strategy as part of our wider technology strategy. ORR is registered as a data controller with the Information Commissioner and adheres to the provisions of the Data Protection Act 2018 and the UK General Data Protection Regulation. We have a data protection officer as mandated by the legislation who advises the office with regards to compliance. Our privacy policy is published on our website.

We maintain a risk register on information risk and oversee our compliance with our government information assurance requirements through quarterly reporting to the Audit and Risk Committee.

We follow the requirements of the Cabinet Office's minimum security standards where they apply to us in relation to physical, personnel and incident management standards. Cyber standards have been replaced by a new cyber assessment framework. We have identified that further work needs to be completed to enable us to comply with this. We have therefore embarked on a plan which will enable us to implement stricter technical controls across our network and devices.

Internal audit

Our internal auditors for 2023-24 were RSM. Throughout the year RSM delivered a programme of audit reviews which was developed jointly with the executive and endorsed by the Audit and Risk Committee. The plan was designed to address the key risks facing the organisation and to provide assurance that our key business processes are fit for purpose. The most that the internal audit service can provide to ORR is reasonable assurance that there are no major weaknesses in those systems audited. Based on the reviews undertaken and specific testing and evaluation performed during the year to 31 March 2024, RSM's opinion is that ORR has an adequate and effective framework for risk management, governance and internal control, with some further enhancements to the framework needed to ensure the framework remains adequate and effective. Recommendations made by RSM during the year have either been implemented already or will be implemented in 2024-25.

Following an audit of our safety enforcement processes, we have implemented enhanced monitoring arrangements through a centrally managed team to ensure that the requirements of our quality management system are being consistently applied across our work. These enhanced monitoring arrangements include the pace and timeliness of our interventions. Following an audit of public commitments, we have produced guidance for making public commitments and have implemented a process for their tracking.

Value for money from major contracts

It is our policy to utilise competitive tendering when seeking goods and services from third party suppliers, when practical to do so. On the occasions where a single source approach is taken, robust justification must be provided, which is signed off by a senior member of staff.

For high value contracts, we have three main routes to access the market, depending on the requirement of the tender: Crown Commercial Services frameworks; wider public sector frameworks; and open tenders. Our main tendering strategy is to utilise framework agreements using mini-competitions or through direct award where it can be demonstrated that the supplier provides value for money. A benefit of using such frameworks is that they often allow for the inclusion of benchmarking provisions, which can be used to ensure the contract retains its value for money.

For tendering consultancy, we either utilise a framework or we undertake an open competition, publicising the requirements through ContractsFinder. This opens up the requirements to small and medium enterprises who often specialise in our particular consultancy requirements. We focus on price/whole life costs as one of the main criteria.

Functional standards

During the year we have assessed ourselves against the Cabinet Office's functional standards. Most mandatory elements have been met at 31 March 2024. Where they have not been met and they are considered appropriate for ORR, there is an action plan in place to achieve compliance.

Accounting Officer's statement

As Accounting Officer, I am personally responsible and accountable to Parliament for the organisation and quality of management in the department, including its use of public money and stewardship of its assets. The system of internal control in place to support me in this capacity accords with all relevant HM Treasury guidance.

My review of the effectiveness of the system of internal control for 2023-24 was informed by the Audit and Risk Committee, from assurance statements from directors across the organisation, and from information on levels of compliance with relevant government functional standards. This is further supported by independent assurances from internal and external audit.

As Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that ORR's auditors are aware of that information. I am not aware of any relevant audit information which has not been disclosed to the auditors.

I have considered the evidence that supports this governance statement and am assured that ORR has a strong system of internal control in place to support the achievement of its strategic objectives. During the year our internal auditors have made a number of recommendations to management to enhance governance, risk management and control. Where actions have not yet been completed, action plans are in place for all recommendations made.

I confirm that the annual report and accounts are fair, balanced and understandable. I am personally responsible for them, and for the judgments required to determine this.

John Larkinson
Accounting Officer

17 July 2024

Remuneration and staff report

This report sets out ORR's remuneration policy for directors and provides details on remuneration and staff that Parliament and other users see as key to accountability.

