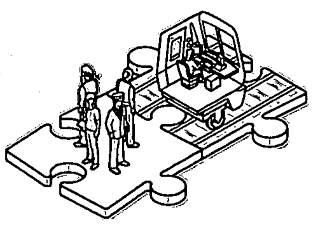
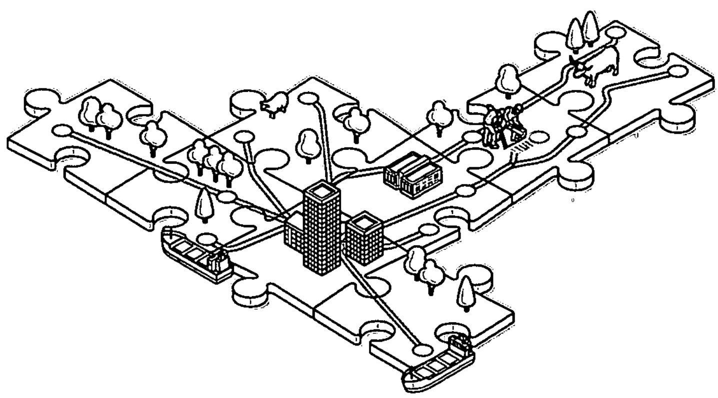
RSSB

A Better,
Safer
Railway

RSSB

Annual Report 2020





Company Information

Company registration number:	04655675
Registered office:	The Helicon, 4th Floor 1 South Place London, EC2M 2RB
Directors:	Barbara Moorhouse (Chairman)
	Mark Phillips (Executive Director and Chief Executive Officer)
	Paul Marchant (Executive Director and Chief Financial Officer)
	Steve Murphy (Non-Executive Director)
	Geoff Spencer (Senior Independent Non-Executive Director)
	Philip Hoare (Non-Executive Director) resigned 13 June 2019
	John Clarke (Non-Executive Director)
	Caroline Fawcett (Non-Executive Director)
	Chris Rayner (Non-Executive Director)
	Andy Course (Non-Executive Director) resigned 17 September 2019
	Steve Cocliff (Non-Executive Director)
	Anna Ince (Non-Executive Director) appointed 1 November 2019
	David Jordan (Non-Executive Director) appointed 7 November 2019
	David Horne (Non-Executive Director) appointed 1 September 2019
	Martin Frobisher (Non-Executive Director) appointed 4 July 2019
Company Secretary:	Tracy Gwatkin
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

Chairman's statement

My first full year as Chair of RSSB has seen a number of very significant changes in the rail industry. There was a widely recognised need for reform. The Williams Rail Review was established in September 2018, just months after the East Coast Mainline franchise came back under government control. Uncertainty has certainly affected parts of the industry during the last year. Publication of the Williams review has been delayed and the expected publication of a government White Paper was delayed by the outbreak of Covid-19. The outbreak has also impacted the industry directly, with radical changes to the structure and operations of the industry. The consequences may be far reaching in terms of future transport policy. However, it has brought to the fore the importance of the railway in transporting key workers and essential goods.

Through this changing picture for the industry, RSSB continues to adapt to meet its mission of supporting a better, safer railway. Both long-term and short-term changes require facilitation through standards and the support of technical evidence and research. 2019/20 saw the start of the CP6 control period, where members supported RSSB's 5-year plan. That plan allows RSSB to flex to the changing needs of the industry. And we will continue to prioritise our resources to respond to members' needs. RSSB is committed to maintaining rigour in planning and delivering research and guidance to the industry.

All members of the board are committed to ensuring that RSSB delivers value and benefit to the industry, particularly in light of the impact of Covid-19. I would like to thank those whose terms ended during 2019 for their contributions in previous years and to welcome those who joined us as non-executive directors in 2019: Anna Ince, David Jordan, David Horne, and Martin Frobisher. Each brings experience that, in combination, will strengthen RSSB's reputation for cross-industry representation and independence. The new board is very focused on supporting the executive team to respond constructively to industry changes and support our members to do the same. Much of RSSB's work focuses on the long term and we will continue to support industry to deliver long-term benefits, while also addressing the short-term challenges.

Barbara Moorhouse,

Barbara Moorhouse

Non-Executive Chairman

Chief Executive Officer's review

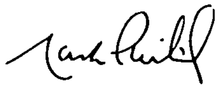
For RSSB, 2019-20 has been a positive year. The number of members has increased by 26% as all parts of the industry recognise the strength of our work, that continually helps our members to deliver a better, safer railway. Our technical experts work closely with our members to ensure we understand their priorities and challenges, so we can continually adapt and enhance our offer. Our member advocacy scores reflect the positive impact this engagement is having. We have delivered new and enhanced products and services, including tools to address risk arising from signals passed at danger, and to manage mental health and fatigue. We have improved standards to enhance safety and performance, and to prepare for Brexit. Our research has led to better train braking solutions, better planning during disruption, and better access for passengers who have less visible impairments. We have launched the industry strategy to enable it to reduce carbon emissions.

As a business we have adapted and improved as well. We continue to develop the business to reduce our dependence on the membership levy and to create new opportunities that will contribute to our products and services. We have laid strong foundations to improve our organisational health, streamlining and automating our business processes, and developing our people.

In the coming year, we will continue to work with our members to ensure they have the support they need to deliver a better, safer railway. While there are restrictions placed on movement in the UK, because of Covid-19, we will continue to support our members and the wider industry as best we can. We will plan and prepare to deliver the support needed to implement the strategic activities outlined in the new issue of Leading Health and Safety on Britain's Railway—the strategy for collaborative working towards that better, safer railway. We will:

- adapt and reinforce the support we provide to deliver the Leading Health and Safety on Britain's Railway strategy
- provide data insights across key risk areas by conducting at least eight data insight sprints
- support industry to deliver the recommendations of the Air Quality Strategy
- develop guidance to better manage the consequences of bad weather
- comprehensively update the Working Manual for Freight
- work with the Data Sandbox+ competition winners to develop clear plans for implementation, so the industry can use shared big data to support innovative ways of improving the railway.

Mark Phillips,



Chief Executive Officer

Business performance

Our business performance in 2019-20 has been measured in five areas:

- Delivering the business plan
- Customer experience
- Growth
- Financial sustainability
- Organisational health

Delivering the business plan

Our 2019-20 business plan comprised four strategic objectives. Deliberately inward looking, they reflect our ambition to be a sustainable resource for the rail industry. The strategic objectives cover customer experience, organisational health, financial sustainability, and growth. The 2019-20 business plan is also our programme for delivering what our members need through the six strategic business areas agreed with them. Across the commitments made for both our strategic objectives and the strategic business areas, we completed about 80% of the targets set.

Customer experience

We continued to improve customer experience through more proactive engagement with our members. Our Engagement Champions visited customers to understand what they need and how we could increase the value of what we deliver. We reorganised the company and our website, and started to develop our customer relationship management processes, to better record and reflect those customer needs. We measure day to day engagement activities using the Net Promoter Score. That score rose from +39 to +56 during the year, achieving our target and taking us towards our long-term ambition to be at +60—in the top quartile for similar organisations.

