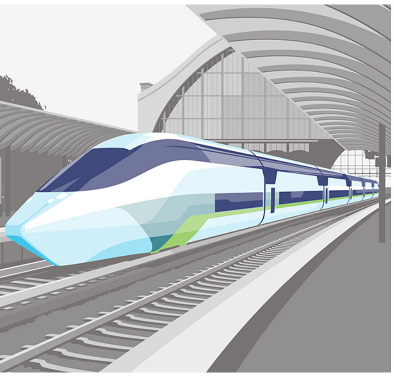
A Better, Safer Railway

RSSB

Annual Report 2018



Company Information

Company registration number:	04655675
Registered office:	The Helicon, 4th Floor 1 South Place London, EC2M 2RB
Directors :	Anna Bradley (Chairman) Mark Phillips (Executive Director) (Chief Executive Officer) Malcolm Brown (Non-executive) (appointed Senior Independent Director with effect from 01 June 2017) Dolores Byrne (Non-executive) John Clarke (appointed 01 July 2017) Alan Emery (Non-executive & Senior Independent Director) (resigned 31 May 2017) Philip Hoare (Non-executive) Graham Hopkins (Non-executive) Charles Horton (Non-executive) (resigned 11 January 2018) Lee Jones (Non-executive) Steve Murphy (Non-executive) Geoff Spencer (Non-executive) Gary Cooper (Non-executive) (appointed 12 January 2018)
Company Secretary:	Eamon Roche FCIS, MIoD (appointed 1 January 2018) Helen Hasse (resigned 31 December 2017)
Bankers:	HSBC 100 Old Broad Street London EC2N 1BG
Solicitors:	Winckworth Sherwood Solicitors and Parliamentary Agents Minerva House 5 Montague Close London SE1 9BB
Auditors:	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW

Contents

Strategic report

Governance report

Group financial statements

Strategic report

Chairman's statement

This year has been another very busy one for RSSB. Alongside continued delivery for the industry, the entire organisation has been engaged with substantial change to implement the findings of the Office of Rail and Road (ORR) review. At the same time, we have been working through some big decisions about the future of the organisation and the best way for us to fund and structure ourselves to deliver more for less during the next five years, from 2019.

Throughout the year the Board have been monitoring progress with the 'Future Fit Programme' which was designed to bring about significant culture change and introduce many new ways of working. Much of this work was focused on delivering better engagement with, and responsiveness to, our members, as well as improving our efficiency and effectiveness in delivery. As a result, the organisation is now ready to better meet members' needs in the year ahead.

One of the ORR findings related directly to the Board and our visibility to the membership. We have responded by ensuring we meet more members in the course of our work. In particular, we have held Board meetings in Manchester and Edinburgh and took the opportunity to have discussions with members and stakeholders in the region. We also held a very different style of AGM taking the opportunity to present our work for the year to 20 members who attended, and we had a number of Board discussion dinners with invited guests to help frame some of the strategic conversations the Board needed to have.

One of the things that is clear is that RSSB has spent more to deliver what members want and need than has been collected in fees over the last few years. Like most other businesses, we have also had pension funding issues to address. Taken together, this has meant the Board has spent a considerable amount of time this year understanding the details of RSSB's cost structure and addressing both the cost and income sides to see how we can continue to deliver as much as possible within a reasonable fees envelope. This work will soon emerge as a new funding proposition for the next five years and it will be set within a 3-5 year strategy for the work we want to deliver to support the industry in its goals.

During the year we have also seen some change on the Board: two of our longest serving Board members (Alan Emery and Charles Horton) departed and I want to thank them for their very dedicated service to RSSB. As a result, we have welcomed two new Members (John Clarke and Gary Cooper). Both are already using their expertise to support RSSB and the Board.

With the changes already made and the renewed clarity of direction and purpose, the Board is confident that operational and future strategic changes will ensure RSSB is able to help our members deliver a safer, more efficient and sustainable railway system.

Anna Bradley,
Non-Executive Chairman

Chief Executive Officer's review

2017-18 has been a landmark year for RSSB and the industry. It marks the 15th anniversary of the establishment of RSSB to support the industry to improve safety, and the 10th consecutive year without a fatal train crash. Understanding risk and how to manage it have been key to this success, and this year we have upgraded the safety incident reporting system to further enhance the industry's ability to make further improvements. The new system will continue to be developed in the coming year to further improve our understanding of safety-related incidents and issues.

Our research has continued to focus on the issues from which industry can benefit most. This has included carrying out a full-scale trial of multiple, variable-rate sanders to improve train breaking in low adhesion conditions, particularly during autumn. This significant research could help reduce the impact of delays and improve reliability across the network. We have also been exploring novel solutions such as kneeling trains* that have the potential to deliver significant improvement at the platform train interface.

Keeping the railway running effectively and efficiently means ensuring our standards support the better operation and maintenance of the rail system. This year we have delivered 33 new and revised standards and guidance notes on a wide range of topics to realise technical and economic benefits. These include electromagnetic compatibility, wheelsets, train dispatch, ETCS configuration, operation of heritage trains, AWS/TPWS, and the safety of changes affecting signalling layouts.

The new Rule Book app is now available for mobile devices, providing a more convenient, cost-effective solution compared to printed rule books, with additional functionality and an assurance that it is always up-to-date.

Ensuring the information we produce is easily accessible is essential, and this year we have continued to invest in our digital programme. We have delivered the first phase of our website redesign including new 'topic' areas and a 'Horizon Scanning' hub. This work will continue through 2018, enabling our members to access our products and services more effectively. To further support the take up of our work, we are now working with individual members to help them implement our research findings, risk tools and standards proposals to ensure real bottom line benefits are secured from the investment in RSSB. We are also developing an exciting proposition for Network Rail and the Rail Delivery Group to establish a new industry team to deliver the Rail Technical Strategy for the next six years, building on our current work and aligning our grant-funded R&D and Innovation programmes with the strategy.

We have completed changes within the business to address recommendations from a report the board commissioned from the Office of Rail and Road to improve our overall effectiveness. As part of this, we have also established a central projects team to focus on delivering our work on time and to agreed budgets. We have also introduced regular consultation on our work programme and have published an annual business plan that sets out our work priorities and makes it clear where our income is spent.

Our schemes continue to be a vital part of the service we provide, and this year we have established the confidential industry reporting scheme, CIRAS, as a subsidiary company, reflecting the breadth and scope of its membership, and appointed an independent chairman, David Howell.

There have been a number of other new senior appointments across RSSB in 2017-18. I am delighted to welcome Nizar Awad as Director of Projects, Paul McLaughlin as Business Development and Engagement Director, Johnny Schute as Chief Operating Officer, and congratulate Paul Marchant on his promotion to Chief Financial Officer.

Mark Phillips,
Chief Executive Officer

**This study explored the feasibility of modifying or designing GB trains so that they can 'kneel' - adjusting the height and lateral position to move closer to the station. The aim is to remove (or reduce) gaps and step that occur between the vehicle body and the platform.*

Performance highlights

2017-18 has been another landmark year of collaboration and innovation for RSSB. Together with our members and stakeholders, we've continued to drive improvements in health and wellbeing, and worked to develop a rail system that's safer, more efficient and sustainable, while always looking ahead so that we can address the challenges of tomorrow's railway.

Safer railways (ASPR)

In July 2017, the ASPR showed that there has been a further reduction in injuries and fatalities to passengers, the workforce and the wider public.

Platform-train interface

Because more people than ever are using the railways in the UK, the Platform Train Interface continues to be a key safety issue for passengers and rail companies. In partnership with the rail industry, we ran a public campaign to raise awareness of the risks in three key areas: pushchairs, doors, and intoxication.

Accessibility innovation competition

Together with the Department for Transport, RSSB launched a competition to encourage the development of innovative ideas that could make all the difference for disabled passengers travelling on the railway. The winners were awarded between £25,000 and £150,000 to help improve access to facilities at stations, and for creating new approaches for those with less visible impairments.

ElevArch

The ElevArch bridge raising system, funded by RSSB, won the prestigious environmental award at the Railway Industry Innovation Awards.

The ElevArch is an alternative to demolishing overbridges when electrification or larger rolling stock need to be accommodated on the railway. It's a bridge-jacking technique designed for masonry structures.

Safety Critical Communications training

The Safety Critical Communications training pack was launched in November 2017 because research showed that a breakdown in communication was a factor in 21% of incidents. Accurate, brief, clear and professional communication is a skill that impacts all staff across the rail industry and can have serious and potentially tragic consequences if not followed properly.

Rule Book app

After successful trials across the industry in 2017, the Rule Book app was released in early 2018. The app is a modern cost-effective alternative to the paper copies. For anyone working on the track, on trains, on platforms, on railway worksites and possessions, whether a train driver, shunter, or signaller, having the Rule Book as an app means having easy access to up-to-date rules and information via a mobile or tablet.

Tomorrow's railway

Technology continues to profoundly change the way we work and how railways operate. This year new technical innovations include the AeroLiner 3000, a double-decker train capable of running on GB rail infrastructure, which won the prestigious Red Dot Award: Design Concept 2017. Other developments include the gateless gateline, ByteToken and MyJrny. These projects are looking at ways to improve the movement of passengers on the network and identify available seating capacity to improve the customer experience.

Hand-Arm Vibration Syndrome

In 2018, RSSB supported the development of Hand Arm Vibration Syndrome (HAVS) risk management. We delivered a HAVS conference to share good practices, and an R&D report on the combined effects of vibration, noise and tool weight on the health risk to employees from hand held tools.


Platforms 1-4,
East Midlands
Trains
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East Midlands
Trains

At a glance

Who we are and what we do

RSSB was set up in February 2003 and is at the heart of Britain's rail industry, delivering products and services across four areas: understanding risk, setting standards, managing research and innovation, and collaborating to improve the industry's technical capabilities.

Understanding risk

Applying safety intelligence from across the rail industry and elsewhere to the latest risk modelling techniques. To inform members and advise on safe decision making, operating industry's supplier assurance scheme, and providing industry with health and wellbeing support and guidance.

Setting standards

Authoring GB standards and representing the state at European and international standards forums to enable the railway to operate efficiently, safely and sustainably.

Managing research and innovation

Undertaking and commissioning a £20m annual research and innovation programme.

Collaborating to improve

We are an independent, cross-industry body with a critical mass of technical expertise, who deliver supporting activities which need collaboration to drive performance improvement and deliver greater efficiency across the sector.

RSSB's independent, evidence-based approach is built on strong technical capability, and the enabling of collaborative industry engagement for the benefit of the whole rail system. As a not-for-profit organisation, limited by guarantee without share capital, RSSB is owned by its members comprising infrastructure managers, train operators, suppliers and contractors.

The rail industry is a complex 'system' with many stakeholders, each with a specific area of interest and agenda, but with a common purpose to move passengers and freight safely and efficiently.

Our vision, mission and values

Our vision

To be a centre of excellence, valued by our members and stakeholders as an essential contributor to their success.

Our mission

Through research, standards, analysis and insight, we support our Members and Stakeholders in driving improvements in health and wellbeing and delivering a safer, more efficient and sustainable rail system.

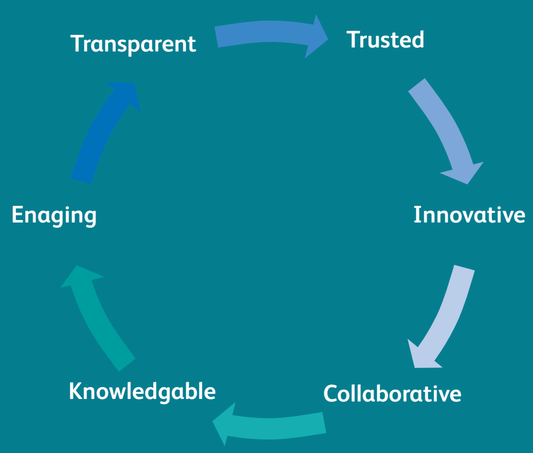
Our mission also sets out to help the rail industry provide value for passengers and taxpayers through:

- improving safety
- improving customer experience
- increasing capacity
- reducing cost
- reducing carbon

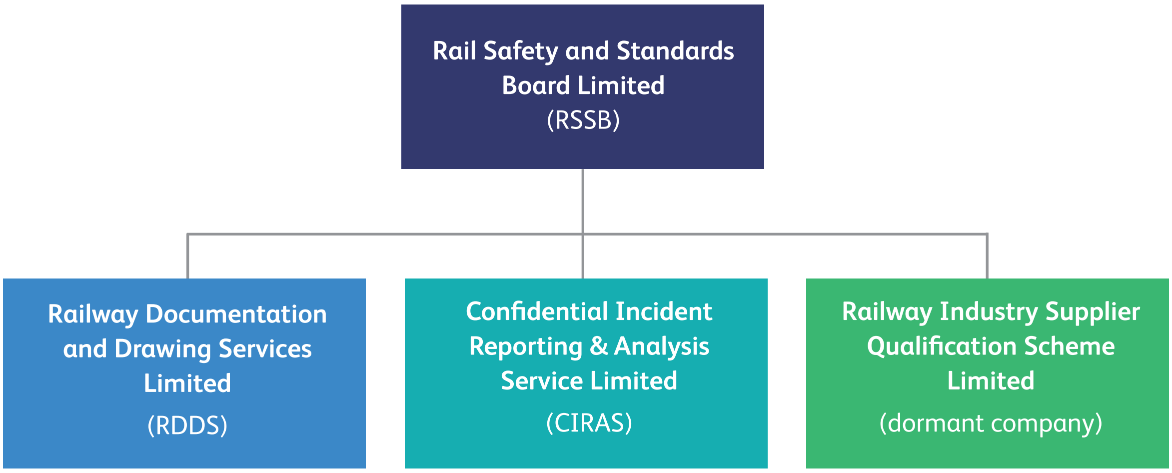
Our work involves close collaboration with each other and the industry. Because we can see both the big picture and the detail, we're able to furnish the industry with the information and tools it needs to continually improve.

