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FOREWORD

Our road and rail networks exist for the benefit of those who use them – passengers, freight customers and road users. In turn, this benefit feeds through to wider society by contributing to productivity and economic growth

Safe, effective, and efficient road and railway networks matter to all of us.

Over recent months, a number of rail-related reviews have taken place which have reinforced the importance of passengers and freight customers in deciding what the railway industry should deliver:

- Nicola Shaw's report on the future shape and financing of Network Rail and the Department for Transport's Call for Evidence on the roles and responsibilities of the ORR have both examined the case for strong, independent regulation of the industry (and both have separately confirmed its significant and continued value);
- the Competition and Market Authority's (CMA's) examination of the scope for increasing competition in passenger rail services in Great Britain; and
- the Bowe Review into the planning of Network Rail's Enhancements Programme.

While decisions on the structure and funding of the rail industry are matters for government, regulation needs to adapt regularly to a changing industry, and reflect the changing needs of customers and wider society.

The obligation for the rail industry to improve health and safety on the rail network for passengers, the workforce and the general public remains unaltered. Any practical changes arising as a result of the reviews should improve or, at the very least not decrease, the current levels of health and safety inherent in the industry.

Our new role as Highways Monitor was outside the scope of these reviews. We have now established our approach to performing this role and are working to ensure Highways England delivers its major programme of investment and other performance commitments.

Our Business Plan must evolve over the year. In allowing it to do so we will:

- listen to passengers, freight customers, road users, their representatives, the industries we regulate, and funders.
- create the space for the road and rail networks to develop their relationships with passengers, freight customers and road users as this is the most effective mechanism for making sure that the networks deliver what we need as a society.
- work with the companies we regulate to make the railway and the strategic road network safer;
- protect the interests of current and future users and funders; and
- ensure fair access to an increasingly congested rail network.

Throughout, we will continue to rely on the professionalism, integrity and knowledge of ORR staff. Their contribution, directly and indirectly, to the thinking in the various reviews has been significant. At the same time, they have not allowed themselves to be distracted and have continued to get on with the job.

Our challenges in the coming year will be different, but our staff's commitment to supporting a successful rail and road industry delivering for passengers, freight customers and road users will remain the same.



Joanna Whittington.

Joanna Whittington
ORR Chief Executive



THE NEED FOR REGULATION

“My recent consultation on the role of the Office of Rail and Road (ORR) showed clear support for strong independent regulation to put customer needs at the heart of rail.”

Rt Hon Patrick McLoughlin, Secretary of State for Transport. 17th March 2016

Britain’s railways are attracting record passenger numbers. More than ever, travellers’ interests need to be protected and Network Rail, as the monopoly network operator, monitored accordingly. Tough choices about operator access to the railway must also be made.

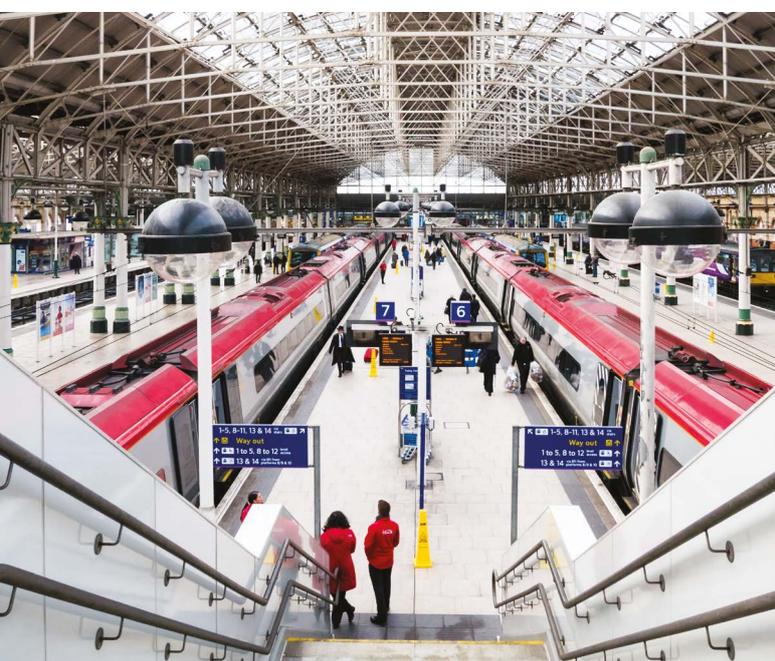
Important changes to the structure of the railways, such as the reclassification of Network Rail as a public track and stations owner, alongside several high-level reviews into the funding and functioning of the railway, all of which have recognised or endorsed the value of independent regulation, mean that we play a vital role in monitoring the rail industry for public benefit.

Our railway safety and economic functions are driven by EU and UK legislation. We are accountable to Parliament and the public to:

- protect the people who use, interact or work on the railway. This work is fundamental, both to ensure continuous improvement in health and safety and, on the economic side, to temper the monopoly power of Network Rail.
- ensure fair access to a rail network which is becoming increasingly congested.
- protect the interests of future rail users by working with the industry and funders as they develop the network of tomorrow.

The challenges we face are significant. The very success which has seen rail passenger numbers double in the past 20 years, to 1.7 billion train journeys a year, tests our core role of ensuring that the railway is safe for passengers, workers, and the general public.

THE NEED FOR REGULATION



Increased train traffic also places greater strain on tracks, stations and signalling systems, demanding more maintenance, even as the funding available to conduct the work is constrained.

Road traffic is also building, in line with the wider economy. Highways England has begun implementing a £15 billion investment programme in England's strategic road network. This has started with key improvements in 2015/16.

It is our job to report on Highways England's progress in delivering this investment, on budget and to time. The investment programme should also reduce the number of people who are killed or seriously injured on the motorways and major A-roads.