Remuneration report

People Committee

The People Committee maintains strategic oversight of the approach to remuneration, performance, reward, as well as other terms and conditions of all staff. It also has a specific role in reviewing the remuneration packages of ORR's senior civil servants (SCS) including the chief executive. It comprises three non-executive members of the board. For 2023-24 these were Anne Heal (committee chair), Catherine Waller and Justin McCracken.

The committee's role is set out in the board's rules of procedures. Our Civil Service pay strategy accords with parameters set by the Cabinet Office for the SCS following recommendations by the Senior Salaries Review Body.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

Remuneration policy

Remuneration of senior civil servants is set out in their contracts and is subject to annual review, taking into account guidance from Cabinet Office and the recommendations of the Senior Salaries Review Body. The notice period for all senior members of ORR does not exceed six months.

Each senior civil servant participated in performance management arrangements under which top performers have the opportunity to be awarded a performance-related payment, following the annual Cabinet Office pay guidance and the 'Performance Management Arrangements for the Senior Civil Service' (Cabinet Office, March 2023 edition). These performance payments are non-consolidated and non-pensionable.

The remuneration of the chair and non-executive directors is set by the Secretary of State for Transport. Remuneration of non-executive board members is by payment of salaries, and they have no entitlement to performance-related pay.

The arrangements for early termination of contracts of senior civil servants are made in accordance with the employment contract of the relevant individual subject to the provisions of the Civil Service Compensation Scheme. No early termination payments were made to senior civil servants in 2023-24 (2022-23: none).

Salary and pension entitlements (audited)

The following sections provide details of the remuneration and pension interests of the executive directors of ORR.

Single total figure of directors' remuneration (audited)

The following table shows 2023-24 directors' remuneration, with 2022-23 comparatives in brackets:

Director	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100) £	Pension benefits £000	Total £000
John Larkinson Chief executive	170-175 (160-165)	5-10 (10-15)	600 (600)	31 (30)	210-215 (205-210)
Feras Alshaker Director, Planning and Performance	125-130 (120-125)	- (-)	- (-)	n.a. (48)	n.a. (170-175)
Will Godfrey [note 1] Director, Economics, Finance and Markets	130-135 (100-105)	5-10 (-)	- (-)	24 (19)	165-170 (120-125)
Russell Grossman Director, Communications	140-145 (135-140)	- (-)	- (-)	n.a. (76)	n.a. ((60-65))
Vinita Hill Director, Corporate Operations	125-130 (120-125)	10-15 (-)	- (-)	n.a. (65)	n.a. (185-190)
Richard Hines [note 2] Acting Director, Railway Safety	15-20 (-)	- (-)	- (-)	n.a. (-)	n.a. (-)
Ian Prosser Director, Railway Safety	140-145 (145-150)	0-5 (-)	- (-)	n.a. (53)	n.a. (195-200)
Graham Richards [note 3] Director	135-140 (35-40)	- (-)	- (-)	n.a. (15)	n.a. (50-55)
Liz Thornhill General Counsel	125-130 (115-120)	- (-)	- (-)	n.a. (37)	n.a. (155-160)
Stephanie Tobyn Director, Strategy, Policy and Reform	125-130 (120-125)	0-5 (-)	- (-)	n.a. (48)	n.a. (165-170)

n.a. = not available.

Accrued pension benefits for directors (except for John Larkinson and Will Godfrey who have partnership pensions) are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

Note 1: Will Godfrey joined ORR on 6 June 2022. His full-year basic equivalent salary for 2022-23 was in the range £125,000 - £130,000.

Note 2: Richard Hines was appointed Acting Director, Railway Safety on 6 February 2024. His full year basic equivalent salary for 2023-24 was in the range £120,000 - £125,000.

Note 3: Graham Richards was seconded to the Great British Railways transition team from 1 October 2021 to 30 November 2022 and his salary was recovered accordingly. His full year basic equivalent salary for 2022-23 was in the range £130,000 - £135,000.

Salary includes: gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, paid annual leave, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by ORR and thus recorded in these accounts.

Bonus payments are based on performance levels attained and are made as part of the performance appraisal process. Bonuses reported in 2023-24 relate to performance in 2022-23 and comparative bonuses reported for 2022-23 relate to performance in 2021-22.

Benefits in kind comprise subsidised gym membership.