Growth

Our non-levy annual income grew by £1m to £10m for the year. Key elements driving this growth were affiliates, training, consultancy and supplier assurance. Our new affiliate offering enables engagement with non-member railway organisations and has been well received, both in the UK and overseas. Our supplier assurance scheme, grew as more audits took place than forecast, and our new training courses have been very successful.

Financial sustainability

We achieved our total reserves target for 2019-20 to help protect RSSB against existing business risk and deliver the right financial conditions for CP6 investment in technology and commercial capability. The business is on track to meet its overall CP6 reserve target by March 2024.

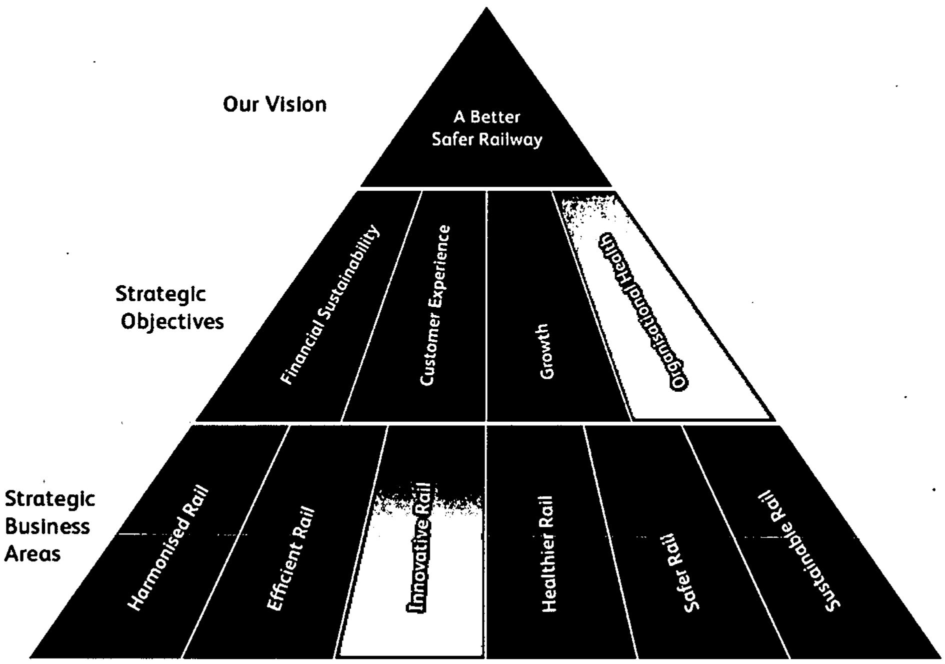
We completed the reform of our financial control framework with positive assurance from both Price Waterhouse Coopers (PWC) and Grant Thornton.

We will continue to improve our value-for-money offer to our members and other key stakeholders through our investment in internal systems and our drive for efficiency.

Organisational health

Our approach to maintaining good organisational health is a simple one; we create an environment where our people can do their best work. To develop our organisational health, we have implemented plans to develop an adaptable workforce and enable them with digital technologies. Our future leaders programme is developing staff for the future of the company and the railway. Our overall approach is supported by improved recruitment and selection processes.

Our ongoing strategy



Our ongoing Strategic Business Plan presents the strategic objectives agreed with our members for Control Period 6 (2019-2024). These objectives enable us to deliver the products and services that support the industry to deliver a better, safer railway. https://www.rssb.co.uk/-/media/Project/RSSB/Platform/Documents/Public/Public-content/About-Us-and-Membership/rssbbusinessplan20192024-1002089433.pdf

Performance highlights

Safer Rail

We renewed our SPAD Strategy and launched the Red Aspect Approaches to Signals (RAATS) Toolkit, to help reduce the likelihood of signals being passed at danger. We also revised our Taking Safe Decisions Framework, to make it easier to use and understand. We have helped over 50 members make better use of the information in the Safety Management Intelligence System (SMIS) that we run for the industry.

Healthier Rail

Central to our work for healthier rail have been work in improved mental health, and better management of fatigue and the risks that it brings to the rail industry.

Harmonised Rail

Through the introduction or update of various standards we have contributed to making the railway safer, and improving performance, efficiency and harmonisation.

Efficient Rail

Among our successes was the trial and introduction of double rate variable sanders. We have shown these to improve braking distances for trains in low adhesion conditions. The results will improve safety and train performance year-round.

Innovative Rail

We have introduced innovators to influencers, to speed routes to market. Through funding of competitions and development projects, we have identified and progressed tools, materials, and processes that improve network capacity, reliability and usability.

Sustainable Rail

We supported the rail industry's Decarbonisation Strategy and the initial work for an Air Quality Strategy. We funded the development of tools to make rail journeys more accessible, and to assess this we launched the Accessibility Maturity Assessment Tool.

For more detail on our activities in each of these areas, and our plans for 2020-21, please see our 2020-21 Business Plan. https://www.rssb.co.uk/-/media/Project/RSSB/Platform/Documents/Public/Public-content/About-Us-and-Membership/Business-Plan-2020-21-final-v2.pdf

At a glance

What we do

RSSB was set up in 2003 as an independent body to deliver expertise, information, and standards that would improve the safety of the GB railway. Although funded by the rail industry, our constitution makes us independent of any one organisation or sector. We deliver products and services across four areas: understanding risk, setting standards, managing research and innovation, and facilitating collaboration to improve the industry's technical capabilities.

Using the data from industry our analysts assess levels of risk, predict potential problems, and propose research ideas or mitigations that might reduce that risk.

In consultation with industry stakeholders, we author many of the standards used by the railway to make is as safe, efficient and sustainable as reasonably practicable.

We are responsible for the industry's safety strategy—Leading Health and Safety on Britain's Railway (LHSBR). This provides a framework for the collaborative improvements needed to reduce the risk to rail employees, passengers, and the public. https://www.rssb.co.uk/RSSB-and-the-rail-industry/Leading-health-and-safety-on-Britains-railway

Funded by the Department for Transport, we manage a cross-industry research and development programme. Using our own expertise and subject matter experts from across the industry and academia, the programme looks both for answers to current issues and for future solutions that will help deliver a better, safer railway.

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 Railways Board library of Traction and Rolling Stock drawings and other associated documents (also known as RMD).
- It provides copies of such documentation to persons and organisations entitled to access them, including to the public in many cases.

Confidential Incident Reporting & Analysis Service Limited

Confidential Incident Reporting & Analysis Service Limited (CIRAS) is 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 employees within its member companies.

Railway Industry Supplier Qualification Scheme Limited (dormant)

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.

Financial review

The Group's operating income arises from a mix of membership levies, grants from the DfT and Network Rail, and commercially generated income from the provision of a range of goods and services.