A strong, independent regulator is vital to protect the interests of the travelling public and ensuring that every pound of the public's money is well spent.



OUR FRAMEWORK FOR SUCCESS

We protect the interests of train passengers, freight customers and road users. Our job is to monitor that the rail network delivers a safe and reliable service and that people are confident that they can enjoy predictable journeys on safe, good quality roads.

A key role of ORR is to set the outputs which the railway network operator must achieve and to monitor whether the outcomes set for Highways England are effectively delivered.

Our roads and railways are carrying more goods and people than ever before, so while we are committed to overseeing safe and efficient networks, we are also planning ahead to make sure that the networks run smoothly well into the next decade.

We have a new chair and chief executive in 2016 to lead our work. Both are especially focused on requiring operators to deliver the outputs which passengers and other consumers seek.

The interests of taxpayers, passengers, investors, funders, freight customers and the general public do not always align, however, and are at times conflicting. It is our job to balance these interests.

As a regulator, we are independent of Government and answerable to Parliament and the public. Our experts, drawn from transport, economics, health & safety, infrastructure and engineering are trained to take professional but impartial action. They often need to make difficult choices with cost, safety, efficiency and capacity in mind, and knowing that safety and efficiency support each other.

OUR FRAMEWORK FOR SUCCESS

ORR is a data-driven and evidence-based organisation. We lead the collection, validation, analysis and dissemination of data from across the rail industry and are the main provider of railway industry statistics in Britain. We provide commentary and interpretation of the trends across rail themes.

While what we do is designed to protect the interests of road and rail users, we also strive to be transparent in our work so that we ourselves are accountable. Data and evidence drives our decisions; clear processes and governance set out how our work is delivered. As well as being the enforcing authority for health and safety legislation on Britain's railways we have economic duties stipulated by Parliament, enshrined in legislation.

We divide our rail regulation work in balance between economic regulation and regulating health and safety, but always seeking to ensure the one supports the other.

We are not responsible for setting fares, franchising train operators, or specifying what investment must be made in the railway. Government sets these parameters.

As Highways Monitor, we both look at Highways England's delivery of RIS 1, and feed into preparatory work on the next investment strategy, RIS 2.

Safety first

Our team of more than 100 rail health and safety inspectors and professionals are respected across the network and have significant powers of enforcement. Their remit is to ensure that the railway is safe, and is kept safe, at a reasonably practicable cost.

The UK is amongst the safest railways in Europe. Fewer passengers are currently killed or seriously injured on our railway than at any time in recent decades. Safety of the workforce and of members of the public interacting with the railway is also important. And while safety is improving in most areas, there is still room for improvement.

We can never be complacent, and this record is maintained only through the continuous effective collaboration of the rail industry and the meticulous work of our inspectors to ensure that the industry effectively addresses areas of weakness.



The safety record on the strategic road network is more challenging. That is why there are stringent targets for Highways England to reduce the number of people who are killed and seriously injured on the road network.

We are not the national safety authority for roads, nor do we set the outputs and investment levels for the roads. Our duty is to monitor and report performance and advise the Secretary of State for Transport, who has ultimate responsibility for the strategic road network.

And while the powers we have on the roads and railways differ, we share core objectives across the transport networks.

To summarise our work:

- ORR protects the interests of rail and road users.
- Rail passengers and freight customers want a safe, reliable and efficient railway. Our job is to ensure that the rail network delivers on safety, performance and consumer protection and that there is fair access to the rail network.
- Road users want predictable journeys on safe, high quality motorways and major A-roads. Our job is to monitor that Highways England delivers this.

OUR STRATEGIC OBJECTIVES



**A SAFER
RAILWAY**



**BETTER
CUSTOMER
SERVICE**



**VALUE FOR
MONEY FROM
THE RAILWAY**



**BETTER
HIGHWAYS**



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

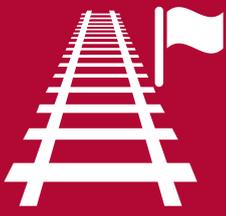


**HIGH PERFORMING
REGULATION**



ACHIEVING OUR GOALS

This is our plan for achieving each of our strategic objectives. This work aims to ensure that we drive improved safety on the railway, better customer service, improved reliability, safer and predictable road journeys and value for the travelling public and for taxpayers.



A SAFER RAILWAY

BUSINESS PLAN
2016-17



A key objective is to improve health and safety on the railway. We currently have one of the safest railways in Europe, but we can never be complacent. Our vision is for zero fatalities caused by the rail industry and a continued reduction in the health and safety risk on the railway.

A primary activity continues to be driving for a safer railway, and the two core elements in achieving this, which are compliance with the law and striving for excellence.

We continue to make the case that better health and safety means better business and to dismiss the misconception that health and safety is a burden. Proportionate and sensible application of measures to protect passengers, the workforce, and the public contribute to a healthy bottom line.

Our priority for the year ahead is to further improve performance. To do this, we will focus on level crossings, stations, infrastructure 'safety by design' (in which we ensure safety is considered as new rail schemes are created), industry collaboration and occupational health improvements.

We will enforce the law to ensure that the industry delivers continuous health and safety improvements for passengers, rail workers and the general public.

The billions of pounds being spent on improving the railway presents an opportunity to improve safety by designing modern standards into the network; for example, through renewals or on new build such as HS2. This is preferable to retro-fitting safety systems to infrastructure, some of which dates from the Victorian era.

We will work with Network Rail to secure the health and safety of its workforce, with a focus on safer access to tracks and stations, better monitoring of bridges, embankments, buildings and other structures and close attention to the training, supervision and monitoring of signallers. All of this will contribute to improved worker safety.

Occupational health and workforce issues are becoming increasingly important. We are working with the rail industry on initiatives related to respiratory illnesses, hand/arm vibration risks and musculo-skeletal damage. We will also step up the monitoring of fatigue among safety-critical workers.