Pension benefits: John Larkinson has a partnership pension. In 2023-24 employer contributions totalling £31,444 were made to the partnership pension provider for him (2022-23: £29,805). Will Godfrey also has a partnership pension. In 2023-24 employer contributions of £24,452 have been made for him (2022-23: £18,928).

Fair pay disclosures (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in ORR in the financial year 2023-24 was £180,000 - £185,000 (2022-23: £175,000 - £180,000). This was 3.0 times (2022-23 re-presented: 3.0 times) the median remuneration of the workforce, which was £60,317 (2022-23 re-presented: £57,617). The 2022-23 fair pay disclosures have been re-presented to include all agency staff.

In 2023-24, no employees (2022-23: none) received remuneration in excess of the highest-paid director. Remuneration ranged from £20,670 to £182,707 (2022-23 re-presented: £20,771 to £163,991).

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The following table shows the percentage change from the previous financial year for salaries and allowances and for performance pay and bonuses payable in respect of the highest paid director, based on the mid-point of the salary band.

Category	2023-24 £	2022-23 £	Change %
Salary and allowances	172,500	162,500	6
Performance pay and bonuses	7,500	12,500	-40

The following table shows the average percentage change from the previous financial year for salaries and allowances and for performance pay and bonuses in respect of all employees taken as a whole, excluding the highest paid director.

Category	2023-24 £	2022-23 (re-presented) £	Change %
Salary and allowances	58,116	56,295	3
Performance pay and bonuses	2,459	1,560	58

The following table shows the ratio between the highest paid director's total pay and benefits and the salary component of their total pay and benefits, and the lower quartile, median and upper quartile remuneration of our workforce.

	25th percentile pay ratio		Median pay ratio		75th percentile pay ratio	
	2023-24	2022-23 (re-presented)	2023-24	2022-23 (re-presented)	2023-24	2022-23 (re-presented)
Total pay and benefits (ratio)	4.1	4.1	3.0	3.0	2.6	2.6
Total pay and benefits (£)	44,570	42,253	60,317	57,617	70,692	67,511
Salary (ratio)	3.9	4.1	2.9	2.9	2.6	2.5
Salary (£)	44,285	39,425	60,150	55,289	66,880	65,933

The 25th percentile salary ratio has decreased to 3.9 (2022-23: 4.1) due to the average salary for staff in the lower quartile increasing. There are no significant changes in the other ratios.

Pension entitlement for directors (audited)

Directors	Accrued pension at pension age as at 31/3/24 £000	Real increase in pension at pension age £000	Cash Equivalent Transfer Value at 31/3/24 £000	Cash Equivalent Transfer Value at 31/3/23 £000	Real increase in CETV £000
John Larkinson [note 1] Chief executive	-	-	-	-	-
Feras Alshaker Director, Planning and Performance	n.a.	n.a.	n.a.	132	n.a.
Will Godfrey [note 1] Director, Economics, Finance and Markets	-	-	-	-	-
Russell Grossman Director, Communications	n.a.	n.a.	n.a.	1,291	n.a.
Vinita Hill Director, Corporate Operations	n.a.	n.a.	n.a.	678	n.a.
Richard Hines Acting Director, Railway Safety	n.a.	n.a.	n.a.	-	n.a.
Ian Prosser Director, Railway Safety	n.a.	n.a.	n.a.	858	n.a.
Graham Richards Director	n.a.	n.a.	n.a.	661	n.a.
Liz Thornhill General Counsel	n.a.	n.a.	n.a.	271	n.a.
Stephanie Tobyn Director, Strategy, Policy and Reform	n.a.	n.a.	n.a.	339	n.a.

n.a. = not available

Accrued pension benefits for directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

Note 1: John Larkinson and Will Godfrey were not members of a Civil Service pension scheme during the year.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public services pensions remedy is made up of two parts.

The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as "rollback".

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Other pensions

Some employees are covered by the provisions of the Railway Pension Scheme (RPS), which is contributory and funded. The scheme is a defined benefit scheme with obligations met by the RPS trustees. Details of the RPS scheme statements and other financial information can be found in the annual report and accounts of Railway Pensions Trustee Company Limited (https://www.railwaypensions.co.uk).