Our values

Our values underpin how we work and behave, both internally and externally:



RSSB Subsidiaries



Railway Documentation and Drawing Services Limited

Railway Documentation and Drawing Services Limited (RDDS) is registered in England under Company Number 03128142 with registered office address of The Helicon, 1 South Place, London, England, EC2M 2RB and is a wholly owned subsidiary of RSSB. RDDS has two principal functions:

- it acts as the custodian of the former British Railway Board's library of Traction and Rolling Stock drawings and other associated documents (also known as RMD)
- it provides copies of such documentation to people and organisations entitled to access them, including the public in many cases.

History of RDDS

On 30 March 2007 RSSB, on behalf of the rail industry, acquired RDDS from the British Railways Board (Residuary) BRBR, for a notional consideration. BRBR retained the ownership of the IPR vested in the documentation in the library until September 2013, when BRBR was abolished and the Secretary of State for Transport transferred it and all the rights and obligations of BRBR with respect to RDDS, to RSSB.

Management of RDDS

RSSB has appointed Mark Phillips, Luisa Moisio and Rob Curtis as executive directors of RDDS. Since the beginning of 2009 the annual budget for RDDS and the allocation of standing charges for subsequent years has been approved by the RSSB board. With effect from 2011 RSSB members fund the bulk of the RDDS fixed costs through their basic membership levy (there are two organisations who are not RSSB members and pay a separate levy to RDDS). The operational costs of RDDS are funded through call-off charges for copies of documents which all parties pay. Changes to these charges are approved by the RSSB board (usually annually).

Confidential Incident Reporting & Analysis Service Limited

Confidential Incident Reporting & Analysis Service Limited (CIRAS), registered in England under Company Number 10513501 with registered office address of The Helicon, 1 South Place, London, England, EC2M 2RB, is a wholly owned subsidiary of RSSB.

CIRAS has continued to provide an independent confidential reporting route for health and safety concerns of staff of our 1800+ transport and infrastructure members. We have welcomed 6 new voluntary members this year, expanding our scope to light rail, High Speed Two and British Transport Police.

CIRAS restructured this year to improve both service and efficiency and to become financially sustainable. This has enabled us to absorb exceptional costs and pension liabilities of £140,000 while maintaining reserves above the minimum required level. We have worked with our members to dramatically reduce the time to reach a resolution of concerns raised and are maintaining front-line awareness of the service through multiple channels including an increased digital presence.

CIRAS facilitates a community for shared learning, this year with a strong focus on health and wellbeing driven by an emerging trend in concerns raised. Our members have shared good practice solutions at our events and through differentiated newsletters to front-line and management.

Railway Industry Supplier Qualification Scheme Limited

Railway Industry Supplier Qualification Scheme Limited is registered in England under Company Number 10584618 with registered office address of The Helicon, 1 South Place, London, England, EC2M 2RB and is a wholly owned subsidiary of RSSB. This company has remained a dormant company since its incorporation on 26 January 2017.

Our strategy

Underpinning our work are our Strategic Plan Objectives 2016-2019:

Objective	Achievement during the Year
1. Place members' and the industry's needs at the heart of the business by implementing a "new settlement" and ensuring members' funds are allocated to deliver on priorities in three key areas:	*New settlement principles were defined through a new values-based charter, which was formally launched to all members. RSSB consulted with its members on its proposed work programme through an online survey and focus groups. The results formed part of the 2018–19 business plan and CP6 planning. RSSB also launched a three-year communication strategy, which included the new newsletter Your RSSB and an award-winning four-minute animation promoting RSSB.* *RSSB members were engaged with throughout the year through activities including scorecard visits, the annual engagement roadshow and an annual members' accountability event.*
(i) Support health, wellbeing and safety collaboration and inform industry decisions to reduce risk and harm;	*One of our big deliverables was the Safety Management Intelligence System (SMIS) with further reporting capabilities rolled out throughout the year. A further sizable achievement was to implement an enhanced buyer-supplier, RISQS, with the updated system being delivered on schedule in May 2018.* *Significant decision support and risk information was provided to support industry initiatives on freight and Driver Controlled Operation (DCO). The DCO work was influential, moving the wider DCO debate away from despatch being unsafe. The Industry Health and Safety Strategy was further implemented through restructuring and realignment of industry groups to create an effective and efficient collaboration framework.*
(ii) Facilitate collaboration to enhance performance, value for money and efficiency by updating standards, modernising systems, informing and enabling research and innovation;	*Standards remain a significant activity for RSSB. RSSB prepared the Industry Standards Coordination Committee position on the opportunities and threats associated with standardisation post Brexit. RSSB are now leading matters relating to standards in coordination with the RDG EU Policy Group on behalf of the rail industry.* *R&D and innovation programmes were delivered on target. R&D completed highly-promising research into novel sander configurations. This generated consistently positive industry responses with a pilot scheduled to take place in autumn 2018. A new Data and Information System Interface Committee was formed and RSSB developed a proposal to provide a Delivery Organisation to be the focal point for driving, shaping and delivering the Rail Technical Strategy (RTS) Capability Delivery Plan.*
(iii) Support the application of sustainability principles through collaboration and sharing tools and best practice.	*RSSB have now agreed the remit for the Industry Sustainable Development Plan with both the Sustainable Development Steering Group and the RDG Planning and Production Board. The priority issues that will form the Industry Sustainable Development Plan are now endorsed by the Sustainable Development Steering Group and the Planning Oversight Group.*
2. Be accountable for efficient and effective delivery of RSSB's work, regularly reporting on business performance.	*RSSB created and piloted an initial set of KPIs, which were rolled out within the year. Work was also carried out to enhance the reporting of business performance through dashboarding, business plans and the annual report.* *In response to issues raised by the ORR, RSSB's productivity work prompted a Lean review of standards processes which led to the creation of a business capability model to provide an on-going assessment of whether staff skills and the technology suite are adequate to serve the needs of our members. Further productivity initiatives included an upgrade of internal financial systems and the introduction of a Customer Relationship Management (CRM) system.*

Financial review

The Company's operating income arises from a mix of membership levies, grants from the Department for Transport and Network Rail and miscellaneous receipts from various goods and services.

Operating income fell by 8.5% during 2017/18 to £50.8m (2016/17 - £55.5m).

The decrease in income was mainly due to the fall in income recognised in relation to the DfT grant for innovation. As expected the workload within the Innovation portfolio decreased as the programme is due for completion in 2020, therefore less income was recognised in the year against the expenditure, in-line with FRS 102 and our accounting policy.

Membership income increased by 2.2% to £23.0m (2016/17 - £22.5m) due to a combination of increases to existing levies as set out in RSSB's constitution and slightly increased membership.

Details on other sources of income are set out in Note 1.

Expenditure

Operating expenditure decreased by 5% to £52.3m (2016/17 - £55.1m); a breakdown of expenditure can be seen in Note 1.

Innovation activity expenditure declined to £12.1m compared to £17.9m in 2016/17.

Expenditure in relation to Research and Development activities amounted to £9.2m compared with £9.6m in 2016/17.

Staff costs remained the most significant cost base, with payroll and other staff costs totalling £28.6m compared to the previous year of £25.9m, representing an increase of 10.4%.

Profit on ordinary activities

At year end the Group's operating loss amounted to £1.5m compared with £0.4m profit the previous year, which was offset by the net impact of non-operating income and expenditure such as bank interest and pension related adjustments. Subsequently the Group's loss before tax on ordinary activities was £2.0m (2016/17 - £0.3m profit).

The main drivers for the reduction in the operating profit was the charge for the year relating to the employers share of the net interest and the additional service cost on the defined benefit liability of the pension scheme.

Statement of Financial Position

The Group Statement of Financial Position showed a net liability position of £7.0m at 31 March 2018 compared to a net liability position of £10.2m at 31 March 2017. The variance was driven by the downward valuation of the net defined benefit liability at year end (see note 14).

Assets

The cost of fixed assets (tangible and intangible) fell to £12.5m (2016/17 £16.3m) after £1.3m of additions on the ERP finance system software and the enhancements of the new Safety Management Information System (SMIS+). Fully depreciated assets totalling £5.1m were written off from cost and accumulated depreciation with no impact on net book value, which fell to £8.1m (2017 £8.8m). Further information can be found in Notes 6 and 7.

The Group's current assets decreased to £62.5m (2016/17 £79.8m) mainly due to a decrease in cash balances to £53.8m (2016/17 £66.7m) and debtor balances to £8.6m (2016/17 - £13.1m). The above decrease in cash was attributable to the Innovation activity, as cash was being wound down as expenses are incurred. The movement in the debtor balance was due to the timing of when members' invoices were raised.

Liabilities

Creditors decreased at year end to £55.6m compared to £74m in 2016/17, which was driven by a decrease in deferred income to £42.3m (2016/17 - £59.8m). Deferred income is partly made up of membership and R2 levies invoiced in advance and cash received chiefly from Innovation activity but not yet recognised as income, which decreased to £35.9m (2016/17 - £51.3m). This was as a result of the decreasing workload within Innovation and Technical areas, as the portfolio is due for completion in 2020.

The combination of the above factors led to a decrease in net current assets to a year end value of to £6.9m (2016/17 - £5.9m).

The value of provisions increased to £0.48m (2016/17 - £0.16m). The dilapidations provision on The Helicon property and the RDDS library closure provision remain similar to last year, with the overall increase driven by £0.3m of provisions for re-organisational costs. Further details are given in Note 11.

A major impact on the Group Statement of Financial Position arises from the annual valuation of the Company's section of the Railway Pension Scheme carried out under FRS 102. This showed a net liability position of £21.7m (2016/17 - £24.7m). The main factor for the significant decrease was due to the increase in the discount rate as a result of the increase in corporate bond yields. The applicable discount rate, used to calculate the value of future liabilities has increased from 2.45% to 2.70%.

By convention, the Company only accounts for 60% of the net liability in line with the shared cost basis of the scheme which had a total net liability of £36.2m.

Note 14 provides greater detail and shows that whereas section assets have increased over the last five years from £62.7m to £90.2m, the liabilities have increased at a greater rate from £81.1m to £126.4m.

Income and expenditure reserve

The Statement of Changes in Reserves breaks down the group's income and expenditure reserve. Principally, it aims to show the recognised surpluses arising on the activities of both RDDS and the divisions of R&D, Innovation (bank interest only) and CIRAS.

Other items

The Statement of Other Comprehensive Income, which takes account of the net change in the pension liability, showed a total gain of £5.2m (2016/17 loss of £10.6m).

Viability statement

Assessment of prospects

The Group considers the development of the business and the industry in which it operates over many time horizons:

- Departmental budgets and external audit operate on a one-year period.
- The Group's strategic plan covers a three-year period that commenced on 01 April 2016 and is reviewed by the directors on an annual basis.
- The industry operates on five-year control periods, with the current control period (CP5) ending on 31 March 2019 and funding for the new control period (CP6 covering 2019-2024) to be agreed through consultation with membership in August 2018.

The directors have chosen to assess the Group's viability to the end of the three-year period to March 2019.

While there may be a reasonable expectation of securing work beyond that within the visible pipeline, there are a number of uncertainties arising in consideration of longer time periods. Consequently, there is a greater degree of certainty in the early years of the Group's strategic plan.

Assessment of viability

In assessing the Group's viability, the directors have carried out a robust assessment of the principal risks in the business.

A number of scenarios have been considered, including the associated potential impact of each risk on the Group's Statement of Comprehensive Income, Statement of Finacial Position and statement of cash flows.

The existing business model has been thoroughly reviewed and adequate reforms are in place to mitigate future risk during the assessment period stated. A long-term finance strategy has been developed to ensure the Group continues to be financially sustainable up to the end of the next control period CP6 (2024) and beyond.

Confirmation

In the context of the inherent uncertainties of a multiple-year period of evaluation, the directors confirm that based on this analysis there is a reasonable expectation of the Group continuing in operation and meeting its liabilities as they fall due in the period to 31 March 2019.

Going concern

The directors have identified no material uncertainties about the ability of the Company to continue as a going concern for the foreseeable future.

Members

At RSSB, we bring the industry together to make collective decisions.

As well as helping the industry in areas of safety, standards, knowledge and technical capability, we also provide support across a wide range of cross-industry topics requiring our knowledge and independence. We provide a constant point of reference in a changing environment.

Our work involves close collaboration, but as technical experts we are also able to step back and provide an informed view. Furthermore, as we can see both the big picture and the detail, we are able to furnish the industry with information and tools to support its continuous improvement.

We work for the industry, are non-profit making and independent of any commercial interests.

On admission to membership of the Company, each Member is designated by the Board as falling within only one of the following categories of membership:

Category Type	Category Definition	Current Number of Members	Change
Category A	Passenger train operators	20 (24%)	No change
CategoryA n-f	Non-franchise passenger train operator	10 (12%)	+1 from F/Y 2107
Category B	FOC non-passenger train operators	12 (14%)	+1 from F/Y 2107
Category C	Network Rail and other infrastructure managers or owners	3 (4%)	No change
Category D	ROSCO rolling stock owners	3 (4%)	No change
Category E	Infrastructure contractors	6 (7%)	No change
Category F	Suppliers (including rolling stock manufacturers	30 (35%)	+8 from F/Y 2017
Total Membership		**84**	**+10**

If a Member's activities fall within more than one of the categories, that Member shall be assigned by the Board as falling within the category from which it derives the greatest part of its annual turnover as at its admission to membership of the Company.

Member engagement

During the year, we published our arrangements for working with our Members as set out in the Constitution Agreement, which regulates the operation and management of the Company. Our Member Charter sets out how we wish our relationship to work with our Members. Our commitments, and those of our Members in return are aligned with our values.

You can find the full Members Charter at

www.rssb.co.uk/pages/about-rssb/rssbs-member-charter.aspx.