Operating income decreased by 7% during 2019-20 to £53.9m (2018-19 - £57.9m).

The decrease in income was mainly due to lower innovation activities in the year as the Innovation Programme funded through DfT is due for completion in 2021-22.

Membership income increased by 3% to £24.5m (2018-19 - £23.8m) due to a combination of increases to existing levies as set out in RSSB's constitution and increased membership numbers. An affiliate scheme was launched in July 2018, and there was a significant growth in affiliate members with income of £489,000 (2018-19 - £69,000).

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

Expenditure

Operating expenditure decreased by 9% to £52.6m (2018-19 - £57.5m); a breakdown of expenditure can be seen in Note 1.

Innovation activity expenditure decreased significantly to £7.0m (2018-19 - £12.2m) which is related to the income reduction in this area.

Expenditure in relation to Research and Development activities increased to £10.8m (2018-19 - £9.0m) as RSSB spent a portion of reserves on advancing critical industry research.

Staff costs remained the most significant element. Payroll and other staff costs totalled £28.5m compared to £29.7m in the previous year. This represents a decrease of 4%. Average headcount has decreased to 291 from 293 in the prior year.

Profit on ordinary activities

At year end the Group's operating profit (before tax and interest) was £1.3m compared with a £0.5m profit in the previous year.

This profit figure was offset by the net impact of non-operating income and expenditure such as bank interest and the charge for the year relating to the employers' share of net interest on the defined benefit liability of the pension scheme.

Subsequently the Group's profit before tax on ordinary activities was £590,000 (2018-19 - £2,000).

Statement of Financial Position

The Group Statement of Financial Position shows a net liability position of £4.4m at 31 March 2020 compared to a net liability position of £9.5m at 31 March 2019. The variance was driven by the valuation of the net defined benefit pension liability (see Note 15).

Assets

The cost of fixed assets (tangible and intangible) increased to £15.3m (2018-19 - £13.8m) after £1.5m of additions on hardware refresh, digital website content and industry system enhancement. Further information can be found in Notes 6 and 7.

The Group's current assets decreased to £46.1m (2018-19 - £58.2m) mainly due to a decrease in cash balances to £40.3m (2018-19 - £49.1m). The decrease in cash was due to the lower Innovation and Technical cash balance as the Innovation Programme is due for completion in 2021-22.

Liabilities

Creditors decreased at year end to £36.1m compared to £48.7m in 2018-19; this was driven by a decrease in deferred income to £26.3m (2018-19 - £33.5m). Deferred income is made up of membership, R2 levies and RISQS supplier assurance invoiced in advance, and cash—received chiefly from innovation activity but not yet recognised as income. The latter decreased to £16.3m (2018-19 - £23.4m), as the programme winds down to completion in 2020-21.

The value of provisions decreased to £0.8m (2018-19 - £0.9m), mainly due to the brought forward provision on organisational restructure that was released this financial year. Further details are given in Note 12.

A major impact on the Group Statement of Financial Position arises from the annual valuation of the Company's section of the Railways Pension Scheme (RPS) carried out under FRS 102. This showed a net liability of £22.9m at year end (2018-19 - £25.8m). The decrease in the liability was mainly due to a reduction in inflation linked assumptions over the year. In addition, asset performance has been in line with expectations over the year and so overall the scheme's funding position has strengthened slightly.

A feature of the RPS is that the Company accounts for 60% of the net pension liability, in line with the shared cost basis of the scheme which had a total net liability of £38.1m (2018-19 - £42.9m).

Note 15 provides greater detail and shows that whereas section assets have increased over the last five years from £76.4m to £98.6m, the liabilities have increased at a greater rate from £98.2m to £136.7m.

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.

During the year, £0.2m (2018-19 - £nil) was ring-fenced from Member Funded reserve as Pension Risk Fund. This is to be used to increase the proportion of any future deficit contributions the Group (Employer) might choose to pay (over and above the existing shared cost basis) to ensure the scheme remains affordable for active scheme members.

The net liabilities of £4.4m are due to the accumulated actuarial losses on the defined benefit scheme. The Directors are satisfied that the Group has adequate cash balances to meet its liabilities that fall due in the next 12 months and has agreed a funding package with its members for the next control period.

Other items

The Statement of Other Comprehensive Income, which takes account of the net change in the pension liability, shows a total gain of £4.6m (2018-19 loss of £2.5m).

Viability statement

Assessment of prospects

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

- The annual business plan, departmental budgets and external audit, which all operate on a one-year period.
- The Group's strategic plan covers a five-year period from 1 April 2019 to 31 March 2024 and is reviewed by the Directors on an annual basis. This ties in with the industry's five-year control period (CP6).
- The funding for the current control period (CP6), which was agreed through consultation with membership in August 2018.

The Directors have chosen to assess the Group's viability to the end of the five-year period to March 2024.

While there may be a reasonable expectation of securing work beyond that, 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 strategic risks to 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 Financial 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 both up to the end of the current 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 2021.

Going concern

In light of the Coronavirus (Covid-19) outbreak, the Group has carried out an analysis on the impacts of the current events and conditions on the Group's operations and forecast cash flows.

The Group has a sustainable business model and is resilient to the temporary shocks brought by Covid-19. The majority of the work carried out by the Group is funded through a membership levy which is agreed for a five-year period (1 April 2019 to 31 March 2024) with the Board and members. This unique funding model through membership levy means that the Group's economic foundation is in a very strong position.

The Group's commercial business model is considered viable in the foreseeable future. The Group has put in place adequate measures to ensure business operations can continue as usual, and that any disruption events are appropriately mitigated. Despite the current commercial market volatility, there is still significant demand for the Group's commercial products and services, including supplier assurance, affiliate membership, consultancy, and training courses. In the coming years, the Group will continue to concentrate on further developing its existing commercial offering and enhancing its capabilities in this area.

The Group has a very strong cash position (£40m cash at bank at the year-end) and sufficient cash flows to continue its operations for at least the next 12 months. The Group is debt free, and the Treasury Committee reviews the 12-month cashflow projection on a regular basis; management also reviews aged debtors on a weekly basis to ensure adequate credit control is in place. Consequently, it has been determined that the Group has sufficient cash flows to meet its obligations when they fall due.

Based on the analysis performed, it has been determined that the current Covid-19 outbreak does not cast significant doubt on the Group's ability to continue as a going concern.

People

Head count

As at 31 March 2020, the Company employed 290 staff with 57% males and 43% females.

The organisation has set high standards of staff recruitment, engagement, development, and retention—with effective targets and measurement where appropriate.

Resourcing is monitored to ensure efficient delivery of products and services to industry, with the right balance of front line and supporting roles. Succession planning and associated professional development ensures that we are forward looking in terms of maintaining bench-strength.

Rewards

The Company operates a discretionary bonus scheme available for all permanent and fixed-term employees. Company and individual objectives are set for RSSB and employees at the beginning of each bonus year.