The former rail regulators' and a former chair's pensions are by analogy with the Principal Civil Service Pension Scheme. During 2023-24 there were no active members (2022-23: no active members). The accruing cost of providing for the members' future benefits, which is based on actuarial advice, is charged to the statement of comprehensive net expenditure. A provision for the expected future liabilities for the former rail regulators' and former chair's pension scheme is disclosed as a liability on the statement of financial position.

Payments to past directors and compensation for loss of office (audited)

No compensation payments were made to past directors on early retirement or for loss of office (2022-23: none).

Fees of non-executive board members and independent members of the Audit and Risk Committee (audited)

The following table shows fees for NEDs and independent members of the Audit and Risk Committee for 2023-24 with comparatives for 2022-23 in brackets.

NEDs and independent members	Fee range £000	Benefits in kind to nearest £100 [note 1] £	Pension benefits £000	Total £000
Declan Collier, chair	85-90	-	-	85-90
	(80-85)	(-)	(-)	(80-85)
Bob Holland	20-25	2,800	-	25-30
	(20-25)	(3,200)	(-)	(25-30)
Justin McCracken	20-25	1,300	-	20-25
	(20-25)	(3,700)	(-)	(25-30)
Anne Heal	20-25	-	-	20-25
	(20-25)	(100)	(-)	(20-25)
Madeleine Hallward	20-25	-	-	20-25
	(20-25)	(200)	(-)	(20-25)
Xavier Brice	20-25	400	-	20-25
	(20-25)	(600)	(-)	(20-25)
Daniel Ruiz	20-25	2,900	-	20-25
	(20-25)	(2,100)	(-)	(20-25)
Catherine Waller	20-25	1,900	-	20-25
	(20-25)	(1,700)	(-)	(20-25)
Nick Bateson [note 2]	0-5	-	-	0-5
	0-5	(-)	(-)	(0-5)

Note 1: Benefits in kind are solely in relation to home to office travel.

Note 2: independent member of the Audit and Risk Committee.

Non-executive directors and the independent member of the Audit and Risk Committee are entitled to receive reimbursement of expenses incurred in relation to their duties. ORR meets the cost of the tax due on these taxable benefits. The only benefits in kind for non-executive directors and independent committee members are travel arrangements.

Staff Report

Staff composition

The table below shows staff composition by whole-time equivalent persons at 31 March 2024. This includes both permanent and fixed term contracts. It excludes contingent labour.

	2023-24			2022-23		
	Male FTE	Female FTE	Total FTE	Male FTE	Female FTE	Total FTE
SCS 3	1	-	1	1	-	1
SCS 2	6	3	9	5	3	8
SCS1	6	5	11	7	5	12
Employees	193	153	346	187	151	338
Total	**206**	**161**	**367**	**200**	**159**	**359**

Average number of persons employed (audited)

The average number of whole-time equivalent persons employed during the year was as follows:

	Permanent staff	Others	2023-24 Total	2022-23 Total
Total	**361**	**13**	**374**	**370**

The 'Others' category above relates to non-executive directors and agency staff.

Staff costs (audited)

	Permanently employed staff £000	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	5,110
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**

All ORR staff and related costs are charged to administration budgets.

Consultancy and temporary staff expenditure

Our expenditure on consultancy in 2023-24 was £2.0m (2022-23: £2.7m). Consultants are brought in to work on projects where the work is temporary and we do not have the specific skillset required, where the requirements fall outside of our core business, or where an external independent perspective is required. Temporary staff are brought in to provide short-term cover for business-as-usual work, or additional resource at peak times. Our expenditure on temporary staff in 2023-24 was £0.7m (2022-23: £0.9m).

Sickness absence data

The average annual working days lost per employee through sickness in 2023-24 was 2.8 (2022-23: 3.6).

Staff turnover

During 2023-24 staff turnover was 14.1% which is slightly lower than in 2022-23 (15.6%).

Civil Service People Survey

ORR participates in the Civil Service People Survey. The 2023 survey, in which we had a very high staff response rate of 82%, showed an engagement level of 64%.

Exit packages (audited)

No exit packages were paid in 2023-24 or 2022-23.

Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme in which ORR is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2020. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2023-24, employers' contributions of £5,421,866 were payable to Civil Service pension schemes (2022-23: £4,777,919) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. Contribution rates have been revised for 1 April 2024 to 31 March 2027 to a flat rate of 28.97% for all salary bands. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £150,179 were paid to an appointed stakeholder pension provider (2022-23: £122,400). Employer contributions are age-related and range from 8.0% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In 2023-24 employer contributions of £4,322, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees (2022-23: £4,006, 0.5%).

No contributions were due to the partnership pension provider at 31 March 2024 (31 March 2023: £nil).

No members of staff retired early on ill-health grounds (2022-23: none). There were no additional accrued pension liabilities (2022-23: £nil).

Other pension schemes

The Railway Pension Scheme (RPS) is a funded multi-employer defined benefit scheme administered by Railway Pensions Trustee Company Limited. This is a defined benefit scheme which prepares its own scheme statements. Details of the RPS pension statements can be found in the annual report and accounts of the RPS (www.railwaypensions.co.uk). Employer contributions of £18,272 were paid to the trustees of the RPS in 2023-24 at a rate of 1.5 times the individual members' contributions, on the basis of actuarial valuations (2022-23: £18,081, 1.5 times). ORR matches some of the BRASS2 contributions (an AVC scheme) made by the members. In 2023-24, matching contributions of £2,608 were made (2022-23: £2,608). We expect contributions to be at a similar level in 2024-25.

With regard to the accrued pension costs for a former chair and past rail regulators, no notional contributions (as advised by the Government Actuary) have been charged to the statement of comprehensive net expenditure (2022-23: £nil). The liability at 31 March 2024 is estimated at £639,000 (31 March 2023: £680,000).

Staff policies applied for disabled persons

We are a 'level 2: disability confident employer' status which encourages applications from people with disabilities, offers them a guaranteed interview if they meet the minimum requirements for the role, and adjustments through the recruitment process.

There is support for colleagues with disabilities when in employment, making workplace adjustments to their working environment and competition providing additional training and support, utilising resources through our occupational health provider.

Diversity and inclusion

At ORR, we are committed to the principles of equality and diversity, both as an employer and as a safety and economic regulator. In accordance with the Equality Act 2010, ORR has published specific equality objectives and regularly publishes diversity data in our capacity as an employer. We:

- eliminate unlawful discrimination, harassment and victimisation;
- promote equality of opportunity between people who share a 'protected characteristic' (such as age, disability or race) and those who do not; and
- foster good relations between people who share a protected characteristic.

Our diverse backgrounds, experience and talents are critical in securing our success as a regulator. We make every effort to ensure that our people practices reflect the true value of every individual, and that we continually foster a diverse, open and inclusive workplace.

We aim to ensure that nobody receives less favourable treatment particularly on the basis of age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, gender or sexual orientation.

2023-24 was the final year of our diversity and inclusion strategy and our new three-year strategy was published in May 2024. Since 2020 we have increased representation across our target characteristics of female, minority ethnic, disability and LGBTQ and other. We continue to operate a diversity and inclusion strategy board and a staff diversity network.

This year we continued our participation in the UK Regulators Network scheme, next generation non-executive directors (NEDs) which aims to widen the talent pipeline and diversity of NEDs in the public sector. We have welcomed three colleagues from the network who will receive mentoring and observe committee meetings during a 12-month period.

Engagement with staff

We continue to engage with our staff representatives group (which includes representatives from trade unions as well as non-union employee representatives) on a regular basis to share information on the organisation and on all aspects concerning employment. Quarterly meetings are open for staff to attend as observers.

Health and wellbeing

We continue to be active in our health and wellbeing initiatives. In January and February 2024 we offered in-person health assessments in each of our locations to promote physical wellbeing. In addition, we regularly promote emotional and financial wellbeing resources.

We have regularly promoted our mental health first aiders, have run drop-in sessions for 'brew Monday' and 'time to talk' day, and we encourage employees to share how they look after their own wellbeing. We continue to participate in the Samaritans' 'million hours challenge'.

We offer employees occupational health support via Health Management Limited, access to free flu vaccinations, an Employer Assistance Programme, with free face-to-face counselling sessions and a dedicated management support line.

Health and safety at work

We fully recognise and accept our legal responsibility in relation to the health, safety and welfare of our employees and for all people using our premises. We comply with the Health and Safety at Work Act 1974 and all other relevant legislation as appropriate.