We will continue to focus on reducing risk at level crossings. Our team of level-crossing professionals will work with duty holders to achieve this. We are also helping to update laws related to level crossings.

Monitoring the degree of maintenance and renewals of railway assets will continue, including for the higher risk ones: track, earthworks and structures. Our track team will maintain its focus on ensuring the quality of track geometry, mitigating the effects of weather on track, especially from poor drainage, and will encourage Network Rail to introduce automated inspection techniques.

Close attention will be paid to where scheduled renewals have been deferred, and the heightened risk that occurs from this. On electrical infrastructure, we will focus on the safety of overhead line equipment under existing structures, particularly bridges.

Signaller competence has generated some recent cause for concern and we will therefore be paying attention to the supervision, monitoring and training of signallers. We will also look closely at train operators' systems for working when the network is operating during disruption, or with restrictions (such as failed signals), and how they manage the risks.

Signals passed at danger

Specific signals passed at danger more than once (multi-SPADs) are a constant concern and the physical attributes of these signals, and the human factors that lead to them being passed, require further attention jointly between operators and Network Rail.

We have identified the gap between platforms and trains as an area where safety can be improved, particularly given increasing instances of crowding at stations and on trains, as passenger numbers continue to grow. We will be monitoring implementation of the industry-wide strategy to address this issue.

We will work with freight operators to ensure safer loading. Asymmetric loading can be a particular cause of derailments.

Work in the light rail sector will ensure that highway design can better accommodate trams. Near misses in the heritage rail sector meanwhile have highlighted the continued need for competence management systems and monitoring of steam trains running on the main line.

There is still some room for improvement in Transport for London's impressive safety record. Escalator safety, construction and design management regulations, signalling compliance and driver competence management all merit examination in the year ahead. On Crossrail, the emphasis will be on safety compliance with Railways and Other Guided Transport Systems Regulations (ROGS) as the project goes through to operational commissioning.

We will continue to work with the DfT's Rail Accident Investigations Branch to sharpen the focus of their recommendations, ensuring greater clarity to allow operators to respond more efficiently and close off recommendations as quickly as possible.

We continue to develop and amend policy, and where appropriate recommend changes to legislation, reflecting a changing environment. Government demands a review of legislation on a periodic basis and we will finish the review of ROGS this year. The implementation of the fourth railway package will also occupy a good deal of effort but it is essential in ensuring that the UK rail industry's interests are protected. We shall also publish our review into the Rail Safety and Standards Board (RSSB), the rail industry's safety and standards co-operation body.

Finally, we plan to review and improve our approach to identifying, measuring and managing risk, ensuring compliance and enhancing inspector competence. This will include methods for enhanced analysis and horizon scanning to identify emerging risk. The outcome will be an improvement to our published strategic risk chapters and planning for regulatory intervention.

We believe that it is better to work with the rail industry to promote health and safety initiatives as a way to improve productivity. Measures which protect workers and the public are good for business. However, where safety standards fall short, we will not hesitate to enforce improvements.

Key milestones in the coming year include:

- Publication of our annual health and safety review.
- Publication of our review into RSSB, the rail industry's standards and safety co-operation body.
- Publication of the European Railway Agency's health and safety review.



BETTER CUSTOMER SERVICE

BUSINESS PLAN
2016-17



Record rail passenger numbers have increased the importance of our role in protecting the interests of users. Our primary role in this area is to enforce consumer law and compliance with the conditions contained in Network Rail's and train operators' licences, to help ensure that all rail users get the service to which they are entitled.

We will use our powers to hold the industry to account for delivery of performance and service standards for passengers and freight across the railway.

Clarity of information and transparency are key. Passengers must receive clear and accurate information; for example, whenever they buy tickets from a ticket office or a vending machine.

Train operators must also provide clear information to passengers at times of delay and disruption as examined in our recent response to the consumer 'supercomplaint'. They must also provide clear and easy routes for passengers to claim compensation for delays.

We will closely monitor our seven recommendations for action from the supercomplaint, all of which set out actions by train and station operators, as well as government. The industry has put an improvement plan in place and we will monitor progress on this.

We will follow up on industry's response to our recommendations later in the year.

Our consumer work is becoming ever more important, as passenger numbers continue to grow, and the ambitious programme of railway improvements inevitably cause some disruption in the short term. We will for the first time publish an annual report covering the rail industry's progress on enhancing the customer experience.

The report will cover areas such as disabled persons' protection policies. It will address the performance of each train operator and will help improve transparency. The publication will create a benchmark, enabling us to track changes in the customer experience over time.

Complaints handling will be one of the procedures to come under the spotlight, particularly at times of disruption, as well as provision for the disabled.



We have written to all operators to assess what they are doing to improve ticket vending machines, following complaints about the varied service on offer. Our analysis of their responses will establish whether specific operators need to improve their performance; whether certain types of vending machine can be improved; or whether improvements to processes are needed across the industry relating to data use. This analysis will help us work with train operators to improve ticket machine service for passengers.

Internally, we will continue to inform our work with input by our consumer and freight customer panels. These groups of customers and academics will meet regularly in the coming year to consider specific issues that are relevant to rail users and ORR's plans to address them. Externally, we will continue to work closely with Transport Focus and other consumer bodies representing passengers.

This work will complement our ongoing access and licensing functions.

We will, for example, consider competing applications to run services on the East Coast Main Line and will announce our decision later this year.

We also expect to approve 100 or more track access contracts and hundreds of station access contracts. We will also assess Network Rail's plans to dispose of land and assets.

Finally, our role as Highways Monitor has a clear relevance to consumers – those who use the strategic road network in England. We will look at how our work monitoring Highways England's efficiency and delivery of improvements to the strategic road network could be informed by the work undertaken by the rail team and potentially inform further improvements for road users.