Company and individual achievement are based on delivery of objectives, monitored during the year and fed into the overall calculation of any bonus payment, approved by the Remuneration Committee.

Further benefits provided by RSSB are designed around the health and financial wellbeing of employees and include private health and dental care, a season ticket subsidy and interest free loan.

Diversity and inclusion

RSSB is committed to equality and values diversity within its workforce. People are at the core of what we do. To us diversity means understanding and reflecting the community in which we operate, so that we can deliver solutions to industry that are highly effective and highly valued. RSSB strives to create an inclusive environment where our people can do their best work and fulfil their potential.

Furthermore, RSSB staff actively participate in the Women in Rail programme, providing opportunities for mentoring across the industry. Work on diversity and inclusion at RSSB is overseen and driven by the Diversity and Inclusion Advisory Group and our HR Director sits on the industry Diversity and Inclusion Steering Group.

Employee engagement

Ensuring our people feel valued and motivated at work underpins our ethos and supports both our people and our business strategy. We use an employee engagement tool that allows us to survey our people on a monthly basis. This gives us up-to-date information on the things that are maximising or inhibiting employee engagement. And it allows us to build dynamic action plans to strengthen or address engagement drivers.

Results are shared with employees through briefings and team meetings, as well as being published on our intranet, along with action plans to tackle key themes. This is designed to assure our people that key issues will be addressed. In addition, the results are presented to the Executive Committee on a monthly cycle and discussed with the Board annually.

We average a 78% response rate on our employee survey, and overall engagement—measured on a scale of 0 to 10 and on a rolling 12-month basis—finished the year at 7.5.

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 that may affect the Company. Information is disseminated using a variety of forums, including briefing sessions, Executive Committee blogs and the company intranet.

Modern Slavery Transparency Statement

We are required to publish an annual statement on the steps we have taken to ensure that modern slavery is not present in RSSB's supply chains or operations. We are committed to upholding the letter and spirit of the Modern Slavery Act; and our Modern Slavery Transparency Statement is published on our website. This sets out what steps we have taken to prevent modern slavery from occurring within RSSB and our supply chains, along with future plans in this area.

Gender and Ethnicity Pay Gap

RSSB, like all organisations with over 250 employees, is required to publish information about gender pay differences. We have also taken a decision to voluntarily publish our ethnicity pay gap. The gender pay gap is the difference in average pay between men and women in the workforce while the ethnicity pay gap is the difference in average pay between Black, Asian & Minority Ethnic (BAME) and non-BAME employees. RSSB is committed to reducing our gender and ethnicity pay gaps and we are working with our employees to identify practical ways in which we can do this.

We have calculated the mean and median gender pay gaps to be 21% and 23% respectively and the mean and median ethnic pay gaps to be 15% and 17% respectively. The national average for gender pay gap is 17.3% (April 2019) (ONS).

Both the gender and ethnicity pay gaps at RSSB can be explained mainly by an under representation of women and those from the BAME communities in higher earning roles. Men account for 37% of the lowest paid quartile and 79% of the highest paid quartile. Non-BAME employees account for 67% of the lowest paid quartile and 88% of the highest paid quartile. This reflects the national trend that men and non-BAME employees are more likely to hold senior positions, which is a particular challenge within the rail sector.

For further information, please read the full Gender and ethnicity Pay Gap Report available on our website https://www.rssb.co.uk/Pages/about-rssb/gender-pay-gap.aspx.

Directors' Report

The directors present their report, as well as the audited financial statements for the year ended 31 March 2020 that are reflected on pages 50 to 54.

Directors

The names of the current directors are listed on pages 19 to 23. The names of directors who resigned in the year under review are shown on page 29.

Employee engagement

The People section on page 12, highlights the engagement with employees and how the directors have had regard to employee interests and the effect of that regard.

Business relationships

The Customer Experience section on page 3, highlights how the directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others, and the effect of that regard.

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 the associated risks and how they are managed are set out in the Strategic Report under the heading 'Principal Risks and Uncertainties' on page 34.

The Group's financial instruments comprise 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.

Annual General Meeting

The Company's AGM will take place on 5 November 2020 at the office of RSSB, The Helicon, 1 South Place, London, EC2M 2RB. All Members may attend and vote, in person or by proxy, at the AGM. The notice of the AGM can be found on our website: https://www.rssb.co.uk/about-rssb/governance/annual-general-meetings. 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.

Streamlined energy and carbon reporting

Group's greenhouse gas (GHG) emission and energy use data for period 1 April 2019 to 31 March 2020

	Current reporting year 2019-20
Energy consumption used to calculate emissions: /kWh	256,869
Scope 2	
Emissions from purchased electricity: kg CO2e	59,886
Scope 3	
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel: kg CO2e	4,304
Total gross CO2e based on above: kg CO2e	**64,190**
Intensity ratio: tCO2e per £ million of income	1.11

Company and Group information

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

SECR is prepared at Group level, detailed group structure is listed on page 7.

Reporting period

1 April 2019 to 31 March 2020.

Methodology

We have followed the UK Government Environmental Reporting Guidelines (March 2019). We do not have scope 1 energy consumption, and we have measured our scope 2 and certain scope 3 emissions within the UK for this report. We have used 2020 UK Government conversion factors for company reporting of greenhouse gas emissions.

Base year

We have a fixed based year of 2019-20. We chose this year as it was the first year for which we considered that we had reliable data and it was the first year that we were compliant with SECR.

Targets

We are committed to reducing the negative environmental impact of our own activities, including energy use, rail and air travel, printing and waste.

Intensity Measurement

We have chosen the metric gross scope 1 and scope 2 emissions in tonnes of CO2e per £million of income as this is a common business metric for our business sector.

Energy Efficiency Action

In the period covered by the report the Group has installed new computer monitors with energy efficiency rating Class A. The Group has also replaced 3 fridges and boiling water system and has always encouraged to use LED lighting where possible.

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 policies 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 comply 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.

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.

Auditors

UHY Hacker Young were reappointed as the Auditors at the Annual General Meeting held on 7 November 2019, special notice pursuant to Section 485 having been given.

ON BEHALF OF THE BOARD

Mark Phillips
Chief Executive Officer

Date: 31 July 2020

Governance

Introduction

This section sets out key features of the Company's governance structure.

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, are fair, balanced and understandable and provide the information necessary for members to assess the Company's performance, business model and strategy.

Board of Directors

Barbara Moorhouse
Independent Non-Executive Chairman

Committee Membership: Appointments Committee (Chairman) and Remuneration Committee.

Barbara Moorhouse is the Chair of the Board at RSSB, taking up the position on 1 January 2019.

Barbara is a non-executive director at Balfour Beatty plc, Aptitude Software Group plc and Agility Trains.

Her executive career encompasses Board appointments in international IT companies, Director General positions at the Ministry of Justice and Department for Transport and as Chief Operating Officer for Westminster City Council.