We are committed to the positive promotion of accident prevention and the elimination of incidents involving personal injury, illness or damage. We actively monitor and manage our employee absence, ensuring that employees receive the support and advice they need from occupational health and/or our employee assistance service, to remain in work or return to work. The Executive Committee reviews our absence data on a quarterly basis for trends and changes and discusses how we can improve wellbeing. We have trained internal Display Screen Equipment assessors in each of our offices, who undertake workstation assessments, with employees receiving an annual reminder to complete an assessment.

Apprenticeships

We have 10 apprentices working across several different areas of the business, including some existing roles which we have been able to convert to apprenticeships to provide our staff with new challenges and qualifications.

Off-payroll engagements

Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater

	No.
Number of existing engagements as of 31 March 2024	5
Of which, number that existed:	
for less than one year	3
for between one and two years	1
for between two and three years	-
for between three and four years	-
for four or more years	1

Highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater

	No.
Number of temporary off-payroll workers engaged during the year ended 31 March 2024	10
Of which:	
Not subject to off-payroll legislation	1
Subject to off-payroll legislation and determined as in scope of IR35	3
Subject to off-payroll legislation and determined as out of scope of IR35	6
Number of engagements reassessed for compliance or assurance purposes during the year	2
Of which: number of engagements that saw a change to IR35 status following review	-

Off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024

	No.
Number of off-payroll engagements of board members, and/or, senior officials with significant responsibility, during the financial year	-
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant responsibility", during the financial year. This figure includes both on payroll and off-payroll engagements	10

Facility time publication requirements

The following disclosures are required under Statutory Instrument 328: The Trade Union (Facility Time Publication Requirements) Regulations 2017.

Relevant union officials

	No.
Number of employees who were relevant union officials during the relevant period	5
Full-time equivalent employee number	4.5

Percentage of time spent on facility time

	No.
0%	2
1-50%	3
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time (£000)	4
Total pay bill (£000)	29,815
Percentage of total pay bill spent on facility time	0.01%
100%	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	47%

John Larkinson
Accounting Officer

17 July 2024

Parliamentary accountability and audit report

Statement of outturn against Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires ORR to prepare a statement of outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOPS to the financial statements (note 2); a reconciliation of outturn to net cash requirement (note 3); and an analysis of income payable to the Consolidated Fund (note 4).

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 53, in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in Chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial review, in the performance report, provides a summarised discussion of outturn against Estimate and functions as an introduction to the SOPS disclosures.

Summary tables – mirrors part 1 of the Estimates

Summary table for 2023-24

Type of spend	SOPS Note	Outturn			Estimate			Voted outturn compared with Estimate: saving/ (excess) £000	Prior year outturn Total 2022-23 £000
		Voted £000	Non-Voted £000	Total £000	Voted £000	Non-Voted £000	Total £000		
Departmental expenditure limit									
Resource	1.1	2	-	2	2	-	2	-	3
Capital	1.2	1,051	-	1,051	1,620	-	1,620	569	450
Total		**1,053**	**-**	**1,053**	**1,622**	**-**	**1,622**	**569**	**453**
Annually managed expenditure limit									
Resource	1.1	-	-	-	-	-	-	-	-
Capital	1.2	-	-	-	-	-	-	-	-
Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total resource		**2**	**-**	**2**	**2**	**-**	**2**	**-**	**3**
Total capital		**1,051**	**-**	**1,051**	**1,620**	**-**	**1,620**	**569**	**450**
Total budget expenditure		**1,053**	**-**	**1,053**	**1,622**	**-**	**1,622**	**569**	**453**
Net cash requirement	3	**(1,973)**			**4,000**			**5,973**	**2,060**
Administration costs		**1,053**			**1,622**			**569**	**453**

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament. Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Notes to the statement of outturn against Parliamentary Supply, 2023-24

SOPS1: Outturn detail, by Estimate line

SOPS1.1: Analysis of resource outturn by Estimate line

Type of spend (resource)	Resource outturn: Administration: Gross expenditure £000	Resource outturn: Administration: Income £000	Resource outturn: Administration: Net expenditure £000	Estimate: Outturn net total £000	Outturn compared with Estimate: saving/ (excess) £000	Prior year outturn Total 2022-23 £000
Spending in departmental expenditure limit (DEL)						
Voted:						
A Economic regulation, admin, associated capital and other expenditure	19,430	(19,429)	1	1	-	1
B Safety regulation, admin and other expenditure	17,917	(17,917)	-	-	-	1
C Other regulation, admin and other expenditure	3,419	(3,418)	1	1	-	1
Total spending in DEL	**40,766**	**(40,764)**	**2**	**2**	**-**	**3**