Key milestones for the year ahead include:

- Publishing our first annual report on consumers, 'Measuring Up', which will bring all of our rail consumer work into a single document.
- Publishing a progress report on the information train operators provide to passengers when they are buying tickets, particularly from ticket vending machines.
- Publishing our conclusions on the ticketing retail review.
- Monitoring the train operators' actions to address our concerns about the level of awareness created, and compensation paid, to passengers for late-running trains.
- Continuing to monitor and enforce all obligations operators face under the terms of their operating licences.
- Follow-up work arising from our response to the Which? Super-complaint.



VALUE FOR MONEY FROM THE RAILWAY

BUSINESS PLAN

2016-17



Passengers, freight customers, governments, taxpayers and the general public rightly expect value for money from our railway.

This year, a key part of our work to boost value for money from the railway will be to make sure that the infrastructure owner, train operators and freight companies all work together to improve efficiency.

A large part of our work involves assessing the value of the work Network Rail undertakes, and how much it costs, as well as reporting this to the public. This work will continue, although we are working with DfT and Network Rail on different approaches to enhancement costs. We will also monitor the delivery of enhancement milestones.

Network Rail itself, which owns and operates the fixed railway infrastructure including track, stations and signals, sets its own volumes of maintenance, renewals and, in conjunction with DfT, upgrade work. Our job is to monitor the impact this has on the railway. Our role is not to tell Network Rail what to do, but to determine the outputs its customers want to see and to take a view on how efficiently it is delivering them.

Our work on monitoring the maintenance and renewal of the railways will assess whether

reliability of the rail infrastructure is improved and performance of the railway is enhanced.

Network Rail has put in place a plan to improve its asset management capability and we will monitor the company's progress in meeting its targets. We will publish our findings by the end of the year.

Our analysis and enforcement will also help ensure that Network Rail is a world-class, efficient asset management company. 2015's annual Efficiency and Financial Assessment of Network Rail report contained information on specific rail routes for the first time. We will continue with that approach and compare across Network Rail's routes.

The assessment has specific sections on Scotland, which has distinct arrangements for specifying and funding the railway.

We will continue to publish an annual assessment on the financial performance of Great Britain's railways as part of our transparency drive. This is designed to help people understand the complex nature of railway finances and their performance.



We also monitor financial risks associated with the ongoing investment plans and will assess potential impacts associated with any changes to rail investment plans, following official reviews into Network Rail's programme.

And we will monitor how well Network Rail meets its targets for delivering passengers and freight on time.

Our findings as the independent regulator will be made available to the public and other interested parties.

Highlights for the year ahead include:

- Continuous monitoring of Network Rail's financial performance and our annual report on its finances and efficiency.
- A new assessment of Network Rail's asset management.
- We will monitor the delivery of enhancement milestones.
- We will monitor and hold High Speed 1 to account on behalf of the train operators which use the high speed lines linking London to the Channel Tunnel.

We are also developing proposals that can improve the value for money from the railway in future, set out below under our objective on Promoting a Dynamic and Commercially Sustainable Rail Sector.



We are entering the second year of our role of helping improve journeys on the strategic road network in England and overseeing the Government's road investment programme through our monitoring of Highways England – the body which operates, maintains and improves the strategic road network.

While the strategic road network accounts for just 2% of roads in England it carries 33% of traffic. This network carries four million road users every day and two thirds of all lorry traffic.

We will promote safety, transparency and accountability as we work to protect the interests of road users, including the freight industry.

The bulk of our work in the year ahead will be related to the £15 billion investment programme known as the Road Investment Strategy (RIS 1).

Our critical role is to hold Highways England to account on the road investment programme – which includes 112 major road schemes to be undertaken by 2021 and £5 billion of maintenance and renewals.

For the first time, Highways England has a plan covering a five-year period and we will report on its delivery of eight specific outcomes, measured by 11 key indicators.

These include: a 40% reduction in the number of people killed or seriously injured on the network by the end of 2020; achieving a road user satisfaction score of 90% by the end of March 2017; clearing 85% of incidents within an hour; and making savings of at least £1.2 billion on capital expenditure.

Our annual assessment of Highways England's performance covers operational and financial performance and the company's efficiency. This will provide a transparent commentary on how the company is performing.

Further monitoring work will provide assurances to the Department for Transport about the financial controls Highways England has in place as a delegated authority to commit expenditure on behalf of the Government.



Our supply chain work will assess how Highways England has responded to initial findings we recently presented and will include an update on any risks we see to the successful delivery of the Road Investment Strategy. This relates to the capability and readiness of the supply chain to deliver the sharp increase in spending on the roads.

We will build on our benchmarking plan, based on initial work begun last year. This work will inevitably take time to evolve as we build and ensure consistency of data.

We are already looking beyond the current five-year investment programme. To this end, we are working with the Department for Transport, Highways England and Transport Focus to create a framework for investment after 2020. Our assessment of Highways England's efficiency will be central to this. We will be examining the company's asset management and project management activities as part of this work.

We will also establish how we will monitor capital investment delivery, setting out in detail how we plan to monitor the way in which Highways England delivers major improvement schemes, ring-fenced investment funds, maintenance and renewals work.

Our long-standing expertise in the rail industry will help us achieve important synergies with the highways side of ORR; for instance, sharing best practice in the field of safety management.

We have had a successful first year in monitoring Highways England. Much of our early work was about setting up processes and laying foundations. We look forward to putting these into action in the year ahead.

Key milestones will include:

- Publishing our annual assessment of Highways England's performance and efficiency.
- Publishing our benchmarking plan for the sector.
- Publishing a framework document setting out our expected role in developing the next five-year road investment programme from 2020-25.
- Following-up our initial report on the sector's supply chain to further assess its readiness to meet the demands of the expanded road investment programme.
- Consulting on our approach to monitoring Highways England's capital investment programme.