Barbara brings a broad range of expertise in commercial leadership and public service delivery to the role at RSSB.

John Clarke
Independent Non-Executive Director

Committee Membership: Appointments Committee and Remuneration Committee (Chairman)

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 non-executive roles for the past 10 years, as well as national and international advisory roles. He joined the RSSB Board on 1 July 2017.

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

Steve Cocliff
Non-Executive Director

Committee Membership: Audit and Risk Committee

Steve has been with VolkerRail since 2009 having previously worked in a number of infrastructure sectors including rail, civil engineering, telecoms, utilities and nuclear. He has held senior positions within the industry including those of Managing Director of First Engineering (power & civil engineering), Managing Director of the Utilities business for Alfred McAlpine, and Managing Director of Utilities business for Carillion.

As well as being on the Board of VolkerWessels UK Steve is also on the Board of the Institute of Rail Operators and the Railway Industry Association. He is actively engaged in a number of initiatives to improve and increase the level of training within the rail industry. Steve joined the RSSB Board on 1 March 2019.

Caroline Fawcett
Independent Non-Executive Director

Committee Membership: Audit and Risk Committee (Chairman) and Appointments Committee

Caroline has spent over 25 years in marketing and customer experience roles in the financial services industry, in both the UK and USA.

For the last ten years Caroline has been leading customer driven change programmes across a wide range of public and private sector organisations. These include the Department for the Environment, Food and Rural Affairs, Serco, the Care Quality Commission, and Essex County Council. Caroline was also Customer Advocate for Prudential Assurance.

Caroline is an experienced non-executive director, having served on the Boards of organisations in both the financial services industry and the public sector, chairing both Remuneration and Audit and Risk Committees. Currently, Caroline holds non-executive director positions with Co-Op Insurance, Cambridge and Counties Bank, LifeSight, and Willis Towers Watson's multi-company pension scheme. She is also a Trustee for Alzheimer's Society. Caroline joined the RSSB Board on 1 September 2018.

Martin Frobisher
Non-Executive Director

Martin Frobisher is responsible for the safety, technical and engineering functions for Network Rail. This includes a varied mix of technical issues ranging from biodiversity to track engineering and future research. Martin was route managing director for the London North Western Route, responsible for railway operations and infrastructure maintenance. That responsibility covered a mix of very different railways, including the Merseyrail underground metro service, urban centres in Manchester and Liverpool, the high speed West Coast line and some very rural lines in Cumbria and North Lancashire.

Martin has worked in the railway industry for approximately 20 years in a variety of safety, operational and maintenance roles. Prior to joining the railway Martin worked in the chemical industry, at ICI Polyurethanes. Martin joined the RSSB Board on 4 July 2019.

David Horne
Non-Executive Director

David Horne has been Managing Director of LNER since its inception in June 2018. He has held senior positions with several train operating companies including as Managing Director of East Midlands Trains from 2011 to 2015, and Virgin Trains East Coast from 2015 to 2018. In his time at East Midlands Trains, he was responsible for delivering the UK's most punctual long-distance services over a five-year period. Under his leadership the company won Passenger Operator of the Year in 2014.

David leads the Executive Team at LNER to transform train services on the East Coast route through the introduction of the fleet of brand-new Azuma trains; and working in partnership with Network Rail to deliver an infrastructure programme valued at £1.2bn.

David is passionate about customer experience, improving the railway network and generating sustainable growth. David joined the RSSB Board on 1 September 2019.

Anna Ince
Non-Executive Director

Committee Membership: Audit and Risk Committee

Anna joined Resonate in 2007 as CEO, following 13 years in senior roles with Invensys PLC. She has been Managing Director of various companies. These range from IT and mission-critical outsourced services in the utilities sector, to high-value manufacturing. From her roles at Invensys PLC and while working in private equity, Anna has gained industry transformation experience working across many industry sectors. She embraces the value of adopting best-in-class ideas from across industries, as well as leveraging opportunities that new technologies create. Resonate is a mid-market company that provides rail traffic management and signalling control digital platforms.

Anna is Vice-chair of the Rail Supply Group, a Rail Sector Deal Industry Champion, a member of the Rail Delivery Group's Planning & Production Board as well as being a non-executive director of both the Railway Industry Association and the Rail Forum Midlands trade association. Anna joined the RSSB Board on 1 November 2019.

David Jordan
Non-Executive Director

David Jordan has over 25 years' experience in the rail industry. He joined Angel Trains in 2002 and has held the position of Head of Commercial since 2011. During his time at Angel Trains, David has primarily been responsible for leading the re-leasing of the rolling stock portfolio, and for new build transactions.

Prior to joining Angel Trans, David held positions at Atkins and HSBC. He is a Chartered Mechanical Engineer. David joined the RSSB Board on 7 November 2020.

Paul Marchant
Chief Financial Officer and Executive Director

Paul joined RSSB in 2014 and was appointed Chief Financial Officer in February 2018. Paul works to ensure that RSSB remains financially sustainable and continues to provide value for money to its membership and key stakeholders. He is responsible for shaping RSSB's long-term financial strategy to meet the changing needs of the business and the wider industry.

Paul gained a BSc in Accounting and Finance from the University of Warwick and qualified as a chartered accountant (ACA) with Clement Keys (now Cooper Parry) in Birmingham. He previously worked at the Conservative Party Campaigning Headquarters in Westminster, before joining RSSB. Paul joined the RSSB Board on 1 November 2018.

Steve Murphy
Non-Executive Director

Steve has held senior positions in the rail industry that include Managing Director of Chiltern Railways and General Manager of Irish Rail. In 2007, Steve set up LOROL as a brand-new business and was responsible for transforming the existing service and achieving a 40% increase in customer satisfaction. Passenger numbers quadrupled and LOROL achieved the 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. Steve joined the RSSB Board on 11 November 2013 and was reappointed on 11 November 2019.

Mark Phillips
Chief Executive Officer and Executive Director

Mark was appointed Chief Executive Officer in 2016. He joined the RSSB Board on 5 May 2016.

Mark is the deputy chair at British Transport Police Authority and member of the Transport for London Board. He is also a member of the Department for Transport's Transport Research and Innovation Board.

After graduating with a B.A. (Hons) in Economics from the University of York, Mark joined British Rail, later joining the privatisation team. He worked for Railtrack as Head of Operational Planning and Engineering, for Network Rail as Regional Director Anglia, and Deputy Managing Director for London Eastern Railway (Anglia).

Mark is a Fellow of the Institute of Railway Operators and of the Institute of Logistics and Transport.

Chris Rayner
Non-Executive Director

Chris Rayner joined High Speed Two (HS2) Ltd in April 2015 and holds the position of Director of Infrastructure Management.

Chris has extensive experience of railway engineering and operations in the UK and other countries.

Joining Network Rail in 2001, he was Managing Director of the Network Rail subsidiary business responsible for the operations and maintenance of HS1 infrastructure. In 2011, Chris became Transportation Director for Serco's Middle East operation. He joined the RSSB Board on 1 January 2019.