SOPS1.2: Analysis of capital outturn by Estimate line

Type of spend (capital)	Outturn			Estimate			Voted outturn compared with Estimate: saving/ (excess) £000	Prior year outturn Total 2022-23 £000
	Gross expenditure £000	Income £000	Net total £000	Total £000	Virements £000	Total including virements £000		
Spending in departmental expenditure limit (DEL)								
Voted:								
A Economic regulation, admin, associated capital and other expenditure	548	(2)	546	1,620	(505)	1,115	569	233
B Safety regulation, admin and other expenditure	506	(1)	505	-	505	505	-	217
C Other regulation, admin and other expenditure	-	-	-	-	-	-	-	-
Total spending in DEL	**1,054**	**(3)**	**1,051**	**1,620**	**-**	**1,620**	**569**	**450**

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates manual, available on gov.uk.

The outturn versus Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can tie the Estimate back to the Estimates laid before Parliament.

SOPS2: Reconciliation of outturn to net operating expenditure

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements. As the total resource outturn in the SOPS is the same as net operating expenditure in the SoCNE, no reconciliation is required.

SOPS3: Reconciliation of net resource outturn to net cash requirement

	SOPS Note	Outturn total £000	Estimate £000	Outturn compared with Estimate: saving/ (excess) £000
Resource outturn	1.1	**2**	**2**	**-**
Capital outturn	1.2	**1,051**	**1,620**	**569**
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation		(1,776)	(1,892)	(116)
New provisions and adjustments to previous provisions		60	(9)	(69)
Other non-cash items		(964)	(55)	909
Adjustments to reflect movements in working balances:				
Decrease in receivables		(2,291)	-	2,291
Decrease in payables		738	4,334	3,596
Use of provisions		72		(72)
Increase in provisions		4	-	(4)
Repayment of principal on lease liabilities		1,131	-	(1,131)
Total adjustments		**(3,026)**	**2,378**	**5,404**
Net cash requirement		**(1,973)**	**4,000**	**5,973**

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement. We require a net cash requirement to cover any timing differences in the collection or payment of cash and the recognition of costs or income.

SOPS4: Income payable to the Consolidated Fund

SOPS4.1: Analysis of income payable to the Consolidated Fund

In addition to income retained by the department, the following income is payable to the Consolidated Fund (cash receipts being shown in italics).

	Outturn total		Prior year, 2022-23	
	Accruals £000	Cash basis £000	Accruals £000	Cash basis £000
Excess cash surrenderable to the Consolidated Fund	1,973	-	-	-
Total amounts payable to the Consolidated Fund	**1,973**	**-**	**-**	**-**

SOPS4.2: Consolidated Fund income

Consolidated Fund income shown in note 4.1 above does not include any amounts collected by the department where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from the financial statements) were:

	Outturn total £000	Prior year outturn total, 2022-23 £000
Balance of Intergovernmental Commission levy	437	345
Balance of DfT roads funding	47	133
Amount payable to the Consolidated Fund	**484**	**478**
Balance at start of year	478	482
Payments to Consolidated Fund	(478)	(482)
Balance held at the end of the year	**484**	**478**

ORR receives funding from Eurotunnel to meet the UK's share of the expenses of the Intergovernmental Commission and Safety Authority pertaining to the Channel Tunnel. This fee is calculated annually in line with a settlement agreement. ORR is allowed to cover its costs only, therefore any excess funding is paid over to the Consolidated Fund.

ORR receives a grant from DfT for funding of our highways function. Any excess funding is paid over to the Consolidated Fund.

Parliamentary accountability disclosures (audited)

ORR has nothing to report in respect of:

- Losses or special payments in excess of £300,000, either individually or in aggregate;
- Gifts; and
- Remote contingent liabilities.

Fees and charges are as set out in note 2 to the accounts.