PROMOTING A DYNAMIC AND COMMERCIALY SUSTAINABLE RAIL SECTOR

BUSINESS PLAN
2016-17



Record passenger numbers mean that the railway is now carrying double the amount of people it did 20 years ago. This very success brings with it a number of challenges, as we look to the future and work to shape the railway into the next decade.

We will secure value for money for passengers, train operators and freight companies and their customers by setting appropriate outputs and funding rules for the railway operator from 2019 – the start of the next Control Period (CP6) – focusing on the outputs that really matter to customers.

Our plans for the future will be set out in a core document outlining the next Periodic Review, PR18. The periodic review is one of the main ways ORR holds Network Rail to account and makes sure that rail users and funders receive value for money. The PR18 document will set out some potential options, for consultation, on changes to the funding and operation of the network, and outline how we will assess their implications to protect the public interest. It will include analysis of potentially different approaches for England, Scotland and Wales.

The forthcoming review will contain important differences from the last review, published in 2013

(PR13). Since then, Network Rail's reclassification as a public body means it is subject to a fixed borrowing limit. Network Rail has increasingly devolved responsibility to the routes, and funders are looking for different outcomes. The changes will inevitably shape our work going forward. We have already begun enabling work, looking at three key areas: The structure of charges for passenger and freight operators, how route based regulation could look, and how to ensure a system-operator perspective is maintained.

We are mindful of the importance of charging regimes to the rail freight sector and are committed to working with the industry on these issues. We currently offer our support and expertise to a number of industry groups focusing on rail freight strategy. We are also conscious of the need to recognise freight's wider contribution to economy and the environment.



Following the 2015 Hendy Report, the Government has pledged £700 million of extra funding to Network Rail, on condition that Network Rail sells property and land with a combined value of £1.8 billion. This change will have an impact on regulation. When Network Rail sells assets, its future income stream is likely to be lower and this will have an impact on the commercial outlook for the railway. We will assess the financial implications for CP6 of these changes.

In respect of the number of reviews recently published into the future of the railway, we will continue to assess the impact of their recommendations and update our response accordingly, as the year progresses.

For instance, the 2015 Bowe Review called for a new relationship between Network Rail and the Department for Transport in terms of specification and governance of major rail projects. This raises the possibility that funding for major enhancements to the railway in England and Wales could be considered outside the periodic review process. This would then require the regulatory framework to adapt.

We will also undertake work to assess how Network Rail plans and timetables its enhancement programme.

The Competition and Markets Authority published its conclusions on how to increase competition on rail in March 2016. We are studying these recommendations and will be carrying out further work with the CMA and government. This will include assessing (if there is to be an increased role for open access operators in the future) whether these companies should pay towards the fixed costs of the railway.

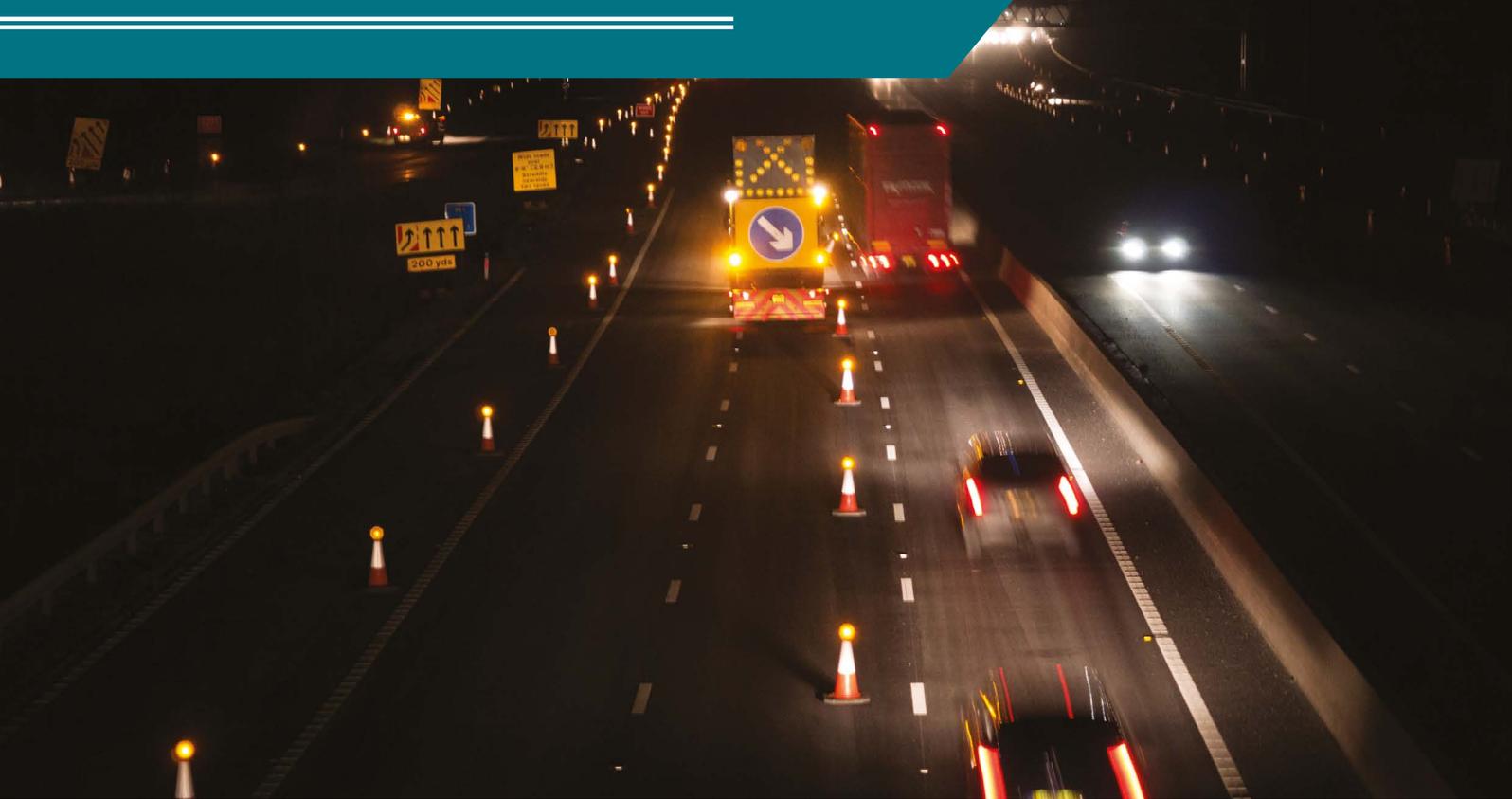
We are comparing how the different routes on the rail network perform, and assessing which measures of performance are likely to be the most relevant in the future. This work will support the changes that Network Rail are already making to devolve responsibilities to the routes. This increasing focus at the route level will in turn provide an opportunity for customers and regional transport authorities to play a larger role in working with Network Rail and holding them to account.