The Company has improved its member enquiry desk offering to accelerate response times. Currently more than 50% of enquiries are now responded to within a day.

Business Review

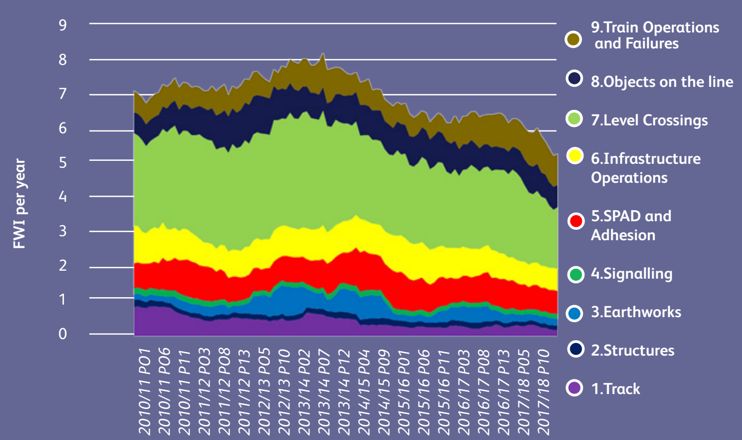
Snapshot of our year

We have produced a **short, interactive video** outlining some of our achievements and deliverables, which can be found at **https://control.buto.tv/videos/select/publish/cpVD7**.

Safety

Good progress has been made in supporting the industry in delivering its health and safety strategy. Strategic industry communication and engagement has been reviewed and improved, and regular progress reporting is now in place. Areas of focus have included the platform train interface, road risk, freight derailment and driver-controlled operation with new areas, like trespass, emerging through prioritisation.

In addition, work has been ongoing to fully rebuild industry reporting capability following the launch of the updated industry safety reporting system - SMIS - in March 2017. The new Rail Industry Standard, Reporting of Safety Related Information, was published in March 2018. New versions of the Pre-cursor Indicator Model (PIM) and the Safety Risk Model, the industry's underpinning source of rail safety risk information, were successfully delivered, to accelerated timescales, in response to member requests. The Safety Risk Model update showed step change improvements in train accident and level crossing risk over a three-year period. The PIM remains at close to a historic low.



FWI is fatalities and weighted injuries.

Health & Wellbeing

Significant strides have been made, including work with industry leaders to support key topic areas. Rail-based guidance was also produced on Post Traumatic Stress Disorder and an initiative has been launched to challenge stigma around mental health. The Health and Wellbeing Policy Group is now chaired by Andy Thomas, (the Route Managing Director for Wales), reflecting a move from policy and enabling work to be more focused on industry leadership and delivery.

Supplier Assurance

Work to improve assurance arrangements has concluded and the enhanced Rail Industry Supplier Qualification Scheme (RISQS) service and platform went live in May 2018. The transition has gone smoothly and now provides the opportunity for further development.

RISAS, the assurance scheme for safety critical rolling stock equipment, has continued to provide an essential service to the railway, and the membership has been re-engaged.

CIRAS, the industry's confidential reporting system has introduced e-newsletters, video and front-line social media campaigns for 'What to Report' and 'How to Report'. Digital posters and infographics have been well received and widely distributed by CIRAS representatives. The increase in front-line engagement has seen an increase in the number of reports being made to CIRAS, with twice as many reports processed in Q4 than in Q1. The use of digital engagement materials has also helped CIRAS to underspend against budget. Multiple strategic partnerships have been formed this year, including pilots on mindfulness and fatigue with Abellio buses, best practice safety reporting with Newcastle Rail Academy, and cross-industry collaboration with other confidential reporting schemes.

R2 System

R2 is the industry system that provides functions for vehicle management (including vehicle registration), component tracking, maintenance planning, and event recording. The system is used by 60 organisations (with a further 140 organisations managing the registration of their vehicles via a managed service) and was available 99.97% of the time for its users within the last year.

We have continued making enhancements to the R2 system with a focus on component management and reporting. Examples of new functionality provided to industry include:

- improved visibility of certificate expiry
- de-registration dates and component configuration
- improved accessibility to component data
- improvements to data regarding ownership for ROSCOs.

In addition, improved reporting throughout the year permitted the ability to subscribe to reports, automated Defect Status reporting and Vehicle Ageing reporting for the DfT.

Improving Standards

Through our standards work we have helped our members and stakeholders to improve their operations, thus contributing to a better, safer railway. Standards provide economic benefit by avoiding the need to 'reinvent the wheel' and they enable knowledge to be shared through the combined wisdom and experience of many.

During the year we have produced 33 new and revised standards; benefits include contributing to cost savings in train maintenance and improving the safety of heritage train operation. We have issued improved guidance on risk management and clarified roles and responsibilities when trains are despatched from stations. New standards are also helping the introduction of new technology, such as new types of trains and new train braking systems. We have made our standards more accessible, for example the Rule Book is now available as an app for mobile devices. This removes the need for operational staff to have printed copies of the Rule Book, saving members money and seamlessly ensuring users always have the most up-to-date information.

We have been doing more to help members use our standards, especially when standards change. We use a range of communications channels including the RSSB website, social media and our specialists often do face-to-face briefings and workshops around the country. Video briefings on standards changes are now produced to provide information in a concise and focussed form. We continue to provide support for specific queries and we have helped clarify requirements when there are conflicts at the international level.

Working with industry partners, we are establishing a clear position for standardisation post-Brexit and working with the Department for Transport to develop the best possible outcome for rail. Standards are increasingly global and we continue to significantly influence the development of European and wider international standards.

The rail industry of the future

Building on the publication of the Rail Technical Strategy Capability Delivery Plan (CDP) RSSB, under the direction of the industry's Technical Leadership Group, has been a key driver in establishing the team and technology development programme to deliver the strategy.

Technology demonstration and deployment plans have been drawn up by a cross-industry team created and supported by RSSB. These fully-costed plans, and the associated benefits, have been used to build the case for funding the programme.

RSSB has been an active participant in the UK Rail Research and Innovation (UKRRIN) initiative – a network of universities and test facilities providing a coordinated, world-class capability to develop and test railway-related technologies. RSSB established and now manages the UKRRIN hub, which is industry's entry point to the network.

There has also been some significant research and innovation work undertaken this year:

- In collaboration with industry partners, we ran an on-track testing programme of a range of configurations of wheel/rail sanders and track conditions to improve adhesion and braking performance. This demonstrated that using multiple and variable rate sanders can improve low adhesion stopping distances on a 4-car unit by around 50%. We are now working with potential 'early adopters' to implement these findings in passenger service from autumn 2018.
- Four studies exploring ideas to make passenger boarding and alighting quicker and safer have been completed, offering potential solutions such as 'kneeling' trains that reduce vertical and horizontal stepping distances. Other feasibility studies were launched to investigate how to make the most of existing data to improve the prevention and management of disruption.
- We have also launched a formal horizon scanning activity, including industry engagement, to systematically look at beneficial technology developments outside the rail industry, as well as wider trends and disruptors that will impact the rail sector.
- This year we also demonstrated an innovative degraded mode working system. The COMPASS programme we jointly funded with Network Rail is designed to reduce delays during periods of signalling failure. The trial successfully proved how the different components of the system that is required to run trains in these circumstances can be integrated.
- RSSB launched two innovation competitions this year, one of which involved improving accessibility of stations and trains for those passengers with hidden disability, and the other targeted at building new cross-industry collaborations with innovative accessibility solutions.
- Another highlight of the RSSB Innovation Programme was the development and demonstration of a virtual reality tool to improve the training of platform staff in train dispatch. The simulation involves running scenarios that simulate different hazards at the platform train interface. In addition, several ticketing-related projects have covered areas including retrospective ticket pricing and the next generation of barrier-free ticket gates.

Future Fit transformation programme

We have completed the planned Future Fit transformation to ensure we work more effectively with and for our members, funders and other stakeholders. The root and branch refresh from governance at board level to training of all staff has been informed throughout by member feedback, starting with the independent review commissioned from the ORR in 2016.

Our members have actively participated in the change, and the Member Charter now clarifies the commitment that we and our Members have to collaborate in delivery.

Key aspects of our improved operating model include:

- active listening, using consultation, scorecards and direct engagement to inform our priorities and drive continuous improvement that makes a difference to members
- delivery of a prioritised set of programmes enabled by central projects team with streamlined processes and new systems
- connecting customers more effectively with our products and services through enhanced communication, practical support and training
- delivery of a clarified role within industry safety leadership, in supporting industry health and wellbeing improvements, and horizon scanning
- industry groups and committees with clear remits to support the delivery programme, led by trained chairs.

Pension reform

During the year, RSSB completed the triennial actuarial valuation of the RSSB Shared Cost Section (the 'RSSB Section'). As well as considering the current funding position of the RSSB Section, it was important for RSSB to consider the long-term sustainability of the RSSB Section and ensure that its running costs remain at a level which is financially sustainable to both RSSB and the active members of the RSSB Section.

Consultation

We conducted a comprehensive consultation with all of our employees and stakeholders regarding the options available for addressing the 31 December 2016 valuation and ensuring the sustainability of the RSSB Section.

- On 13 September 2017 we launched a pre-consultation, where we set out a range of possible options which could be used to address the 2016 valuation while attempting to ensure the longer-term sustainability of the RSSB Section.
- On 16 October 2017 we presented a shortlist of two option packages to employees. This took into account feedback received from employees and other RSSB stakeholders regarding the longlist of options considered in our 13 September presentation.
- On 20 November 2017 we presented a single proposal to employees, choosing from the two options previously put forward based on the feedback received.
- On 14 December 2017 the formal consultation ended, and we subsequently informed staff of the proposal we intended to put to the Trustees of the RPS, through the Integrated Funding Committee.

Our proposal - restrict access to new members

RSSB has historically offered all new employees membership of the RSSB Section with all new recruits automatically enrolled. However, as a result of our consultation, we will now change the circumstances in which we will offer membership of the RSSB Section to employees we recruit from 1 July 2018 onwards. We will only offer membership of the RSSB Section if: 1) they are a 'Protected Person' or have an 'Indefensible Right' to membership, 2) they were an active member of the RPS in their immediate prior period of employment or 3) they are existing employees of RSSB, who are not currently members of the RPS at 30 June 2018.

All other new recruits will now be automatically enrolled into a defined contribution arrangement. This will be provided through the Industry-Wide Defined Contribution Section of the RPS. We have confirmed a variety of options for member contribution rates and an employer contribution rate of 1.5x the member contribution rate, consistent with the existing 60/40 employer/employee share ratio used within the defined benefit scheme.

The other options we discussed with staff as part of the consultation process included introducing a cap on increases to Pensionable Pay, increasing the Normal Retirement Age and changing the pension accrual rate. However, ultimately we concluded that limiting access to the RSSB Section for some new recruits would be the best way to achieve our objectives, while minimising the impact on our employees.

Training for group and committee chairs

The intense programme of change completed in 2017/18 has created a fundamental shift in what drives us so that delivery and meeting the needs of our customers is at the heart of every decision and every product or service. We have a significant task ahead to fully embed the change, and to further improve and adapt through CP6.

We have invested in training to support chairs of all RSSB facilitated groups and committees, that has improved their effectiveness and efficiency. Approximately 80% of chairs of groups and committees have received this training to date.

Programme Management Office

A Programme Management Office (PMO) has been established within the Projects Directorate to set standards, provide governance, implement accountability, and establish discipline; to manage projects in an objective and consistent manner and enhance efficiency. Combined with the role of the Investment Committee, this approach ensures all projects, business operations and maintenance activities will be prioritised by their importance and complexity.

The PMO will provide transparent status and financial reporting to leadership through monitoring projects and provide timely information for decision-making bodies. Visual analytics that provide visibility over business performance will be introduced enabling effective control and streamlined decision-making. Dependency Management will be implemented across the organisation with long-term cost savings realised through effective resource management and team productivity.

Training

We provide cost-effective, first-class training courses to help everyone develop excellence in the global rail industry. We provide courses on a range of topics using expertise from our own engineers, risk modellers and human factors specialists. This year we have delivered training on

- Non-technical skills Train-the-Trainer course
- Non-technical skills refresher course
- Human factors awareness course for incident investigators
- SMIS data entry course.

Over the coming year we will look to further develop and expand our training offering to better meet industry needs.

Risk management, principal risks and uncertainties

The Board is ultimately accountable for the Group's risk management process and system of internal control. In terms of mandate by the Board, the Audit and Risk Committee monitors the risk management process and systems of control of the Group. The Board oversees the activities of the Audit and Risk Committee, the Group's external auditors and the Group's risk management function as delegated to the Company's Audit and Risk Committee.

Principal Risk	Description of Risk	Movement in FY 2017/18	Mitigation of Risk
Future financial viability of member funded activity	Reducing member funded division reserves threatening viability of member funded activities	Decreasing	Fixed-term funding model secured until end of CP5. Proposals for a new, sustainable CP6 funding model created and being put to member consultation in August 2018. Additional mechanism established (subject to agreement from members) to ensure sustainable funding for future CP6 work scope.
Liquidity Risk	Low levels of available cash within the member funded division threatening viability of member funded activities	Decreasing	Consistent assessment of cash processes and establishment of divisional cash reporting. Establishment of overdraft facility to cover liquidity risk to the end of CP5. High to low profiling of CP6 levy to ensure investment in capital expenditure without endangering liquidity risk.
RDO / RTS	Risk of not securing and/ or not delivering on the new RDO unit to build on the Rail Technical Strategy in CP6. Presents reputational and financial risk.	New risk	Improved finance system, project accounting and governance processes established to meet requirements for running the RDO facility within RSSB during CP6.
Governance Failure – RISQS / RISAS	As schemes with commercial and safety liabilities, strong governance is needed to ensure that the RISQS and RISAS remain valuable to members and fit for purpose. Industry input is needed but RSSB needs to maintain firm control over key executive responsibilities. Failure to manage the schemes effectively could lead to reputational and financial risk.	Decreasing	Work on RSSB governance, and incremental changes have given RSSB Executive and Board more visibility and control of schemes. Launch of RISQS under new arrangements places the scheme in a better place and mitigates risks generally. Full review of RISQS business model carried out within the financial year. Further work is needed to clarify the evolving role of the RISAS Board and this is planned.
Viability of defined benefit pension scheme	Financial risk of increasing pension liability and increasing servicing cost for the defined benefit pension scheme.	Decreasing	Successful consultation (Triennial Review) with staff re reforms to the defined benefit pension scheme. Remuneration Committee oversight.
GDPR	Risk of not issuing updated documentation to suppliers and stakeholders before 25 May 2018 GDPR implementation. Presents reputational and financial risk.	New risk	Working with RSSB's legal support to ensure standard templates are used to provide updated documentation to suppliers and stakeholders before 25 May 2018. Additional resources have been deployed to support the distribution activity.