Geoff Spencer
Senior Independent Director

Committee Membership: Appointments Committee and Remuneration Committee.

Geoff is a non-executive director of Direct Rail Services and the former CEO of DB Cargo (UK) Limited (formerly DB Schenker Rail UK). He has held various managerial and directorial posts within DB Schenker Rail UK, including Head of European Resource Management in Germany. Geoff joined the RSSB Board on 14 March 2015 and was reappointed on 14 March 2018.

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.

Group Executive Committee

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.

The biography of Mark Phillips, Chief Executive Officer is on page 22 of this Annual Report, and that of Paul Marchant, Chief Financial Officer, is on page 22.

Johnny Schute—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 the 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 mentor for the Women in Rail scheme.

Paul McLaughlin—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.

Paul has 10 years' experience in membership organisations and spent 12 years at The Coca-Cola Company in a number of operational, quality, and technical roles including Commercialisation Director 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 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.

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

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 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.

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 13 Directors on the Board, which comprises an independent Chair (who was independent on appointment), two Executive Directors, two independent non-industry Non-Executive Directors and eight industry Non-Executive Directors who are considered by the Board not to be independent. The current members of the Board have a wide range of skills and experience.

Role of the Chair

The Board is chaired by Barbara Moorhouse. The Chair 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 Chair 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.

Role of the Senior Independent Director

The Senior Independent Director (SID) is Geoff Spencer, 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.

In line with the Company's Whistleblowing Policy, employees have the option of raising any serious concerns directly with the SID.

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 Independent 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.

Appointment and tenure

All Directors serve on the basis of letters of appointment which are available for inspection at the Company's registered office. The letters of appointment 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 Non-Executive Director may serve up to 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, tailored induction on joining the Board.

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, timely, succinct, and of a quality that enables 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 that 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 the circumstances.

All potential conflicts approved by the Board are recorded in an Interests Register, which is available to be reviewed by the Board when required.

Board Evaluation and effectiveness

Nicholson McBride Fisher were engaged throughout the 2019-20 period to conduct a series of Board evaluations. Members of the Board also conducted a self-assessment exercise to evaluate the Boards' skills. The results of these evaluations were discussed at Board awaydays where there was a focus on Board effectiveness and reflection on Board progress.

Board and Committee attendance

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

April 2019 – March 2020				
	Board Meeting (6)	Audit & Risk Committee (3)	Remuneration Committee (3)[8]	Appointments Committee (1)[9]
Barbara Moorhouse	6/6		5/5	
Mark Phillips	6/6			
Paul Marchant	5/6			
Steve Murphy	5/6			
Geoff Spencer	6/6		5/5	
Philip Hoare[1]	0/1	1/1		
John Clarke	6/6		5/5	
Caroline Fawcett	6/6	3/3		
Chris Rayner	3/6			
Andy Course[2]	3/3	1/1		
Steve Cocliff[3]	5/6	2/2		
Anna Ince[4]	2/3	1/1		
David Jordan[5]	3/3			
David Horne[6]	4/4			
Martin Frobisher[7]	5/5			

*1 Philip Hoare resigned from the Board effective 13 June 2019.
*2 Andy Course resigned from the Board effective 17 September 2019.
*3 Steve Cocliff was appointed to the Board effective 1 March 2019.
*4 Anna Ince was appointed to the Board effective 1 November 2019.
*5 David Jordan was appointed to the Board effective 7 November 2019.
*6 David Horne was appointed to the Board effective 1 September 2019.
*7 Martin Frobisher was appointed to the Board effective 4 July 2019.
*8 Some meetings held as an extraordinary meeting.
*9 Meeting held via electronic communication.

Appointments Committee

Composition

The Appointments Committee is chaired by Barbara Moorhouse, and its other members are John Clarke, Geoff Spencer and Caroline Fawcett. The majority of the Committee members are 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 certain senior employees of the Company.

Remuneration Committee

Composition

The Remuneration Committee is chaired by John Clarke, and its other members are Barbara Moorhouse and 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 certain senior employees.

It should be noted, that no Executive 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.

Audit & Risk Committee

Composition

The Audit and Risk Committee is chaired by Caroline Fawcett, and its other members are Steve Cocliff and Anna Ince. It is consistent with the Constitution, that the membership of the Committee consists 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.

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. This includes reviewing and monitoring the integrity of the Group's annual financial statements and reviewing and monitoring the extent of the non-audit work undertaken by external auditors. It also advises on the appointment of external auditors, internal auditors, oversees the Group's relationship with its external auditors, reviews the effectiveness of the external audit process and 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.

The Audit & Risk Committee receives reports from external advisers and from the senior management team, as required, to enable it to discharge its duties. The Chief Financial Officer attends its meetings, as do both the external and internal auditors, who have the opportunity to meet privately with the Audit & Risk Committee chairman, in the absence of senior management. The Chief Executive Officer and other members of the Senior Leadership Team are also invited to attend Audit & Risk Committee meetings as needed.

Internal audit

The Committee receives regular reports on the control environment. These reports highlight key improvement themes and recommend areas for focus. In addition, the committee has visibility of management responsiveness in addressing audit actions. The internal audit charter contains mandatory, risk-based and cyclical reviews.

In April 2019, Grant Thornton UK LLP were appointed as new independent internal auditors on a two-year agreement.

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 meetings with the external auditors without management being present.

The effectiveness of the external auditors is evaluated by the Audit & Risk Committee each year. UHY Hacker Young were reappointed as external auditors at the Annual General Meeting held on 7 November 2019.

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.

Section 172 (1) Statement

The Directors take into account the views of all stakeholders while acting in the best interests of the Company. Examples below demonstrate this in accordance with Section 172(1) of the Companies Act 2006.

Directors' duty to have regard to:	**Examples**
(A) The likely consequences of any decision in the long term.	The Group considers the development of the business and the industry in which it operates over a number of time horizons. Further information can be found in the Viability section of this report on page 10.
(B) The interests of the Company's employees	RSSB has set a high standard of staff recruitment, engagement, development and retention, with effective measurement and targets where appropriate. Further details can be found in the People section of this report on page 12.
(C) The need to foster the Company's business relationships with suppliers, customers and others	RSSB is a membership organisation that constantly strives to improve the experience of its key stakeholders. Further details can be found in the Customer Experience section of this report on page 3.
(D) the impact of the Company's operations on the community and the environment	RSSB has led the industry on a range of projects to fund research, develop standards, and monitor safety trends to achieve the goal of delivering a better, safer railway. More information can be found in the Performance Highlights section of this report on page 5.
(E) the desirability of the Company maintaining a reputation for high standards of business conduct	RSSB's values underpin how it works and behaves, both internally and externally. The Company continues to maintain its high standards through the delivery of the business plan, its External Engagement strategy, and the focus on financial sustainability. More information can be found in the Business Performance section of this report on page 3.
(F) the need to act fairly between members of the company	The Company holds an AGM in November each year. All members can attend and vote, in person or by proxy. Further details can be found in the Annual General Meeting section of this report on page 15.