We are also working with European regulators to open up European rail markets. We will publish an assessment of how Eurotunnel manages access charges, transparency and capacity issues early next year.

Together, this work will ensure that the railway continues to evolve to suit the future demands of passengers and of governments.

Key milestones in the year ahead include:

- Work on the 2018 Periodic Review; we will publish our initial consultation document on what Network Rail must deliver in the five years from 2019, and its funding for that period.
- Publishing our response to that consultation, setting out our decisions on the scope of the review, priorities and approach for the period of 2019-24 (CP6) and proposals for charges and incentives during that time.
- Publish our review of Eurotunnel's 2018 Network Statement.



Structural and funding changes shaping both the rail and road networks mean that a high performing regulator is more vital than ever.

Effective regulation enhances the credibility and transparency of the sector, opens up the complexities of the industry to the public and Parliament and ensures that the competing interests of passengers, freight customers, governments, taxpayers and the general public are balanced fairly and efficiently.

Our work ensures that users and funders are not put at a disadvantage by the monopoly ownership of the networks we oversee. We make sure that customers get access to the railway in a fair and consistent manner. And we protect the interests of future users and funders of both the strategic road network and the railway.

We are also evolving the way we work to reflect the changing nature of the sectors we regulate and the changing demands of consumers: passengers, road users, cyclists and other vulnerable user groups.

By bringing regulation of the roads and railways together, we are adopting a joined-up approach across the sectors, making us a more effective and efficient regulator. We are achieving synergies internally and sharing best practice with other regulators in the UK and with international bodies.

We work through bodies such as the UK Regulators' Network, the Health and Safety Regulators' Network, and the OECD to share best practice and make sure that ORR remains at the cutting edge of regulation, both nationally and internationally. As part of UKRN, we will carry out work with other regulators to establish whether or not there are business cases for greater sharing of common services and offices.

We are continually developing our professional expertise as regulators to ensure effective, proportionate regulation in the interests of consumers. We are always developing the tools at our disposal so that we can also address the challenges of the future.

We are adapting to change to ensure that we have the flexibility and skills to regulate evolving networks and changing expectations of their customers.

Working across rail and road in a joined up manner is also supporting us in developing and applying proportionate, risk-based regulation.



All this seeks to maximise the value of our regulation while minimising the cost of compliance for the rail and road industries. This is the best way to protect the interests of rail and road users and funders of our transport networks in a changing world.

Key milestones in the coming year include:

- A half-year report on how we are measuring up against this Business Plan.
- Mid-year and year-end assessments of Network Rail's performance in England, Wales and Scotland.
- An initial year-end assessment of Highways England's performance in England.
- Publication of our annual rail health and safety report.
- Publishing our first annual report on consumers, 'Measuring Up'.
- Maintaining our Silver status in the Investors in People accreditation.



EFFICIENCY IN OUR WORK

Our internal drive for greater efficiency helps us to make more effective use of our resources across safety and economic regulation.

ORR has made savings of 30% in real-terms since 2009. This focus on our own value for money is an imperative as both taxpayers and consumers rightly expect value for money from the services they use.

We will again reduce overheads in 2016-17, exercise pay restraint and generate external income, saving a combined £1.3 million in real terms on turnover of £31.4 million.

We have distinct lines of funding for the work we do: a safety levy, which pays for all of our health and safety work; an economic licence fee, which pays for our economic regulation; and a direct grant from the Department for Transport for the work we do on highways regulation. This year, we will also have funding for our work in Northern Ireland.

These lines of funding are discrete with no cross-subsidy, so for instance money earmarked for highway monitoring cannot be used for railway safety. We do make synergies in bringing these functions together wherever possible; for example by sharing office costs.

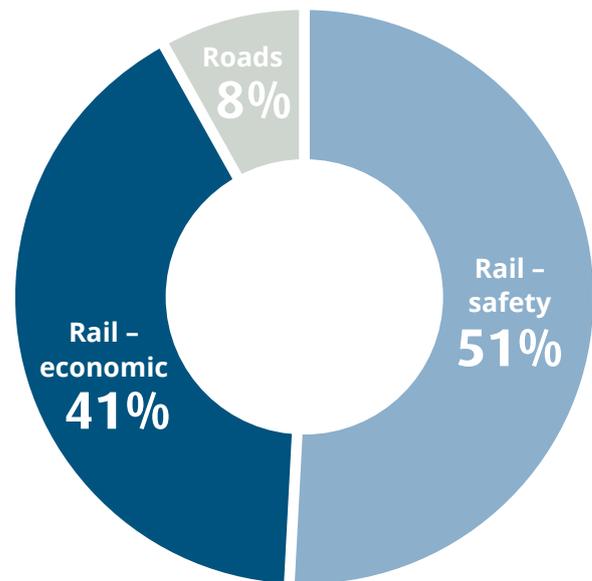
We are an organisation built around people. 70% of our outgoings are pay and we are striving for efficiency like all public sector organisations. We are reducing overheads wherever we can. As part of the Civil Service we are subject to the 1% annual pay cap.