Environmental impact

RSSB supports the railway industry in delivering the Rail Sustainable Development principles. We are fully committed to improving environmental performance across all our business activities, and will encourage our stakeholders, suppliers and members to join us in this effort.

Through our own Environmental Policy we strive to:

- adopt the highest environmental standards in all area of operation, meeting and exceeding all relevant legislative requirements
- minimise waste through careful and efficient use of all material and energy
- purchase sustainable products wherever feasible (recycled, FSC or low environmental impact products and energy from renewable sources)
- engage with employees in good environmental practices and encourage employee involvement in environmental action
- reduce risks from environmental, health or safety hazards for employees and others in the vicinity of our operations
- consider the risk of wider sustainability issues as climate change mitigation and adoption, ethics and protection of biodiversity and ecosystems.

We are committed to reducing the negative environmental impacts of our own activities in particular:

Energy use

Very small decrease in **2017/18** average energy consumption compared to **2016/17** (**0.1%** decrease in kWh)

Rail travel

On average, **16** more journeys per month in **2017/18** led to a **27%** increase in CO_2 emissions for rail travel

Printing

Number of pages printed in **2017/18** fell by **28%**. May be due to introduction of admin control

302,400 fewer pages printed, saved equivalent of **847kg CO2**

Air travel

22% decrease in average CO2 emissions per air mile in **2017/18**

Average **15.9** tonnes CO2 per quarter in **2017/18**, compares to **19.1** in **2016/17**

Waste

108 fewer bags of waste produced per month in **2017/18** than in **2016/17**

Average recycling rate of **54%** in **2017/18**

Total Carbon Dioxide (CO_2 tonnes) emissions for RSSB

	FY17/18	FY16/17
Energy	143.69	143.85
Rail Travel	28.99	21.18
Air Travel	47.73	76.26
Printing	2.17	3.01
Waste	0.54	0.52
Total	**223.13**	**244.83**

45%

Gender diversity of the headcount of staff which is split **55/45**, with **209** men and **138** Women (this includes all contractors).

1880

Increase in **CIRAS** members, rising to **1880** paid members.

www.ciras.org.uk

5261

Number of twitter followers on **@RSSB_rail**

538

Number of media articles over the year

28

Industry engagement events over the year

10

New **RSSB** members

745 users of the Carbon Tool in March 2018 compared to **587** in March 2017

Modern Slavery Transparency Statement

We have taken steps to prevent modern slavery from occurring within RSSB and our supply chains. We are committed to upholding the letter and spirit of the Modern Slavery Act; and our Modern Slavery Transparency Statement for 2017-18 is published on our website.

People

Head count

As of 31 March 2018, the Company employed 280 permanent and fixed-term staff and a further 53 temporary workers and professional associates. Our gender ratio is 55% male to 45% female.

To attract, engage and retain high calibre people, we create an environment where people are able to give their best. We provide strong, clear leadership and a supportive environment where our people are encouraged to learn, grow and collaborate on genuinely impactful work.

Recognition and reward

Underpinning our employer offering is a structured approach to remuneration decisions and a competitive package of employee benefits. These include a discretionary bonus scheme based on the achievement of company and personal objectives. Further benefits provided by RSSB include private health and dental care, a season ticket subsidy and an interest-free loan, competitive holiday and sickness provision and access to a defined contribution pension scheme (or defined benefit scheme for existing rail sector staff).

Diversity and inclusion

RSSB is committed to equality of opportunity and value the diversity of thought this brings to our work. People are at the core of what we do and we seek to understand and reflect the community in which we operate, building loyalty with our colleagues, candidates and clients. We aspire to have an inclusive working environment where everyone has the opportunity to contribute to our success and to fulfil their potential.

To this end, we created the role of Diversity Champion in 2017 and are currently forming a Diversity and Inclusion Advisory Group to ensure we focus on addressing issues impacting on our ability to provide an inclusive workplace.

RSSB staff actively participate in the Women in Rail Programme, including mentoring and being mentored, through the programme.

Employee engagement

Ensuring our people feel valued and motivated at work underpins our ethos and supports our strategy. Striving for continuous improvement in this area, we ask our colleagues to tell us what they think and involve them in our action plans for change. Each year, we ask our colleagues to complete an employee survey (ViewPoint). This survey comprises a series of themed questions, aligned to a pre-defined engagement model which measures our colleague's relationship with management and how they really feel.

Results are subsequently shared with employees through briefings and team meetings, as well as being published on our internal intranet along with action plans to tackle the key themes. This is designed to assure our people that key issues will be addressed. In addition, the results are discussed with the board.

Our latest survey had an 87% response rate (last year 88%) and overall engagement was scored at 75% (up 7% from the previous year).

In addition to the ViewPoint survey, our internal communications activity ensures colleagues are kept up-to-date with company changes and initiatives and have the opportunity to feedback on how they feel about them. Monthly newsletters, team meetings, an annual staff conference, regular staff briefings and lunchtime 'Food for Thought' meetings inform our people and provide opportunities to share their thoughts on how the business is doing. Furthermore, our people are encouraged to blog on the company intranet about relevant and topical issues that colleagues might be interested in; such as health and wellbeing or continual professional development.

Employee involvement

The Company recognises the importance of its people and is committed to effective two-way communication and consultation on matters impacting them directly. There is a single union agreement in place with the Transport Salaried Staffs' Association (TSSA) and the company recognises the rights of every employee to join a Trade Union and participate in its activities. We update our people about a wide range of subjects that affect the business, including progress on business projects, impact of regulatory issues, and wider financial and economic issues which may affect the company. Information is disseminated using a variety of forums, some of which are briefing sessions, a staff newsletter, the CEO's blog, and the company intranet.

Gender Pay Gap

RSSB, like all organisations with over 250 employees, is now required to publish information about its gender pay difference. The gender pay gap is the difference in average pay between men and women in the workforce. RSSB is committed to reducing its gender pay gap and establishing itself as an employer of choice within the rail industry. RSSB has made positive strides towards achieving a gender-balanced workforce with 45% of our workforce being female compared to 16% in the wider rail sector. RSSB has undertaken various initiatives which will reduce our gender pay gap, for further information, please read our full **Gender Pay Gap Report** which is available on our website. www.rssb.co.uk/Pages/about-rssb/gender-pay-gap.aspx

We have calculated the mean and median gender pay gap to be 25% and 26% respectively. The national average gender pay gap is 18%.

The pay gap at RSSB can be mainly explained by an under-representation of women in senior roles, men account for 28% of the lowest paid quartile and 79% of the highest paid quartile. This reflects the national trend that men are more likely to hold senior positions. This is a particular challenge within the rail sector.

Corporate Social Responsibility

Charity

For 2017, the charity chosen by RSSB employees to support was Providence Row. Providence Row tackles the root causes of homelessness to help people get off, and stay off, the streets. Providence Row works with more than 1400 homeless and vulnerably housed people a year in East London, offering an integrated service of crisis support, advice, recovery and learning and training programmes.

The total raised was £6,881.

This year, RSSB employees chose to support YoungMinds. YoungMinds is the UK's leading charity committed to improving the wellbeing and mental health of children and young people. The total raised was £1,129. Funding will continue to the end of 2018.

Results

The results for the year are set out on page 53.

Treasury operations and financial instruments

The Group operates a treasury function which is responsible for managing the interest and liquidity risks associated with the Group's activities.

Details of these risks and how they are managed are set out in the Strategic Report under the heading 'Principal Risks and Uncertainties' on page 20.

The Group's financial instruments are comprised of various financial assets and financial liabilities such as trade debtors, cash, trade creditors and deferred income. The Group does not use derivative financial instruments.

Future developments

The Directors have no plans to significantly change the nature of the Group's activities.

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

United Kingdom Company Law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting polices and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements company with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to Auditors

In so far as the directors are aware:

- there is no relevant audit information of which the company's Auditors are unaware
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Auditors

UHY Hacker Young were reappointed as the Auditors at the Annual General Meeting held on 21 November 2017, special notice pursuant to Section 485 having been given.

ON BEHALF OF THE BOARD

Mark Phillips
Chief Executive Officer

Dated:

5th July 2018

Governance report

Introduction

This report explains key features of the Company's governance structure to provide a greater understanding of how the main principles of the UK Corporate Governance Code ('Code'), published in April 2016 by the Financial Reporting Council, have been applied and to highlight areas of focus during the year.

The Board has ultimate responsibility for reviewing and approving the Annual Report and Accounts. It has considered and endorsed the arrangements to enable it to confirm the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Members to assess the company's performance, business model and strategy.

Compliance with UK Corporate Governance Code

For the year ended 31 March 2018 and due to public interest, the Company voluntarily chose to comply with all relevant provisions of the Code.

Board of Directors

Anna Bradley

Non-Executive Chairman

Committee Membership:

Appointment Committee (Chairman) and Remuneration Committee

Anna is an experienced non-executive director and Chair. She has a background in regulation, policy and consumer advocacy, and works across sectors. Her current portfolio includes Chair and Non-Executive Director roles in the water industry, payments system and pensions arenas. She is also a Board member of Age UK.

Mark Phillips

Chief Executive Officer

Committee Membership: N/A

Mark is a Fellow of the Institute of Railway Operators and a Fellow of the Institute of Logistics and Transport. Mark has been a Board member of the British Transport Police Authority since 2013 and was appointed Deputy Chairman in 2016. Mark is a member of the Department for Transport's Transport Research and Innovation Board.

Malcolm Brown

Senior Independent Director

Committee Membership: Audit & Risk Committee

Malcolm joined Angel Trains in February 2008 and was appointed CEO in July 2009. Malcolm was previously Deputy Managing Director for the Serco/NedRail Northern Franchise - a key customer of Angel Trains.

Prior to this, Malcolm spent five years in executive positions with National Express Group. Malcolm has also worked in a number of commercial roles at Sea Containers/GNER and Marks & Spencer.

Dolores Byrne

Independent Non-Executive Director

Committee Membership: Audit and Risk Committee (Chairman)

Dolores joined RSSB in 2015 as a Non-Executive Director and chairs the Audit & Risk Committee. Dolores is a Chartered Engineer and has held senior executive positions in private and public-sector engineering and technical services organisations in the defence, aerospace, and security sectors. Until 2010 she was Managing Director Innovation at QinetiQ.

Dolores is an Honorary Fellow of the IET, a Non-Executive Director at Sellafield Ltd and a Trustee of Winchester Science Centre.

John Clarke

Independent Non-Executive Director

Committee Membership: Remuneration Committee (Chairman) and Appointments Committee

John worked in the nuclear industry for more than 35 years up to 2017. He has held a number of executive positions including Head of Environment, Health, Safety and Quality at the Sellafield plant in Cumbria, Director of Production for Sellafield Ltd, Managing Director of International Nuclear Service Ltd and most recently CEO of the Nuclear Decommissioning Authority.

John has held a number of non-executive roles over the past 10 years, as well as national and international advisory roles.

John is a Fellow of the Institution of Chemical Engineers and of the Nuclear Institute.

Gary Cooper

Non-Executive Director

Committee Membership: N/A

After leaving Leeds University where he had been researching in organometallic chemistry, Gary Cooper joined British Rail in 1984.

In 2002 he was invited, by the Strategic Rail Authority, to take the then full-time post of Business Director for the industry's National Task Force Punctuality (NTF).

He became Director of Operations Engineering and Major Projects in May 2012 and Railway Delivery Group Executive Director Planning Engineering and Operations in November 2016.

Board of Directors

Phillip Hoare

Non-Executive Director

Committee Membership: Audit and Risk Committee

Philip is Chief Executive Officer of SNC-Lavalin's Atkins business in the UK and Europe and is responsible for leading a 10,000-strong team across multiple sectors.

He sits on the board of the National College for High Speed and is also the senior leadership sponsor of Atkins' LGBT network.

Phillip is a chartered civil engineer by profession, and is a member of both the Institution of Civil Engineers and the Chartered Institution of Highways and Transportation. He is also a member of the Rail Supply Group Council. In addition, Philip is a Director of the Railway Industry Association, and a recently appointed member of the Defence Growth Partnership Steering Committee.

Graham Hopkins

Non-Executive Director

Committee Membership: N/A

Graham currently works for Network Rail as Group Safety, Technical & Engineering Director.

As chair of the Technical Leadership Group he is accountable to the DfT, Rail Delivery Group and Rail Supply Group for the delivery of the Rail Technical Strategy that is necessary to meet the future vision of GB rail.

Graham is a Chartered Engineer and Fellow of the Royal Academy of Engineering; the Royal Aeronautical Society, the Institute of Mechanical Engineers; the Institute of Materials, Minerals and Mining and the Royal Society of Arts.

Lee Jones

Non-Executive Director

Committee Membership: Audit and Risk Committee

Strategic Growth Director Rail for Amey's Consulting and Rail business. Lee is accountable for the operation and management of the Rail Projects, Signals, Electrification, Track and Metro Services business streams along with joint venture partnerships with Keolis for the Dockland Light Railway franchise and Manchester Metro franchise, driving and developing specialist end-to-end railway infrastructure and train operation services within Amey.