Risk Management, Principal Risks and Uncertainties

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

The following key or strategic risks to the organisation have been identified:

Strategic risks

Cybersecurity

Description

Business systems subject to cyber-attack leading to operational disruption and potential loss or corruption of data.

Mitigation

Regular staff training and briefing about adherence to business cyber policy and internal audits commissioned to identify system and process vulnerabilities. Creation of Business Continuity Plans.

Financial sustainability

Description

Failure to secure planned income, cost savings not secured.

Mitigation

Strong financial control environment established. Dedicated business engagement and business development introduced to ensure new planned income is secured. Robust delivery and benefits realisation governance established for capital systems investment

Loss of Capability

Description

Inability to attract and retain top talent may limit our ability to achieve operational targets.

Mitigations

Creation of succession plans to ensure that talent is retained and attracted. New Emerging Leaders Programme introduced. Recognition and reward benchmarked to ensure it remains competitive as part of an attractive overall employee offering.

Third-party supplier failure

Description

Selection of wrong suppliers, not being able to integrate them or not managing them appropriately.

Mitigations

Regular monitoring of supplier performance during contract operation. Comprehensive suite of procurement controls implemented to minimise risk at contract award.

Failure of RSSB product or service

Description

An RSSB standard, safety model, research report is a contributory factor leading to safety incident or accident.

Mitigations

Comprehensive QA process to check products and services prior to release. Our collaboration model requires relevant industry Standards Committee to approve Railway Group Standards before publication.

Major political decision or change in industry structure

Description

A change in government rail policy or review of industry structure that could have a major impact to RSSB.

Mitigations

Grow and maintain strong relations with government and key stakeholders.

Business interruption due to virus pandemic

Description

Bad management of the effects of COVID-19 at RSSB could result in loss of commercial revenue or delays in the delivery of products and/or services and delays the implementation of internal projects.

Mitigations

All staff can work from home. Remote Working Support Package available to all. Special equipment was delivered to staff homes. All staff weekly call with ExCo.

Annual General Meeting

The AGM is an important forum for RSSB to communicate with its members. The Chairman of the Board and the Chairman of the Committees, together with senior management will be available to answer shareholders' questions at the AGM.

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 persons 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.

Opinion

We have audited the financial statements of Rail Safety and Standards Board Limited (the 'Company') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group Statement of Cash Flows, the Consolidated Statement of Changes in Reserves, the Company Statement of Changes in Reserves and notes to the financial statements, 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 Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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.

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 where:

- 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 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 the 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 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, 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.

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.

S Banerjee

Subarna Banerjee (Senior Statutory Auditor)

for and on behalf of UHY Hacker Young

Chartered Accountants

Statutory Auditor

6th August 2020

Group Financial Statements

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' ('FRS 102') 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 RSSB (the company) and of its subsidiary undertakings Railway Documentation and Drawing Services Limited (RDDS), Confidential Incident Reporting Analysis Service Limited (CIRAS) and Railway Industry Supplier Qualification Scheme Limited (RISQS).

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.

In light of the Coronavirus (Covid-19) outbreak, the Group has carried out an analysis on the impacts the current events and conditions may have on the Group's operations and forecast cash flows. The Group has a sustainable business model and is resilient to the temporary shocks brought by Covid-19. The majority of the work carried out by the Group is funded through a membership levy which is agreed for a five-year period (1 April 2019 to 31 March 2024) with the Board and members. This unique funding model through membership levy means that the Group's economic foundation is in a very strong position. The Group's commercial business model is considered viable in the foreseeable future. The Group has put in place adequate measures to ensure business operations can continue as usual, and that any disruption events are appropriately mitigated. Despite the current commercial market volatility, there is still significant demand for the Group' s commercial products and services, including supplier assurance, affiliate membership, consultancy, and training courses. In the coming years, the Group will continue to concentrate on further developing its existing commercial offering and enhance its capabilities in this area. The Group has a very strong cash position (£40m cash at bank at the year-end) and sufficient cash flows to continue its operations for at least the next 12 months. The Group is debt free, and the Treasury Committee reviews the 12-month cashflow projection on a regular basis; management also reviews aged debtors on a weekly basis to ensure adequate credit control is in place. Consequently, it has been determined that the Group has sufficient cash flows to meet its obligations when they fall due. Based on the analysis performed, it has been determined that the current Covid-19 outbreak does not cast significant doubt on the Group's ability to continue as a going concern. 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 acquire, 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 commercial income.

Membership Fees

Membership levy: the Constitution Agreement of RSSB sets out the funding arrangements for full members. Levies are charged at either i) the start of the financial year, or ii) quarterly (determined on the value of the levy). Income is recognised in the year to which it relates, where there is no uncertainty as to collectability. Members who join part way through the year have a pro-rata levy calculated from the date they join.

Affiliate membership fees: fees are charged when a company becomes an affiliate, and on the anniversary of membership thereafter; income is recognised evenly across the year of membership.

Grants

Grants are recognised based both on the performance model and the accrual model, applied on a class-by-class basis. Treatment reflects the conditions relating to each grant.

The Research and Development grant is based on the performance model. The grant does not impose specified future performance conditions on the recipient and therefore is recognised fully in the year of receipt and the year to which it relates

The Innovation and Technical grants are based on the accrual model relating to revenue. Grants under the accrual model relating to revenue shall be recognised on a systematic basis over the period in which the entity recognises the related costs for the grant. The grants are treated as deferred income until the matching expenditure occurs.

Other miscellaneous grants may be received and are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Railway Industry Supplier Qualification Scheme (RISQS)

RISQS Membership Fees: membership fees are charged when a company joins the scheme, and on the anniversary of membership thereafter; income is recognised evenly over the year, from the period of receipt.

RISQS Audit Fees: Audit income is recognised once the audit has been completed and the first audit report has been produced.

Other revenue streams

CIRAS membership levy: Levies are charged at the start of the financial year. Income is recognised in the year to which the levy relates and where there is no uncertainty as to collectability.

RDDS: Revenue from the sale of drawings is recognised when the significant risks and rewards of ownership of the drawings have passed to the customer, usually on dispatch of the drawings, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably and where no uncertainty as to the collectability.

R2: Levies for use of the R2 Industry System are charged either i) the start of the financial year, or ii) quarterly (determined on the value of the levy). Income is recognised in the year to which it relates, where there is no uncertainty as to collectability.

Close call: Funding for Close Call for hosting and support from Network Rail is recognised when it is received and in the year to which it relates.

Digital Rulebook: Revenue from license subscriptions to the Digital Rulebook are recognised on receipt of a signed license agreement and is recognised in the year to which it relates, where there is no uncertainty as to collectability.

Training courses and conferences: Revenue from training courses is recognised once the obligation has been discharged and for conferences once the event has occurred.