As part of our overall turnover, £2.55 million is set aside for our work as the Highways Monitor which, reflecting our established pattern of cost efficiency, is £50,000 lower than in 2015-16.

EFFICIENCY IN OUR WORK



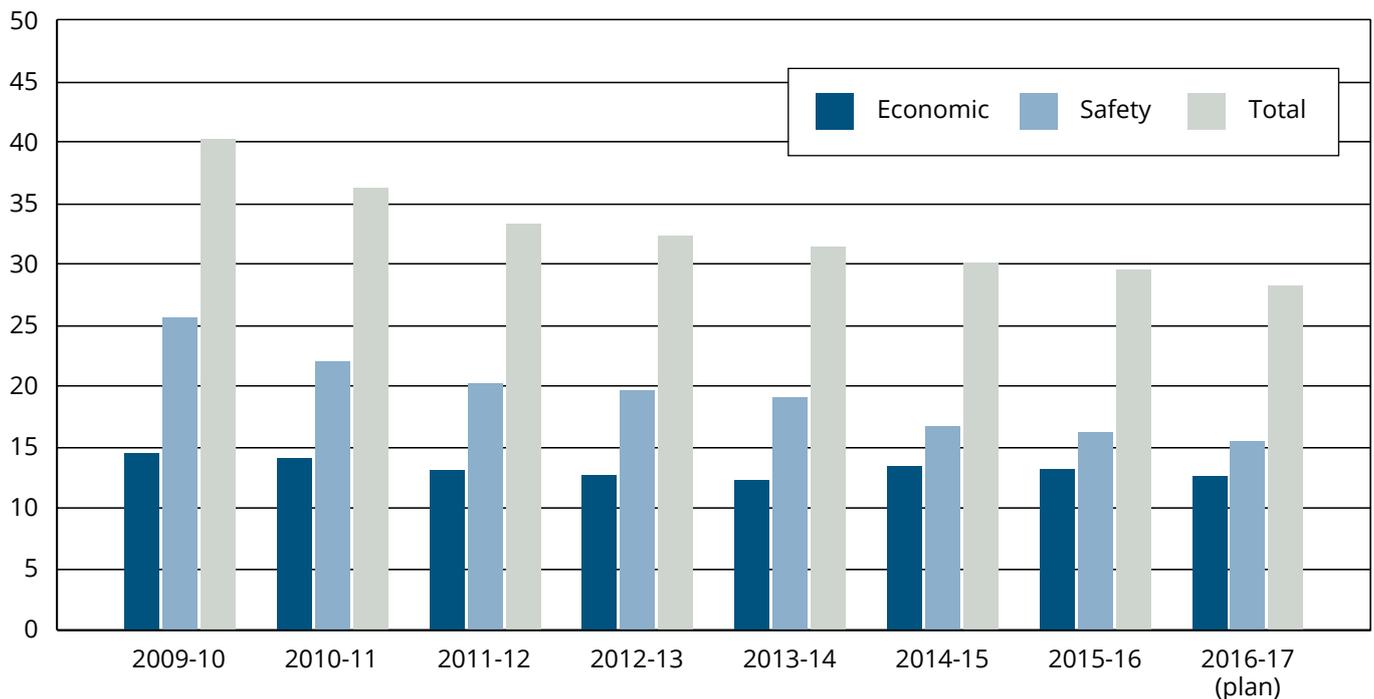
Total income from our rail and roads functions of £31.4 million in 2016-17.



We are also generating income beyond the UK rail industry levy and government funding for the Highways Monitor. We have scaled back our London offices and have taken a tenant on a floor of the building.

We believe we provide good value when compared to other sectors. However, we are committed to making further savings across the business and to driving efficiency through the rail and road sectors.

Maximum statutory charges to rail industry (£m) 2015-16 prices using RPI





TRANSPARENCY AT THE HEART OF ORR

Transparency lies at the heart of our operation; openness delivers tangible benefits to consumers, train operators, governments, system operators and taxpayers.

Better, clearer information allows people to make more informed choices, better plans for the future, improve understanding and heighten accountability.

Our management team is committed to explaining clearly the way we work, according to our code of practice and service standards.

Our commitment to transparency aims to improve the quality of our data releases, promote greater access to our data and reports and their use, and to demonstrate the benefits of openness across the rail and road industries.

We have recently published for the first time comparative information on the financial performance, expenditure, income and asset

management of Network Rail's routes. This work helps build a comparative picture of how different areas are working to improve future performance for passengers and taxpayers. Focusing on routes as well as the system operator is one way we are changing our approach to regulation, in response to changes from the reviews of the industry.

We have published a detailed analysis of train operator costs and revenues, highlighting trends and giving funders and the industry greater information to help draft robust plans for the future.

We enjoyed a rise of 16% in the number of people registered to use our data portal in the past year and are publishing more data about train operators.

TRANSPARENCY AT THE HEART OF ORR



Highlights for the coming year include:

- Publishing our first annual consumer report – “Measuring Up” – showing how the rail industry performs against its obligations to passengers, with an emphasis on assistance for disabled passengers, complaints handling processes and passenger information.
- Consulting on our objectives and approach to setting new outputs and funding proposals for Network Rail for the next control period from 2019. We expect to emphasise the improvements that stem from better information and comparison between rail routes.
- A focus on Highways England’s plans to improve the quality of its data reporting and its commitment to transparency.
- We will continue to meet our obligations as an official statistical authority, publishing our programme of data and information on UK rail to support transparency and decision making in relation to the industry.