Prior to this role, Lee undertook the role of Operations Director for the Jubilee, Northern and Piccadilly Lines for Tube Lines, including leading the teams recognised success throughout the 2012 Olympic Games. Lee is also Chairman of the RISQS Committee.

Steve Murphy

Non-Executive Director

Committee Membership: N/A

Between 1999 and 2004, Steve was General Manager and then Managing Director of Chiltern Railways, driving Chiltern's performance to the top of the UK industry for both punctuality and customer satisfaction.

Steve was seconded to Irish Rail in 2004, as General Manager implementing a major culture change and investment programme and developing Irish Rail into the fastest growing railway in Europe.

In 2007 Steve set up LOROL as a brand-new business and was responsible for transforming the railway and achieving a 40% increase in customer satisfaction, quadrupling of passenger numbers and achieving highest ever right time punctuality in the history of UK Rail.

In 2014 Steve took on the role of Managing Director at MTR Crossrail, where he is responsible for turning Europe's biggest project into a highly successful train service.

Geoff Spencer

Non-Executive Director

Committee Membership: Remuneration Committee

Geoff is the former CEO of DB Cargo (UK) Limited, (formerly DB Schenker Rail UK), the country's leading rail freight operator.

His career began in 1986 when he joined British Rail as a Traction Trainee. Geoff became a driver before gaining positions as Traincrew Supervisor and then Traction Inspector.

Following the privatisation of British Rail, Geoff held various operational roles, including three years in Germany as Head of European Resource Management for DB Schenker Rail. He returned to the UK to become CEO in September 2013.

Geoff's professional development was achieved through the Institute of Directors (London); the Cranfield University Business School of Management; the Richard Ivey School of Business (Canada) and the Ashridge College School of Management (England). Geoff is also a Non-Executive Chair of The National Freight Safety Group Steering Group.

Eamon Roche

Group Company Secretary, FCIS, MIoD

Eamon was appointed as Group Company Secretary effective 1 January 2018 and heads the Company Secretarial Team. Providing strategic direction within RSSB, Eamon's role is central to good corporate governance and ensures RSSB operates within its Statutory and Governance Framework. Working closely with and supporting the Board, Group Executive Committee, Senior Leadership Team, and delivering first-class Secretariat services, Eamon plays a critical role in ensuring effective communications between the Board and the Company's Stakeholders and Members.

He is a member of the International Compliance Association, a Fellow of the Institute of Chartered Secretaries and Administrators (FCIS), and a Member of the Institute of Directors (MIoD).

Group Executive Committee

In April 2018, the Board reorganised and introduced a new Group Executive Committee within the Company, which reports in to the CEO.

The Group Chief Executive Officer, Mark Phillips is supported by an experienced and capable executive management team, with extensive industry experience and organisational knowledge. The continued growth of RSSB is testament to the strong management team and their ability to successfully execute the Group's strategy.

Paul Marchant

Chief Financial Officer

Paul joined RSSB in 2014 and was appointed Chief Financial Officer in February 2018. Paul's immediate challenges are to ensure RSSB remains financially sustainable and to shape RSSB's long-term financial strategy to meet the changing needs of its membership and key stakeholders. Paul is also leading the work to reform RSSB's business performance measures and to build the strategic business plan for the next control period of funding.

Paul gained a BSc in Accounting and Finance from the University of Warwick and qualified as a chartered accountant (ACA) with Clement Keys (now PKF Cooper Parry) in Birmingham. Paul was also Management Accountant at the Conservative Party Campaigning Headquarters in Westminster before joining RSSB.

Johnny Schute OBE

Chief Operating Officer

Johnny joined RSSB in May 2018 as Chief Operating Officer. He was formerly the Deputy Chief Inspector of Railways and Deputy Director, Railway Safety at the Office of Rail and Road having assumed the appointment in January 2017. He had responsibility for health and safety regulation of the mainline rail network, all operating companies (both train and freight), light rail, metros (including TfL) and heritage.

He served for 34 years in the British Army as an infantry soldier, undertaking operational tours. Johnny has an MBA from the Open University and a MSc in Design of Information Systems from Cranfield University. He was appointed OBE in the Queen's Birthday Honours in 2005.

Keith Hanlon-Smith

HR Director

Keith joined RSSB as Head of HR in April 2017 with responsibility for HR, Company Secretariat and Facilities teams. Keith heads the team that is responsible for ensuring that RSSB's people are able to provide the very best service to its members.

Keith has over 20 years' experience in Human Resource Management gained in both the commercial and not-for-profit sectors. He has worked for the Carbon Trust, Norland Managed Services (now CBRE Global Workplace Solutions) and prior to that the media and retail sectors.

Keith is a Member of the Chartered Institute of Personnel and Development, a graduate of Brighton University and a business mentor for Teach a Man to Fish.

Paul McLoughlin

Business Development and Engagement Director

Paul joined RSSB in February 2018 from BESA, a trade association within the construction industry. As its chief executive, he led the organisation to deliver value and benefit to members. Prior to this he was managing director at Scotty Brand and the first chief executive of Scotland Food & Drink.

Prior to this role Paul worked at Mars and then The Coca-Cola Company, most recently as commercialisation director responsible for North West Europe.

Paul gained a first-class honours degree in electronic engineering from the University of Glasgow, and also holds a diploma in company direction from Durham University Business School.

Nizar Awad

Director of Projects

Nizar joined RSSB as Director of Projects in November 2017. He is responsible for leading the Projects team to ensure its members and stakeholders benefit from timely delivery of high quality, 'fit for purpose' outputs within the critical budgetary and time constraints.

With almost 30 years' experience developing and delivering complex major infrastructure projects and programmes, Nizar has held various senior roles within the rail industry, working with both contractors and consultants in the UK and overseas. Most recently, he was a member of the Executive at London Rail, accountable for all project delivery as well as transforming the constituent businesses into a coherent and high performing delivery unit.

Nizar is a Chartered Engineer with a BEng in Civil Engineering, MSc in Construction Management, DIC and MBA from Imperial College; and is a Member of the Institution of Civil Engineers, the British Tunnelling Society and the Association for Project Management.

How the Board works

Key agenda items discussed by the board during the year:

Theme	Agenda items
Strategy	• Strategic Objectives 2017/18 • CP6 Funding • Financial Sustainability • Cross-Industry Groups Terms of Reference • ASPR Key Messages • Standards Strategy 2016/19 • Business Plan Objectives 2017/18 • Brexit Implications • Programme Support to the Rail Technical Strategy • Annual Sustainability Report • Future Fit Programme
Performance reporting	• Approval of Statutory Accounts and Auditors Report • Notice of AGM 2017 • CIRAS Annual Report • Cross-Industry Committee Report – various • RAIB Review
Operations	• Industry Safety Performance Report • Corporate Risk Register Review • Significant project approval and reviews (RISAS and SMIS)
Budget	• Budget and Business Plan 2018/19
Business presentations	• Horizon Scanning • Customer Services (TMI)
Governance	• Appointment of the independent Auditors • CIRAS subsidiary • Supplier Assurance • Revision of Constitution Agreement and the Articles of Association • Pension Scheme
Stakeholder engagement	• Annual Membership Review • Improving customer service to RSSB Members • Member communications and engagement
Employees	• High-Level results for employee survey
Board	• Board Evaluation Report 2018/19

The Board and its committees

The Board is responsible for the effective oversight of the Company. It also agrees the strategic direction and governance structure that will help achieve the long-term success of the Company and deliver stakeholder value. The Board takes the lead in areas such as strategy, financial policy and making sure we maintain a sound system of internal control. The Board's full responsibilities are set out in the matters reserved for the Board, [available on our website].

The Board delegates authority to its committees to carry out certain tasks on its behalf, so that it can operate efficiently and give the right level of attention and consideration to relevant matters.

The composition and role of each committee is summarised on pages 41 to 43 and their full terms of reference are available on our website.

Board & Committee attendance

The table below summarises attendance at Board and Committee meetings held during the year

	Board Meeting	Audit & Risk Committee	Remuneration Committee	Appointments Committee
Anna Bradley	6 / 6		5 / 5	2 / 2
Mark Phillips	6 / 6			
Malcolm Brown	3 / 6	3 / 5		1 / 1
Dolores Byrne	6 / 6	5 / 5		
John Clarke [1]	5 / 5		4 / 4	2 / 2
Gary Cooper [2]	1 / 1			
Alan Emery [3]	1 / 1		1 / 1	
Philip Hoare	6 / 6	5 / 5		
Graham Hopkins	5 / 6			
Charles Horton [4]	3 / 5		1 / 3	
Lee Jones	5 / 6	4/4		0 / 1
Steve Murphy	4 / 6			
Geoff Spencer	6 / 6		5 / 5	1 / 1

Board composition, qualification and independence

The composition, experience and balance of skills on the Board are regularly reviewed to ensure that there is the right mix on the Board and its committees and they are working effectively. There are currently 11 Directors on the Board, which comprises an independent Chairman (who, for the purposes of the Code was independent on appointment), one executive Director, two independent Non-executive Directors and seven Non-executive Directors who are considered by the Board to not be independent. The current members of the Board have a wide range of skills and experience.

1 John Clarke was appointed to the Board effective 1 July 2017. Prior to his appointment, he was invited as observer to the Board, RemCo and ARC Meeting.

2 Gary Cooper was appointed to the Board effective 15 January 2018.

3 Alan Emery resigned from the Board effective 31 May 2017.

4 Charles Horton resigned from the Board effective 15 January 2018.

Role of the Chairman

The Board is chaired by Anna Bradley. The chairman is responsible for setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular and ensuring constructive relations between executive and non-executive directors.

Role of the Chief Executive Officer

Mark Phillips is the Group Chief Executive Officer. Through delegation from the Board he is responsible for executive management of the group and is supported by a Group Executive Committee and Senior Leadership Team.

Role of the Senior Independent Director

The Senior Independent Director (SID) is Malcolm Brown, who is available to Members if they have concerns that cannot be addressed through normal channels. The SID also acts as an internal sounding board for the chairman and serves as intermediary for the other directors with the chairman when necessary. Neither the chairman nor the SID are employed as executives of the group.

Non-Executive Director independence

The Board considers and reviews the independence of each Non-executive Director on an annual basis as part of the Directors' performance evaluation. In carrying out the review, consideration is given to factors such as their character, judgement, commitment and performance on the Board and relevant committees and their ability to provide objective challenge to management. Following the annual review for 2017, the Board concluded that each of the independent non-executive Directors reviewed continues to demonstrate those behaviours and continued to be considered by the Board as independent.

Appointment and tenure

All Directors serve on the basis of letters of appointment which set out the expected time commitment of Non-Executive Directors who, on appointment, undertake that they will have sufficient time to meet what is expected of them.

The Company places a fixed three-year term limit on each Non-Executive Director's service appointment. However, each director may not serve more than three fixed terms or nine years' service as a Director.

Director induction and training

The Chairman, with the support of the Company Secretary, is responsible for the induction of new Directors and ongoing development of all Directors. New Directors receive a full, formal and tailored induction on joining the Board.

As the internal and external business environment changes, it is important to ensure the Directors' skills and knowledge are refreshed and updated regularly. Accordingly, updates on corporate governance and regulatory matters are provided at Board meetings.

Information and support available to Directors

All Board Directors have access to the Company Secretary who advises them on Board and governance matters. The Chairman and the Company Secretary work together to ensure that Board papers are clear, accurate and timely, and of succinct quality to enable the Board to discharge its duties. As well as the support of the Company Secretary, there is a procedure in place for any director to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

Director election

Following recommendations from the Appointments Committee, the Board considers all Directors continue to be effective, committed to their roles and have sufficient time available to perform their duties.

Directors’ conflicts of interest

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company, unless that conflict is first authorised by the Directors. This includes potential conflicts that may arise when a Director takes up a position with another company. The Company’s Articles of Association allow the Board to authorise such potential conflicts, and there is in place a procedure to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all relevant circumstances.

Board evaluation and effectiveness

During the year, the Board did not carry out an evaluation of its performance and effectiveness. However, following the first Annual Self-Effectiveness Assessment in 2016, and having regard to best practice recommendations set out in the Code, Harvey Nash was engaged to conduct an external board evaluation due for completion in mid-2018. The justification behind the decision to postpone the evaluation during last year was to include the new appointments as part of the evaluation process.

Harvey Nash duly observed the May 2018 Board Meeting and facilitated a questionnaire to each Board Member. Their resultant report was presented at the July 2018 Board Meeting.

Stakeholders’ engagement

Responsibility for Stakeholder relations rests with the Engagement Team and the Company Secretarial Department. They ensure that there is effective communication with Stakeholders on matters such as governance and strategy and are responsible for ensuring that the Board understands the views of major Stakeholders in this regard.

Annual General Meeting

On 21 November 2017, the Company held its AGM at the office of RSSB. It was well attended with attendance increasing significantly (from 2 members to 20 members) and all the proposed resolutions were unanimously passed.

The Company’s AGM will take place in November 2018 again at the office of RSSB, The Helicon, 1 South Place, London, EC2M 2RB. All Members have the opportunity to attend and vote, in person or by proxy, at the AGM. The notice of the AGM, can be found on our website **www.rssb.co.uk** and by an email which is being sent out at the same time as this report. The Notice of AGM sets out the business of the meeting and an explanatory note on all resolutions. Separate resolutions are proposed in respect of each substantive issue.

The AGM is the company’s principal forum for communication with its Members. In addition to the formal business, there will be a presentation on the performance of the Group and its future development. The Chairman of the Board and the Chairman of the Committees, together with senior management will be available to answer Stakeholders’ questions at the AGM.

