

From the Accounting Officer



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Transport Select Committee

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ESTIMATE MEMORANDUM

OFFICE OF RAIL AND ROAD MAIN SUPPLY ESTIMATE 2018-19

Introduction

The purpose of this memorandum is to provide the Select Committee with an explanation of how resources and cash sought in the Main Supply Estimate 2018-19 will be applied to achieve the objectives of the Office of Rail and Road (ORR). This includes information on comparisons with the resources provided in earlier years' Estimates, where changes are significant.

ORR is the independent safety and economic regulator for the UK rail industry, and the monitor of Highways England. ORR running costs are recovered largely under statute from the rail industry, via safety levies and economic licence fees, and by way of grant from the Department of Transport for our highways monitoring work. Therefore, Resource DEL is the net difference between gross expenditure and income from all sources. Resource DEL is all classified as Administration. Capital DEL is provided by Parliament to fund the cash cost of acquiring assets necessary for ORR operations, which is then recovered over time through resource costs (depreciation) charged to industry.

Summary of the main spending control figures contained in the Estimate

Office of Rail and Road	£000s
	2018-19
Resource Departmental Expenditure Limit (RDEL)	3
Administration Budget (DEL)	3
Capital DEL	720
Annually Managed Expenditure (AME)	-
Net Resource Budget	3

Explanation of significant changes compared to the previous year

Resource and Capital DEL, and net Resource Budget

There are no significant changes compared to 2017-18.

Resource AME

Under Clear Line Sight, ORR is not required to record provisions or related income under this category.

Net Cash Requirement

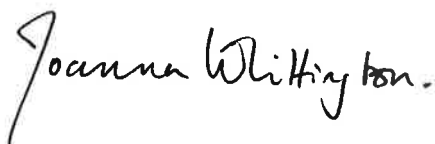
The net cash requirement in 2018-19 remains unchanged as 2017-18 (£2,000,000).

Changes to accounting standards

ORR has adopted IFRS 15 Revenue from contracts with customers and IFRS 9 Financial Instruments in this Estimate. Neither standard has had an impact on the Estimate.

Approval of Memorandum

This memorandum has been prepared with reference to guidance in the Estimates Manual; a guidance manual provided by HM Treasury. The information in this memorandum has been approved by me as the Accounting Officer for Office of Rail and Road.



Joanna Whittington
Chief Executive and Accounting Officer

Annex A

Administration Budget – A Treasury control on resources consumed directly by departments that forms part of the Departmental Expenditure Limit (DEL). Includes expenditure items such as staff costs, accommodation, etc.

Capital Income or Expenditure – Related to the purchase or sale of assets. The value must be above a certain capitalisation threshold and the asset must be expected to be used for a period of at least one year. It includes the purchase of IT equipment, software, furniture, fixtures and fittings. The threshold is set by each body; items valued below it are not counted as capital assets, even if they do have a productive life of more than one year.

Departmental Expenditure Limit (DEL) – A Treasury budgetary control. DEL spending forms part of Total Managed Expenditure (TME) and includes that expenditure which is generally within the departments control and can be managed with multi-year limits. Some elements may be largely demand led.

Net Cash Requirement (NCR) – the limit voted by Parliament reflecting the maximum amount of cash that can be released from the Consolidated Fund to a department in support of expenditure in its Estimate. In the case of a negative net cash requirement, the department must generate a surplus of at least that amount.