ANNEXES



NO ENGINEERS
ON LINK
(That we know of!)

Desk 12	
Desk Top Phone	0121 421 0952
C&C PC	WMOPC 147
HABIT	NA004886
CCTV	20
COBS WOIF	12
HSMT	YES

EMPLOYEE TELEPHONE NUMBERS	
GEN. MGR.	0121 421 0952
TRMGR.	0121 421 0957
CCO. TR.	0121 421 0958
GEN. MGR.	0121 421 0959

A: SERVICE STANDARDS FOR 2016-17

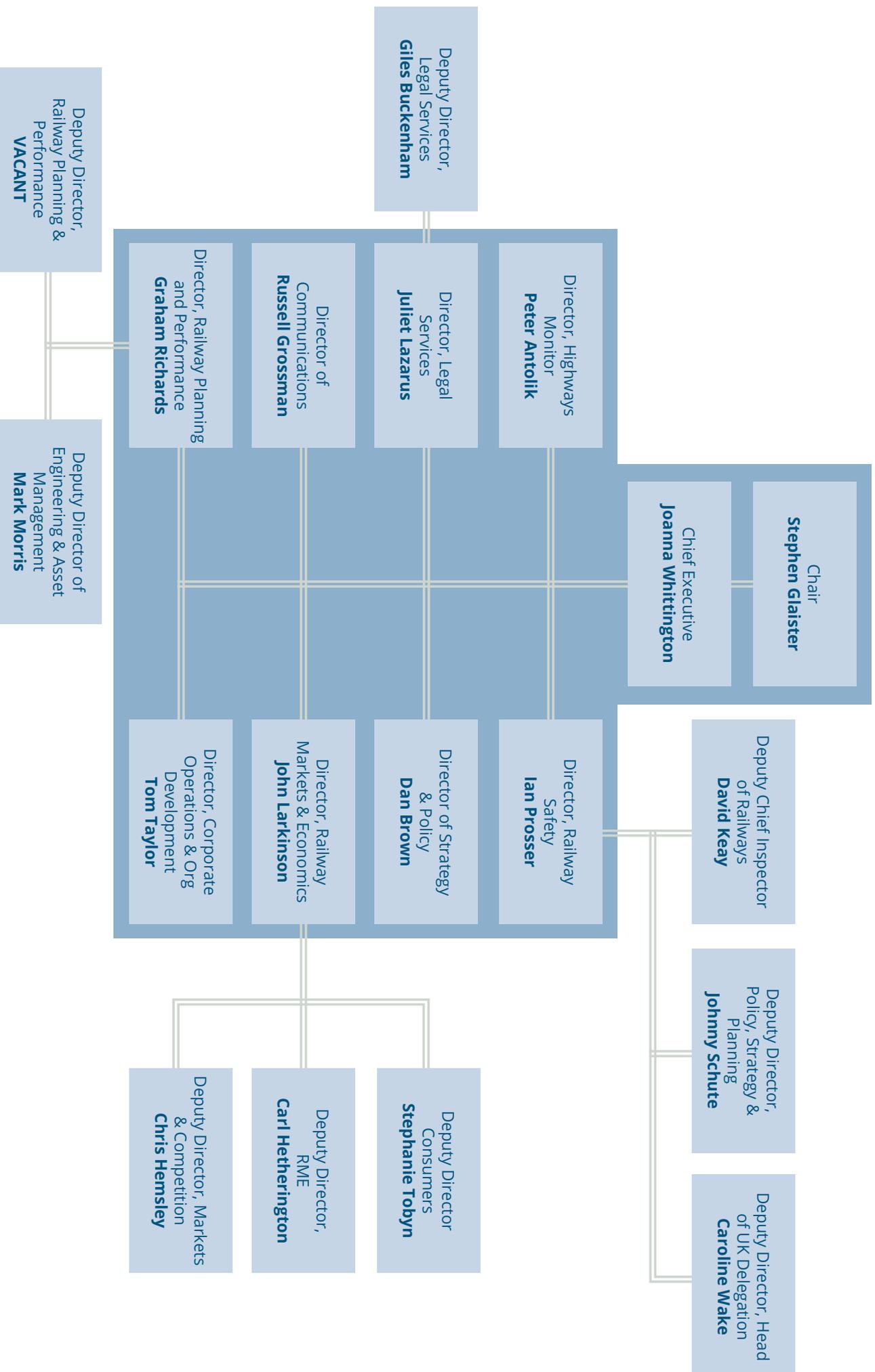
Much of what ORR's 'business as usual' involves is providing services to those in the industry or others with an interest in our work. As an organisation that is largely funded, directly or indirectly, by the public it is essential that we publish service standards as part of our commitment to transparency.

2015-16 was the second year in which we published a commitment to meet certain service standards levels. By the end of quarter 3 of 2015-16, we had achieved the required service standard for 7 out of 9 commitments.

For 2016-17 we remain committed to meeting or exceeding these standards. In the context of having lowered charges to the industry again this year, this represents a further improvement in our operational efficiency.

Service provision	Standard	Performance outturn to Q3 2015/16
Issue new or revised train driver licences	100% of applications processed within one month of receipt of all necessary documentation	88%
ROGS safety certificates and authorisations (rail)	100% determined within four 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 report being published	100%
Efficient processing of technical authorisations to place infrastructure or rolling stock into service (rail)	100% of responses within 28 days of receiving complete submission	100%
Access and licensing applications casework (rail)	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	88%
General enquiries and complaints	95% of enquiries and complaints responded to within 20 working days of receipt	95%
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%

B: ORGANISATION CHART



CONTACT US

Office of Rail and Road

One Kemble Street
London
WC2B 4AN

For general enquiries, please email: **contact.cct@orr.gsi.gov.uk**

Or call: **020 7282 2018**

Media Enquiries: **020 7282 2094**

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