Extraordinary General Meeting

Following the ORR Review, and the ‘New Settlement’ with members, it was timely to examine the Constitution and Articles of Association with a view to ensuring that we are able to deliver against the ‘New Settlement’.

The Constitution and Articles of Association have been through several revisions since inception; with the last amendment being made following the RSSB Strategic Review in 2013.

However, the industry has evolved since our inception with changes in legislation and associated regulatory framework, together with different industry players emerging. Within this ever-changing wider environment, it is important to ensure that the Constitution reflects the dynamic nature of the industry and its core principles and scope remain robust and flexible enough to manage any future changes to its membership and their needs.

The 2017 review emphasised continued confidence in how RSSB performs its core functions, recommending greater emphasis on occupational health and thought leadership while becoming more efficient in delivering work and being clearer about its core areas of activity.

The proposed changes went through the consultation process on 14 November 2017 for 30 days with the Members. It was duly ratified at the Extraordinary General Meeting held on 08 February 2018. The revised documents subsequently received ORR approval and became effective from 1 April 2018.

Committees

The current Constitution Agreement requires the Board to establish and maintain the following committees (i) Appointments Committee, (ii) Remuneration Committee and (iii) Audit & Risk Committee. Each Committee is entitled to co-opt people with relevant professional skills and expertise as members of the Committee for the purposes of providing advice to the committee on matters under consideration. All committees report to the Board.

(i) Appointments Committee

Composition

The Appointments Committee is chaired by Anna Bradley, and its other members are John Clarke and a third Non-Executive Director who is appointed prior to each Committee Meeting. A majority of the Committee is deemed to be independent.

Role of the Appointments Committee

The Appointments Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. The Appointments Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, retirements and appointments of additional and replacement directors and committee members and makes appropriate recommendations to the Board on such matters. Furthermore, the Appointments Committee considers and makes recommendations to the Board on the appointment of all Directors of the Company (other than industry directors) and all senior employees of the Company who will not be Directors and whose annual base salary (excluding employer pension contributions, bonuses, travel expenses, car allowances and other benefits in kind) will be in excess of £120,000 annually or such higher amount as may be proposed by the Appointments Committee and approved by the Board from time to time.

Meetings and main focus for 2017/18

The Appointments Committee met twice during the financial year and attendance at that meeting is set out on page 37.

During the year, the Committee was remitted by the Board to recruit the following senior positions in line with the process as per the Committee's Terms of Reference:

- Paul Marchant as Chief Financial Officer (effective 19 February 2018, promoted internally from Head of Finance);
- Paul McLaughlin as Business Development and Engagement Director (effective 19 February 2018);
- Johnny Schute as Chief Operating Officer (effective 21 May 2018)

Both latter roles were filled with the engagement of Warren Partners. When recruiting Non-Executive Directors, the Committee evaluates the particular skills, knowledge, independence and experience that would benefit and balance the Board most appropriately for each appointment.

(ii) Remuneration Committee

Composition

The Remuneration Committee is chaired by John Clarke, and its other members are Anna Bradley, Geoff Spencer.

Role of the Remuneration Committee

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, including setting the over-arching principles, parameters and governance framework of the Group's remuneration policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors and its Company Secretary. The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code 2016 in relation to remuneration.

Meetings

The Remuneration Committee met five times during the year and attendance at those meetings is set out on page 37. No Director or other attendee is present at any Committee meeting during any discussion regarding his or her own remuneration.

Fees for the Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors remuneration is determined by the Board, based on the responsibility and time committed to the Group's affairs and appropriate market comparisons. Individual Non-Executive Directors do not take part in discussions regarding their own fees. The Chairman and Non-Executive Directors receive no other benefits.

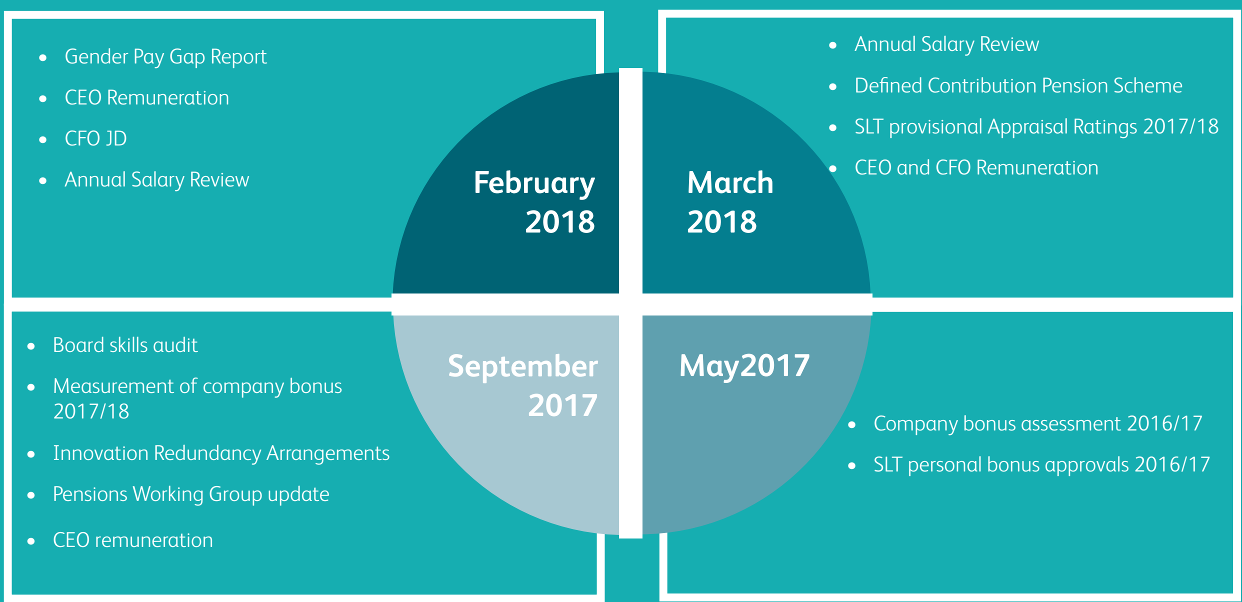
External advice received

During the year, the Remuneration Committee received independent advice on remuneration matters from Korn Ferry Hay Group (KFH) who provided no other services to the Group during the year under review. The Committee also consulted with the CEO but not in relation to his own remuneration.

KFH is a member of the Remuneration Consultants Group and adheres to the Voluntary Code of Conduct in relation to executive remuneration consulting in the UK.

Due to the new Remuneration Committee chair, John Clarke, being appointed part-way through the financial year, the intention is for the first Self-Effectiveness Assessment of the Remuneration Committee take place during 2018/19.

Remuneration committee activities 2017/18



(iii) Audit & Risk Committee

Composition

The Audit and Risk Committee is chaired by Dolores Byrne, and its other members are Malcolm Brown, Philip Hoare and Lee Jones. It is consistent with the Constitution that the Membership of the Committee consist of not less than three Non-Executive Directors of the Company. The Board is satisfied that the combined knowledge, skills and experience of its members is such that the Committee discharges its responsibilities in an effective, informed and challenging manner. However, the Committee also benefits from the appointment in 2016 of an Independent Advisor, Mark Wearden. Mark has an extensive background in accounting and risk management, providing the Committee with additional assurance on key matters. During the year, Mark Wearden's contract was extended to the end of September 2018 at which time would be reviewed accordingly.

Role of the Audit & Risk Committee

The Audit & Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Group's annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Group's internal control review function.

The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board.

Meetings

The Audit & Risk Committee discharges its responsibilities through a series of scheduled meetings during the year, the agendas of which are linked to events in the financial calendar of the Company. The Audit & Risk Committee met five times during the financial year and attendance at those meetings is set out on page 37.

The Audit & Risk Committee receives reports from the external auditors and from senior managers, as required, to enable it to discharge its duties. The Chief Executive Office and the Chief Financial Officer attend its meetings. Members of the SLT are invited to attend the Committee Meetings as required. The external Auditors attend two Committee Meetings each year and have the opportunity to discuss matters with the Audit & Risk Committee, without RSSB Executive in attendance.

Audit & Risk committee activities 2017/18

February 2018

- Treasury and Reserves Policy
- General Data Protection Regulation
- 2018/19 External Audit plan
- 2018/19 timetable for annual report and accounts

March 2018

- Annual Committee Effectiveness Assessment
- PMO (Project Management Organisation) Update
- Internal Controls Update
- 2018/19 Audit plan for BMS assurance and internal audit

November 2017

- Key Performance Indicators & Business Performance Measures Update
- Whistle blowing report
- Review of delegated authority scheme
- Internal controls report
- Risk Register Deep Dive- RISQS/RISAS
- Review of UHY Auditor Recommendations

June 2017

- Annual Report and Group Financial Statement
- Audit and Risk Committee Evaluation report
- Modern Slavery Statement Review
- External auditor's report

A number of standing items are considered at each Committee Meeting covering the Financial Report, a review of the Corporate Risk Register, the Business Management Assurance and internal Audit Reports. A deep-dive review is also carried out at each meeting on one of the major risks facing the organisation. During the year the Committee reviewd RISQS, GDPR, PMO and RDO. Additional items are covered during the year as part of the Committee's Annual programme.

The Audit and Risk Committee conducted their second Self-Effectiveness Assessment and presented the results at the July Board Meeting.

Internal Audit

During the year a number of internal audits were undertaken by independent auditors in relation to the finacial sustainability of the member funded business, the RISQS Scheme and the pensions scheme. A number of, internal quality audits were completed in Standards Directorate, Engagement Directorate and CIRAS. A further four 'active' audits currently are currently ongoing. These are in the areas of Chief Executive Chief Executive, IM&T Director, Chief Financial Officer & Human Resources Director and Director of Projects.

Audit and Risk Committee approved the programme of audits for the next cycle, including examination of the Technical Directorate, Research Programme, System Safety Directorate and Standards Directorate.

During the financial year ending 31st March 2018, RSSB's quality management system was recommended for the ISO 9001:2015 certification. BSI Management Systems performed a continuing assessment (surveillance) audit as part of a three-year cycle which both monitor's RSSB's compliance with the 2008 version of ISO 9001 and checked RSSB's progress towards the updated 2015 version. The recommendation reviewed and confirmed by BSI's internal compliance and audit committee and RSSB's ISO9001 certificate was reissued. The scope of certificated activities was extended to include RSSB's subsidiary, CIRAS.

External Auditor Independence and Effectiveness

It is the Committee's responsibility to monitor the performance, objectivity and independence of the external auditor. During the year, the Committee held a number of private meetings with the external auditors without management being present.

The committee has recommended to the Board that the re-appointment of UHY Hacker Young as the company's external auditors be proposed to shareholders at the 2018 AGM.

Provision of Non-Audit Services

Non-audit services provided by the external auditors are approved in accordance with the Company's policy on non-audit services.

Approval is given on the basis the service will not compromise independence and is a natural extension of the audit or if there are overriding business or efficiency reasons making the external auditors most suited to provide the service. The external auditors are prohibited from providing certain services, including bookkeeping, payroll administration services and management functions amongst others

Total non-audit services provided by UHY Hacker Young LLP for the year ended 31 March 2018 were £22,440 (2017: £13,600) which comprised 44.1% (2017: 32.3%) of total audit and audit related fees.

Internal controls

Risk Management and Internal Control

The Board recognises its responsibility to present a balanced and understandable assessment of the Group's position and prospects and has responsibility for ensuring that management maintain an effective system of risk management and internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Effectiveness of Internal Controls

Each year the Board reviews the effectiveness of our internal control process, including financial reporting, to make sure it remains robust. The latest review covered the financial year to 31 March 2018 and the period to the approval of this Annual Report and Accounts.

Internal Control Framework

We have a clear framework for identifying and managing risk, both at an operational and strategic level. Our risk identification and mitigation processes have been designed to be responsive to the constantly changing environment. Our internal control process starts with identifying risks, compliance matters and other issues. We do this through routine reviews carried out by process owners and facilitated by relevant dedicated, specialist teams. We record risks in our risk register, assess the implications and consequences for the Group and determine the likelihood of occurrence.

Independent Auditors' Report

Opinion

We have audited the consolidated financial statements of Rail Safety and Standards Board Limited for the year ended 31 March 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, Consolidated Statement of Changes in Reserves, Company Statement of Financial Position, Company Statement of Changes in Reserves and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 31 March 2018 and of its result for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 an auditor's report that includes our 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.

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

Subarna Banerjee

Subarna Banerjee (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young
Chartered Accountants
Statutory Auditor

9th July 2018

Group Financial Statements

For year ending 31 March 2018

Company information

Rail Safety and Standards Board Limited (RSSB) is a company limited by guarantee, domiciled and incorporated in England and Wales. The registered office is The Helicon, 4th Floor, 1 South Place, London, EC2M 2RB.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company and the group. Monetary amounts in these financial statements have been rounded to the nearest £'000.

The principal accounting policies adopted are set out below.

The group financial statements consolidate those of the company (RSSB) and of its subsidiary undertakings Railway Documentation and Drawing Services Limited (RDDS) and Confidential Incident Reporting Analysis Service Limited (CIRAS).

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual statement of comprehensive income.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Income

Income comprises members' levies, grants from the Department for Transport, and various items of miscellaneous income.

The Constitution Agreement of the company sets out the funding arrangements for members and levies are recognised in the year to which they relate.

RSSB receives several grants from the Department for Transport and their treatment reflects the conditions relating to each grant. For example the Research and Development grant has been recognised fully in the year whereas all Innovation grants are treated as deferred income until the matching expenditure occurs.

The total amount receivable by the company for goods supplied and services provided, excludes VAT and trade discounts.

Tangible fixed assets and depreciation

Capitalisation

Expenditure on assets in excess of £500 is capitalised.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all fixed assets over their expected useful economic lives. A straight line method of depreciation is used for all assets. The useful economic lives generally applicable are:

Servers	Five years on a straight-line basis
Desktop and laptop computers	Three years on a straight-line basis
Fixtures and fittings	Five years on a straight-line basis
Plant and manchinery	Five years on a straight-line basis
Leasehold improvements	Over the life of the lease on a straight-line basis

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their estimated useful lives, as follows.