Our assessment against government functional standards is set out in the governance statement.

John Larkinson
Accounting Officer

17 July 2024

The certificate and report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Office of Rail and Road for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the department's

- statement of financial position as at 31 March 2024;
- statement of comprehensive net expenditure, statement of cash flows and statement of changes in taxpayers' equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the department's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the statement of outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2024 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022).* My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the department in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the department's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the department's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the department is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the annual report, but does not include the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the accountability report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the performance and accountability reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the department and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and accountability reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the department or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or

- the financial statements and the parts of the accountability report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the statement of Accounting Officer's responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the department from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the remuneration and staff report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the department will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the department's accounting policies;
- inquired of management, the department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the department's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the department's controls relating to the department's compliance with the Government Resources and Accounts Act 2000, Managing Public Money;
- inquired of management, the department's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the department for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the department's framework of authority and other legal and regulatory frameworks in which the department operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the department. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2022, mployment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

19 July 2024

Financial statements

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)**
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 on pages 100 to 115 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
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			
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 on pages 100 to 115 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 lease liabilities	8	777	7,173
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)
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 (Supply) – current year		-	2,500
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)
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 on pages 100 to 115 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 Consolidated Fund	14	(1,973)
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 on pages 100 to 115 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 ORR for the purpose of giving a true and fair view has been selected. The particular policies adopted by 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 in 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 on page 89.

2. Statement of operating expenditure by operating segment

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

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			2022-23
	Permanently employed staff £000	Others £000	Total £000	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**	5,110
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, on page 78.

4. Other administration costs

	Note	2023-24 £000	2022-23 £000
Non-cash items			
Depreciation	7 and 8	1,644	1,617
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)	-
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
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)**
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**
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)**
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 amount at 31 March 2022	**3,776**	**356**	**624**	**4,756**

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			
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	-	-	**-**

	Buildings £000	Other £000	Total £000
Reclassification on transition to IFRS 16	4,812	-	**4,812**
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	Total £000
Cost or valuation						
At 1 April 2023	334	78	171	105	189	**877**
Additions	-	29	-	-	107	**136**
Disposals	(95)	(11)	-	-	-	**(106)**
Transfers	205	-	-	-	(205)	**-**
At 31 March 2024	**444**	**96**	**171**	**105**	**91**	**907**
Amortisation						
At 1 April 2023	200	63	91	20	-	**374**
Charged in year	61	15	34	22	-	**132**
Disposals	(95)	(9)	-	-	-	**(104)**
At 31 March 2024	**166**	**69**	**125**	**42**	**-**	**402**
Carrying amount at 31 March 2024	**278**	**27**	**46**	**63**	**91**	**505**
Carrying amount at 31 March 2023	**134**	**15**	**80**	**85**	**189**	**503**

	System developments £000	Software licences £000	Website £000	Other intangibles £000	Assets under construction £000	Total £000
Cost or valuation						
At 1 April 2022	215	78	171	105	69	**638**
Additions	50	-	-	-	189	**239**
Transfers	69	-	-	-	(69)	**-**
At 31 March 2023	**334**	**78**	**171**	**105**	**189**	**877**
Amortisation						
At 1 April 2022	165	49	57	-	-	**271**
Charged in year	35	14	34	20	-	**103**
At 31 March 2023	**200**	**63**	**91**	**20**	**-**	**374**
Carrying amount at 31 March 2023	**134**	**15**	**80**	**85**	**189**	**503**
Carrying amount at 31 March 2022	**50**	**29**	**114**	**105**	**69**	**367**

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
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	Additions £000	Finance costs £000	31 March 2024 £000
Amounts issued from the Consolidated Fund for supply but not spent at year end	440	(440)	-	-	-
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			2022-23		
	Buildings £000	Other £000	Total £000	Building £000	Other £000	Total £000
Not later than one year	1,098	5	**1,103**	1,054	7	**1,061**
Later than one year and not later than five years	3,905	3	**3,908**	3,972	10	**3,982**
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
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
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			2022-23
	Dilapidations £000	Other £000	Total £000	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			2022-23
	Dilapidations £000	Other £000	Total £000	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)
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
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.

	2023-24		2022-23	
Current pensioners exact age	Men (years)	Women (years)	Men (years)	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. ORR is 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.

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