Software applications	Between four and ten years on a straight-line basis
Safety Management Intelligence System (SMIS) (Software)	Ten years on a straight-line basis

Where factors, such as technological advancement or changes in market price, indicate the residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Expenditure on software is expensed except for major items over £10k which may be capitalised.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available
- the expenditure attributable to the software during its development can be reliably measured.

The internal costs, when measurable, are taken into account in assessing the cost of software assets.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Leased assets

All leases are regarded as operating leases and the payments made under them are charged to the income and expenditure account on a straight-line basis over the lease term.

Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Provisions

Provisions are recognised when the group has a present obligation arising from a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material.

Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit pension plans.

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Annual Bonus Plan

The group operates a bonus plan for employees. An expense is recognised in the profit and loss account when the group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Defined Benefit Scheme

Scheme assets are measured at 'fair value'. Scheme liabilities are measured on an actuarial basis using the 'projected unit' method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company.

The current service cost and costs from settlements and curtailments are charged against operating profit. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance expenses. Actuarial gains and losses are reported in the statement of comprehensive income.

Financial instruments

The group has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, accruals, bank loans, loans from fellow group companies, and deferred income on grants received, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Reserve

RSSB's reserve arises from prior surpluses. The funding of these surpluses has different sources which would affect the way the reserve would be allocated if a decision was taken to run it down.

The RSSB Board decided in 2005 that part of the reserve would be clearly linked to Research and Development. Also surpluses arising from DfT grants and CIRAS are restricted in use.

The group separates the income and expenditure reserve into the following activities:

- 'Member funded' relates to activities funded by RSSB members.
- 'R&D' is a reserve created by the RSSB board in case of a shortfall in funding for R&D activities.
- 'R&D grant' consists of surpluses arising on funds provided by the Department for Transport for R&D activities.
- 'Innovation' consists of the interest on cash balances held by RSSB for Innovation activities.
- 'CIRAS' consists of surpluses arising on CIRAS member

funded activities.

- ‘General’ consists of items of a RSSB-wide nature which cannot be allocated to a particular business area chiefly the liability on the pension scheme (see Note 14).

Key accounting estimates and assumptions

In the application of the group’s accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Impairment of Intangible Assets (Note 6)

The Group considers whether intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Provisions (Note 11)

Provision is made for asset retirement obligations, other employment obligations, dilapidations and contingencies.

These provisions require management’s best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management’s judgement.

Defined Benefit Pension Scheme (Note 14)

The group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, pension increases (CPI measure), increases to deferred pensions (CPI measure), price inflation (RPI measure), asset valuations and the discount rate. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

Rail Safety and Standards Board Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 March 2018

	Note	Group Year ended 31 March 2018	Group Year ended 31 March 2017
		£'000	£'000
Operating income	1	50,816	55,520
Operating expenses	1	(52,347)	(55,111)
Operating (loss)/profit attributable to ordinary activities		**(1,531)**	**409**
Interest receivable		158	305
Other finance expenses	2/14	(590)	(420)
(Loss)/profit on ordinary activities before taxation		**(1,963)**	**294**
Tax	4	(31)	(49)
(Loss)/profit for the year	**5**	**(1,994)**	**245**
Other comprehensive income			
Remeasurement of net defined benefit scheme	14	5,180	(10,590)
Other comprehensive income/(expense) for the year		**5,180**	**(10,590)**
Total comprehensive income/(expense)for the year		**3,186**	**(10,345)**

Rail Safety and Standards Board Limited
Group and Company Statement of Financial Postiton
for the year ended 31 March 2018

	Note	Group 31 March 2018 £'000	Company 31 March 2018 £'000	Group 31 March 2017 £'000	Company 31 March 2017 £'000
Fixed Assets					
Intangible assets	6	6,448	6,273	6,620	6,620
Tangible fixed assets	7	1,876	1,876	2,194	2,194
		8,324	**8,149**	**8,814**	**8,814**
Current assets					
Debtors	9	8,642	12,421	13,127	13,114
Cash at bank	13	53,848	47,889	66,682	66,620
		62,490	**60,310**	**79,809**	**79,734**
Creditors: amounts falling due within one year	10	(55,602)	(53,637)	(73,958)	(73,998)
Net current assets		**6,888**	**6,673**	**5,851**	**5,736**
Total asset less current liabilities		**15,212**	**14,822**	**14,665**	**14,550**
Provision for liabilities and charges	11	(482)	(422)	(161)	(101)
Retirement benefit schemes	14	(21,730)	(21,730)	(24,690)	(24,690)
Net liabilities		**(7,000)**	**(7,330)**	**(10,186)**	**(10,241)**
Reserve					
Income & expenditure reserve		(7,000)	(7,330)	(10,186)	(10,241)
		(7,000)	**(7,330)**	**(10,186)**	**(10,241)**

The financial statements were approved and authorised for issue by the board of directors on 5 July 2018.

Mark Phillips

Director

Anna Bradley

Director

Company registration number 04655675

Rail Safety and Standards Board Limited
Group Statement of Cash flows
for the year ended 31 March 2018

	Note	Group 31 March 2018 £'000	Group 31 March 2017 £'000
Cash (outflow/inflow) from operations	12	(11,541)	8,154
Taxation paid		(63)	(60)
Net cash (outflow)/inflow from operating activities		(11,604)	8,094
Investing activities			
Interest received		158	197
Purchase of intangible fixed assets	6	(1,305)	(4,929)
Purchase of tangible fixed assets	7	(83)	(75)
Net cash outflow from investing activities		(1,230)	(4,807)
Net (decrease)/increase in cash and cash equivalents		(12,884)	3,287
Cash and equivalents at the beginning of the year		66,682	63,395
Cash and cash equivalents at the end of the year		**53,848**	**66,682**
Cash and cash equivalents consists of			
Cash at bank and in hand		53,848	66,682
Cash and cash equivalents		**53,848**	**66,682**

Rail Safety and Standards Board Limited
Consolidated Statement of Changes in Reserves
for the year ended 31 March 2018

Group	Member funded	R&D	R&D Grant	Innovation	CIRAS	RDDS	General	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	**2,725**	**2,000**	**4,952**	**446**	**490**	**24**	**(10,478)**	**159**
Profit/(loss) for the year	44	-	144	276	(210)	(9)	-	245
Adj. in respect of pension costs	310	-	(158)	(126)	(26)	-	-	-
Increase in pension liability	-	-	-	-	-	-	(10,590)	(10,590)
Transfer of reserve	1,699	-	(1,699)	-	-	-	-	-
At 1 April 2017	**4,778**	**2,000**	**3,239**	**596**	**254**	**15**	**(21,068)**	**(10,186)**
Profit/(loss) for the year	(2,365)	-	300	40	30	1	-	(1,994)
Decrease in pension liability	-	-	-	--	(10)	-	5,190	5,180
Retained reserves carried forward at 31 March 2018	**2,413**	**2,000**	**3,539**	**636**	**274**	**16**	**(15,878)**	**(7,000)**

Rail Safety and Standards Board Limited
Company Statement of Changes in Reserves
for the year ended 31 March 2018

Company	Member funded £'000	R&D £'000	R&D Grant £'000	Innovation £'000	CIRAS £'000	General £'000	Total Company £'000
At 1 April 2016	**2,684**	**2,000**	**4,952**	**446**	**490**	**(10,478)**	**94**
Profit/(loss) for the year	45	-	144	276	(210)	-	255
Adj. in respect of pension costs	310	-	(158)	(126)	(26)	-	-
Increase in pension liability	-	-	-	-	-	(10,590)	(10,590)
Transfer of reserve	1,699	-	(1,699)	-	-	-	-
At 1 April 2017	**4,738**	**2,000**	**3,239**	**596**	**254**	**(21,068)**	**(10,241)**
Profit/(loss) for the year	(2,365)	-	300	40	56	-	(1,969)
Adj. in respect of pension costs	-	-	-	-	-	-	-
Decrease in pension liability	-	-	-	-	-	5,180	5,180
Transfer of reserve	-	-	-	-	(310)	-	(310)
Retained reserves carried forward at 31 March 2018	**2,373**	**2,000**	**3,539**	**636**	**-**	**(15,878)**	**(7,330)**

1. Income and expenditure on operating activities

Income	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Membership Levy	23,021	22,464
R2 Subscription Levy	1,586	1,999
Department for Transport grant for R&D	9,443	9,557
Department for Transport and Network Rail grant for Innovation	12,199	17,888
Innovation in Franchising	379	246
Department for Transport grant for Technical	1,755	856
CIRAS membership levy	1,427	1,363
RDDS activities	91	100
Close call safety system funding	188	195
RGS Online/Rulebook	59	83
Supplier assurance services	309	153
Miscellaneous income	359	616
Total income from operating activities	**50,816**	**55,520**

Miscellaneous income comprises income arising from running training courses, conferences and other ad hoc activities. Some £51,000 (2017: £138,000) of miscellaneous income is attributable to Research and Development.

All income arose from UK operations.

Expenses by activity	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Member funded activities	27,504	24,744
Research and Development	9,176	9,619
Future Railway programme	12,147	17,888
Technical	1,750	856
Innovation in Franchising	379	230
CIRAS	1,211	1,573
RDDS	180	201
Total expenses from operating activities	**52,347**	**55,111**

Expenditure by function	**Year ended 31 March 2018**	**Year ended 31 March 2017**
	£'000	**£'000**
Staff payroll costs (Note 3)	24,211	23,166
Other staff costs and staff travel	4,424	2,719
Technical support (non-Innovation/R&D)	1,282	1,132
Technical support (Innovation)	20	491
Investments and Grants (Innovation)	9,933	14,548
Technical services (R&D)	3,597	4,126
Property costs including rent	2,218	2,067
Loss on write off of fixed assets	-	131
IT external expenditure (includes cost of Safety Management Information System and R2)	3,250	3,638
Professional fees including insurance/legal/accountancy/tax	426	390
Publications/events/other media	710	937
Miscellaneous goods and services	204	144
Non-property lease rentals	15	15
Amortisation note 6	1,477	1,083
Depreciation note 7	400	413
RDDS	180	111
Total	**52,347**	**55,111**
Auditors' remuneration included above:		
Fees payable for the audit of the group's annual accounts	28	28
Other audit related services including taxation service	20	14
	48	**42**

2. Other financial expenses

Analysis of the amount charged to other finance expenses

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Net interest on net defined benefit liability	(590)	(420)
	(590)	(420)

3. Directors and employees

Staff payroll costs during the year were:

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Salaries	17,831	17,597
Social security	2,029	2,093
Pension contributions	4,351	3,476
	24,211	**23,166**

	2018 Number	2017 Number
Staff employed	291	295

Remuneration in respect of directors was as follows:

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Emoluments	334	687
Amounts paid to third parties in respect of Directors' services	228	254
Pension contributions	-	14
	562	**955**

The amounts above include remuneration in respect of the highest paid director set out below. The prior year figure included an ex gratia payment due to a change of director.

No director participated in the defined benefit pension scheme during the year. (2017: one)

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Emoluments	334	411
Pension contributions	-	14
	334	**425**

4. Tax surplus on ordinary activities

The tax charge is based on the surplus for the period and represents:

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
UK corporation tax at 19% (2017: 20%)	31 / -	(60 / 11)
Adjustments in respect of prior years		
Total current tax charge	31	49

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained as follows:

(Loss)/profit on ordinary activities before tax	(1,963)	294
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2017: 20%)	(373)	59
Effect of:		
Adjustment for results from not-for-profit activities	409	(8)
Tax losses utilised	(5)	(2)
Current tax charge for period	31	49

5. Holding company profit/(loss)

Of the £1,994,000 group loss for the financial year (2017: group profit of £245,000), £1,969,000 loss is dealt with in the accounts of the company itself (2017: profit of £254,000).

RDDS made a profit of £1,000 for the financial year (2017: loss of £9,000).

The trade and assets of the CIRAS division within RSSB were hived down into a new CIRAS subsidiary on 18 September 2017. The post-hive down result included an the new subsidiary for the period to 31 March 2018 was a loss of £36,000. The CIRAS result for the period up to 18 September 2017, when it was still a division of the parent company, was a profit of £56,000. Hence, there is a consolidated profit of £30,000 included in the Statement of Changes in Reserves.

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented an income statement for the company alone.

6. Intangible fixed assets

Group	**Software**	**Total**
Cost	**£'000**	**£'000**
At 1 April 2017	11,790	11,790
Additions	1,305	1,305
Disposals	(3,645)	(3,645)
Total as at 31 March 2018	**9,450**	**9,450**
Amortisation		
At 1 April 2017	(5,170)	(5,170)
Amortisation expense for the year	(1,477)	(1,477)
Disposals	3,645	3,645
Total as at 31 March 2018	**(3,002)**	**(3,002)**
Net Book value at 31 March 2018	**6,448**	**6,448**
Net Book value at 31 March 2017	**6,620**	**6,620**

Company	Software	Total
Cost	**£'000**	**£'000**
At 1 April 2017	**11,790**	**11,790**
Additions	1,304	1,304
Disposals	(3,645)	(3,645)
Transfers out	(364)	(364)
Total as at 31 March 2018	**9,085**	**9,085**
Amortisation		
At 1 April 2017	**(5,170)**	**(5,170)**
Amortisation expense for the year	(1,454)	(1,454)
Disposals	3,645	3,645
Transfers out	167	167
Total as at 31 March 2018	**(2,812)**	**(2,812)**
Net Book value at 31 March 2018	**6,273**	**6,273**
Net Book value at 31 March 2017	**6,620**	**6,620**

Software additions relate to enhancements to SMIS+ (upgrade of the Safety Management Information System) and the new finance system (NAV).

Software disposals relate to the old SPARK, SMIS and other operational software assets which were identified as not in use when a cleanse of the fixed assets register was completed on migration to the new finance system during the year.

7. Tangible fixed assets

Group	Servers	Leasehold Improvement	Desktops & Laptops	Plant & Machinery	Fixtures & Fittings	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2017	1,354	1,822	590	7	703	4,476
Additions	27	-	55	-	-	83
Disposals	(845)	-	(302)	(2)	(348)	(1,497)
Total as at 31 March 2018	**536**	**1,822**	**343**	**5**	**355**	**3,061**
Depreciation						
At 1 April 2017	(1,088)	(256)	(487)	(4)	(447)	(2,282)
Depreciation expense for the year	(103)	(136)	(82)	(1)	(78)	(400)
Disposals	845	-	302	2	348	1,497
Total as at 31 March 2018	**(346)**	**(392)**	**(267)**	**(3)**	**(177)**	**(1,185)**
Net Book value at 31 March 2018	**190**	**1,430**	**76**	**2**	**178**	**1,876**
Net Book value at 31 March 2017	**266**	**1,566**	**103**	**3**	**256**	**2,194**

Company	Servers	Leasehold Improvement	Desktops & Laptops	Plant & Machinery	Fixtures & Fittings	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2017	1,354	1,822	590	7	703	4,476
Additions	27	-	55	-	-	82
Disposals	(845)	-	(302)	(2)	(348)	(1,497)
Transfers out	(7)	-	-	-	-	(7)
Total as at 31 March 2018	**529**	**1,822**	**343**	**5**	**355**	**3,054**
Depreciation						
At 1 April 2017	**(1,088)**	**(256)**	**(487)**	**(4)**	**(447)**	**(2,282)**
Depreciation expense for the year	(103)	(136)	(82)	(1)	(78)	(400)
Disposals	845	-	302	2	348	1,497
Transfers out	7					7
Total as at 31 March 2018	**(339)**	**(392)**	**(267)**	**(3)**	**(177)**	**(1,178)**
Net Book value at 31 March 2018	**190**	**1,430**	**76**	**2**	**178**	**1,876**
Net Book value at 31 March 2017	**266**	**1,566**	**103**	**3**	**256**	**2,194**

Disposals relate to assets which were identified as not in use when a review of the fixed assets register was completed on migration to the new finance system during the year.

8. Financial instruments

	Group 31 March 2018 £'000	Company 31 March 2018 £'000	Group 31 March 2017 £'000	Company 31 March 2017 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	61,895	59,724	78,927	78,852
Carrying amount of financial liabilities				
Measured at amortised cost	51,686	51,088	71,091	71,142

Financial risk management

The group is exposed to two main areas of risk – interest rate risk and liquidity risk. The group utilises a treasury function in order to manage these risks. The group's financial instruments are comprised of various financial assets and financial liabilities such as trade debtors, cash, trade creditors and deferred income. The group does not utilise derivative financial instruments.

Interest rate risk

The group is exposed to fair value interest rate risk on its floating rate deposits. The objective of the group in managing interest rate risk is to maximise interest income by placing excess cash resources into fixed term deposits at a fixed rate of return.

Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group will utilise its excess cash resources.

9. Debtors

	Group 31 March 2018 £'000	Company 31 March 2018 £'000	Group 31 March 2017 £'000	Company 31 March 2017 £'000
Trade debtors	6,662	5,954	10,912	10,899
Other debtors and accrued income	1,385	1,369	1,333	1,333
Inter-company debtor	-	4,511	-	-
Prepayments	595	587	882	882
	8,642	**12,421**	**13,127**	**13,114**

Trade debtors include £4.3m of invoiced RSSB member levies relating to 2018/19 (2017/18: £7.4m).

The decrease is due to the timing of invoices around each year end.

10. Creditors: amounts falling due within one year

	Group 31 March 2018 £'000	Company 31 March 2018 £'000	Group 31 March 2017 £'000	Company 31 March 2017 £'000
Trade creditors	2,326	2,305	2,396	2,396
Corporation tax	27	27	60	60
Other taxation and social security costs	289	-	1,159	1,159
Inter-company creditor	-	73	-	51
Accruals	10,655	10,431	10,562	10,551
Deferred income	42,305	40,801	59,781	59,781
	55,602	**53,637**	**73,958**	**73,998**

Accruals and deferred income includes:

- Accruals for cost of work done but not yet invoiced £6,036,000 (2017: £5,890,000); and
- Staff pay and holiday pay £2,530,000 (2017: £3,286,000).
- Cash held on behalf of third parties £276,000 (2017: £252,000) and deferred income £42,102,000 (2017: £59,529,000).

Deferred income relating to member funding and R2 subscription levies for 2018/19 that has already been invoiced totals £4.6m (2017: £8.2m). This arises because member funding and R2 levies are payable quarterly (or annually) in advance so invoices relating to 2018/19 were invoiced in the last quarter of 2017/18.

Deferred income also includes £35.9m (2017: £51.3m) of DfT grant funding for Innovation and R&D received but not yet recognised as the corresponding expenditure, though planned, has yet to occur.

11. Provision for liabilities and charges

	Company £'000	RDDS Library £'000	Group £'000
At 1 April 2017	**101**	**60**	**161**
Provision in the year	321	-	321
As at 31 March 2018	**422**	**60**	**482**

Dilapidations

RSSB has a lease in The Helicon building until the start of 2025. The estimated liability arising from the make good requirement in the lease for The Helicon is £450,000. RSSB provides for the potential cost of the make good requirement in the lease of the new office premises and this is spread over the life of the lease.

RDDS Library

The provision raised represents the RDDS directors' best estimate of the costs of closing the RDDS library which is expected to include the proper packaging and orderly transportation of the drawings and documents to a third party and/or their destruction.

Reorganisation

£276,000 of reorganisation costs have been provided for during the year. The cash impact will occur in 18/19.

12. Net cash inflow from operating activities

	Group 31 March 2018 £'000	Group 31 March 2017 £'000
Operating (loss)/profit	(1,531)	409
Depreciation and amortisation	1,877	1,496
Loss on write off of fixed assets	-	131
Decrease in debtors	4,485	8,176
Decrease in creditors	(18,323)	(2,614)
Difference between pension charge and cash contributions	1,630	600
Increase/(decrease) in provisions	321	(44)
Net cash (outflow)/inflow from operating activities	**(11,541)**	**8,154**

13. Cash at bank and in hand

Group cash balances of £53.8m (2017: £66.7m) include Innovation and R&D cash received in advance of £35.9m (2017: £51.3m).

14. Retirement benefit schemes

Information about the Scheme

- The Rail Safety and Standards Board Section is part of the Railways Pension Scheme, but its assets and liabilities are identified separately from the remainder of the Scheme.
- The Scheme is a defined benefit final salary scheme and open to new members as at year end.
- To address the long term sustainability of RSSB's section the scheme, restrictions on access to new members will come into force from 1 July 2018, effectively meaning that (with a few exceptions) new employees will be automatically enrolled into a defined contribution arrangement. The scheme will become closed to new member but remain open to future accruals for existing members and will also be treated as an open scheme by the scheme actuary.
- The Scheme is a shared cost arrangement whereby the company is only responsible for a share of the cost (60 %).
- Employer contributions are 13.07 % (2016/17: 13.07 %) of Section Pay (60 % of the long-term future service joint contribution rate determined at the 31 December 2013 valuation).

The final results of the triennial valuation at 31 December 2016 showed a technical provisions deficit £1.3m.

The most significant factor contributing to the decrease in the Net Defined Benefit liability, has been due to the change in the discount rate from 2.45 % to 2.70 %. Other assumptions or factors remain close to those used in the prior year such that they have had little impact on the overall net liability.

Financial assumptions

The assumptions provided and used by the actuary are set out in the table below.

	31 March 2018 % pa	**31 March 2017 % pa**
Discount rate	2.70	2.45
Price inflation (RPI measure)	3.10	3.20
Increases to deferred pensions (CPI measure)	2.10	2.20
Pension increases (CPI measure)	2.10	2.20
Salary increases *	2.10	2.20

* plus 0.40 % pa promotional salary scale at 31 March 2018 and 0.40 % at 31 March 2017

Fair value of section asets

	At 31 March 2018 Fair value £'000	At 31 March 2017 Fair value £'000
Equities	68,810	69,860
Government Bonds	18,580	16,170
Non-Government Bond	2,520	960
Other assets	320	30
Total	**90,230**	**87,020**

Pension scheme liability at the end of the year

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Actuarial valuation of pension liabilities	(126,440)	(128,170)
Members' share of deficit	14,480	16,460
Adjusted value of section liabilities	**(111,960)**	**(111,710)**
Closing value of section assets	90,230	87,020
Pension scheme liability to be recognised in the statement of financial position	**(21,730)**	**(24,690)**

Reconciliation of pension scheme liability

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Opening pension scheme liability	(24,690)	(13,080)
Employer contributions	1,640	1,660
Employer's share of service cost and admin costs	(3,270)	(2,260)
Employer's share of net interest cost on net Defined Benefit Liability	(590)	(420)
Actuarial gain/(loss) recognised in the Other Comprehensive Income	5,180	(10,590)
Closing liability	**(21,730)**	**(24,690)**

Components of defined benefit cost

	Year ended 31 March 2018	Year ended 31 March 2017
	£'000	£'000
Current service cost	3,150	2,160
Employers share of administration costs	120	100
Total charged to operating profit	**3,270**	**2,260**
Analysis of the amount charged to other finance charge:		
Employer's share of net interest on net defined benefit asset	(590)	(420)
Net debit to other finance charge	**(590)**	**(420)**

The following two tables show the movement in the assets and the liability of the Section as a whole. Some of the figures therefore differ from those in the other disclosures, which reflect the company's share of the costs and liabilities associated with the Section.

Reconciliation of Section liabilities	Year ended 31 March 2018	Year ended 31 March 2017
	£'000	£'000
Opening Section liabilities	128,170	98,160
Service cost	5,230	3,580
Interest cost	3,120	3,290
(Gain)/loss on Section liabilities	(8,520)	25,930
Actual benefit payments	(1,560)	(2,790)
Closing Section liabilities	**126,440**	**128,170**

Reconciliation of value of assets	Year ended 31 March 2018	Year ended 31 March 2017
	£'000	£'000
Opening value of Section assets	87,020	76,360
Interest income on assets	2,140	2,590
Return on plan assets greater than discount rate	110	8,320
Employer contributions	1,640	1,660
Employee contributions	1,070	1,040
Actual benefit payments	(1,560)	(2,790)
Administration costs	(190)	(160)
Closing value of Section assets	**90,230**	**87,020**

Analysis of the amounts recognised in the Statement of Other Comprehensive Income	**Year ended 31 March 2018 £'000**	**Year ended 31 March 2017 £'000**
Gain on pension assets	70	4,990
Gain/(loss) on pension liabilities	5,110	(15,580)
Total gain/loss) recognised in OCI	**5,180**	**(10,590)**

Historic information

	Year ended 31 March 2018 £'000	**Year ended 31 March 2017 £'000**	**Year ended 31 March 2016 £'000**	**Year ended 31 March 2015 £'000**	**Year ended 31 March 2014 £'000**
Section liabilities	(126,440)	(128,170)	(98,160)	(96,900)	(81,100)
Section assets	90,230	87,020	76,360	73,260	62,680
Deficit	(36,210)	(41,150)	(21,800)	(23,640)	(18,420)
Experience loss/(gain) on Section liabilities	(5,110)	15,580	(2,390)	6,290	(280)
Experience (gain)/loss on Section assets	(70)	(4,990)	(150)	(4,440)	710

15. Leasing commitments

Total future minimum lease payments due under non-cancellable operating leases:

	Year ended 31 March 2018		Year ended 31 March 2017	
	Other	**Land and buildings**	**Other**	**Land and buildings**
	£'000	**£'000**	**£'000**	**£'000**
In one year or less	9	907	24	907
Between one and five years	8	3,627	18	3,627
More than five years	-	1,587	-	2,493

16. Transactions with directors and other parties

RSSB is a member owned company set up to provide services to the GB rail industry. Many of RSSB's transactions are with its members, particularly with Network Rail. Most board members are appointed from within the industry and hence work for companies with which RSSB transacts again, particularly Network Rail. However, our board members from member companies play no role in selecting suppliers in the award of contracts to particular parties.

The Directors are confident that sufficient governance is in place to ensure an objective process in the selection of suppliers.

Directors are also asked to declare their interests at board meetings and to keep the Company Secretary informed of any likely interests which may affect their legal duty to act in the best interests of RSSB.

17. Capital commitments

As at 31 March 2018, RSSB had entered into capital commitments of approximately £0.5m relating to the SMIS+ project (upgrade of the Safety Management Information System).

18. Post balance sheet events

There have been no post balance sheet events to report.

19. Subsidiaries

Details of the company's subsidiary at 31 March 2018 are as follows:

Name of undertaking	Country of incorporation	Holding (per share class)	Type of shares held	Nature of business
Railway Documentation and Drawing Services Limited	England and Wales	100 %	Ordinary shares	Custodian of the Traction and Rolling Stock library
Confidential Incident Reporting and Analysis Service Limited	England and Wales	100 %	N/A*	Confidential Reporting Service
Railway Industry Supplier Qualification Scheme Limited	England and Wales	100 %	Ordinary shares	Dormant

Confidential Incident Reporting and Analysis Service Limited ("CIRAS") is a company limited by guarantee and as such has no share capital. It is controlled by RSSB by virtue of it being the principle guarantor. It was incorporated on 6 December 2016 and has the same year end as RSSB.

The trade and assets of the CIRAS division within RSSB were hived down into the CIRAS subsidiary in September 2017, resulting in the nil CIRAS divisional reserves in the RSSB Company Statement of Changes in reserves at 31 March 2018 on page 57.

20. Control

The company is not under the control of any one entity or individual.

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