Consultancy: Commercial income from consultancy for a single performance obligation is recognised on an hourly basis, when the service has been provided. Fixed fee consultancy revenue is recognised when the stage of completion can be reliably measured using a percentage of completion method.

Interest: Revenue is recognised as interest accrues using the effective interest method.

Dividend income: Recognised when the Group's right to receive payment is established.

The total amount receivable by the Group 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 machinery	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 Information 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.

Capitalisation

Costs associated with maintaining computer software are recognised as an expense as incurred. Expenditure on software is expensed except for major items over £10,000, 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 these 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; or make available for our members and/or industry
- 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.

Costs associated with maintaining computer software are recognised as an expense as incurred. External expenditure on software is expensed except for major items over £10,000, which may be capitalised. Incremental costs below £10,000 but which accumulate to be in excess of £10,000 will be capitalised if there is a long-term economic benefit.

Valuation of Investments

Unlisted and listed investments are measured at market value at each balance sheet date. Gains and losses on revaluation are recognised in the Statement of Comprehensive Income for the 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 twelve 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, past service cost adjustments 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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) 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, 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.

Reserves

RSSB's reserves arise 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. Surpluses arising from Department of Transport (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 Research & Development activities.
- 'R&D grant' consists of surpluses arising on funds provided by the Department for Transport for Research & Development 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 15).

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 12)

Provision is made for asset retirement obligations, onerous contracts, 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 15)

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 2020

	Note	Group Year ended 31 March 2020 £'000	Group Year ended 31 March 2019 £'000
Operating income	1	53,850	57,915
Operating expenses	1	(52,565)	(57,459)
Operating profit attributable to ordinary activities		**1,285**	**456**
Interest receivable and similar income		159	116
Income from fixed assets investment		3	-
Other finance expenses	2/15	(670)	(570)
Amounts written off investment		(187)	-
Profit on ordinary activities before taxation		**590**	**2**
Tax	4	(30)	(61)
Profit/(Loss) for the year	5	**560**	**(59)**
Other comprehensive income			
Remeasurement of net defined benefit scheme	15	4,600	(2,450)
Other comprehensive income/(expense)for the year		**4,600**	**(2,450)**
Total comprehensive income/(expense) for the year		**5,160**	**(2,509)**

RAIL SAFETY AND STANDARDS BOARD LIMITED

GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Group 31 March 2020 £'000	Company 31 March 2020 £'000	Group 31 March 2019 £'000	Company 31 March 2019 £'000
Fixed Assets					
Intangible assets	6	5,908	5,820	6,549	6,429
Tangible fixed assets	7	1,551	1,551	1,165	1,165
Investments	8	1,815	1,815	-	-
		9,274	**9,186**	**7,714**	**7,594**
Current assets					
Debtors	10	5,860	5,789	9,043	9,106
Cash at bank	14	40,256	37,861	49,149	46,979
		46,116	**43,650**	**58,192**	**56,085**
Creditors: amounts falling due within one year	11	(36,059)	(34,405)	(48,661)	(47,045)
Net current assets		**10,057**	**9,245**	**9,531**	**9,040**
Total assets less current liabilities		**19,331**	**18,431**	**17,245**	**16,634**
Provision for liabilities and charges	12	(810)	(750)	(974)	(914)
Retirement benefit schemes	15	(22,870)	(22,870)	(25,780)	(25,780)
Net liabilities		**(4,349)**	**(5,189)**	**(9,509)**	**(10,060)**
Reserves					
Income & expenditure reserve		(4,349)	(5,189)	(9,509)	(10,060)
		(4,349)	**(5,189)**	**(9,509)**	**(10,060)**

The financial statements were approved and authorised for issue by the Board of directors on 31 July 2020.

Mark Phillips

Director

Barbara Moorhouse

Director

Company registration number 04655675

RAIL SAFETY AND STANDARDS BOARD LIMITED
GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	Group 31 March 2020 £'000	Group 31 March 2019 £'000
Cash outflow from operations	13	(4,980)	(3,498)
Taxation paid		(30)	(36)
Net cash outflow from operating activities		(5,010)	(3,534)
Investing activities			
Interest received		159	116
Purchase of intangible fixed assets	6	(969)	(1,188)
Purchase of tangible fixed assets	7	(1,073)	(93)
Purchase of investment	8	(2,000)	-
Net cash outflow from investing activities		(3,883)	(1,165)
Net decrease in cash and cash equivalents		(8,893)	(4,699)
Cash and equivalents at the beginning of the year		49,149	53,848
Cash and cash equivalents at the end of the year		**40,256**	**49,149**
Cash and cash equivalents consist of			
Cash at bank and in hand		40,256	49,149
Cash and cash equivalents		**40,256**	**49,149**

RAIL SAFETY AND STANDARDS BOARD LIMITED
COMPANY STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2020

Group	Member funded	R&D	R&D Grant	Innovation	CIRAS	RDDS	General	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	2,413	2,000	3,539	636	274	16	(15,878)	(7,000)
Profit/(loss) for the year	(857)	-	530	47	212	9	-	(59)
Increase in pension liability	-	-	-	-	-	-	(2,450)	(2,450)
Transfer of Reserves	-	2,200	(2,200)	-	-	-	-	-
At 31 March 2019	1,556	4,200	1,869	683	486	25	(18,328)	(9,509)
Profit/(loss) for the year	1,000	-	(823)	94	288	1	-	560
Decrease in pension liability	-	-	-	-	-	-	4,600	4,600
Transfer of reserves	-	-	-	-	-	-	-	-
Retained reserves carried forward at 31 March 2020	2,556	4,200	1,046	777	774	26	(13,728)	(4,349)

Included in Member Funded reserves of £2.56m was a £0.2m Pension Risk Fund for member division, which has been set aside and to increase the proportion of any future deficit contributions the Group (Employer) might choose to pay (over and above the existing shared cost basis) to ensure the scheme remains affordable for active scheme members.

Company	**Member funded**	**R&D**	**R&D Grant**	**Innovation**	**General**	**Total Company**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2018	2,373	2,000	3,539	636	(15,878)	(7,330)
Profit/(loss) for the year	(857)	-	530	47	-	(280)
Increase in pension liability	-	-	-	-	(2,450)	(2,450)
Transfer of reserve	-	2,200	(2,200)	-	-	-
At 31 March 2019	1,516	4,200	1,869	683	(18,328)	(10,060)
Profit/(loss) for the year	1,000	-	(823)	94	-	271
Decrease in pension liability	-	-	-	-	4,600	4,600
Retained reserves carried forward at 31 March 2020	2,516	4,200	1,046	777	(13,728)	(5,189)

Included in Member Funded reserves of £2.52m was a £0.2m Pension Risk Fund for member division, which has been set aside and to increase the proportion of any future deficit contributions the Group (Employer) might choose to pay (over and above the existing shared cost basis) to ensure the scheme remains affordable for active scheme members.

1. Income and expenditure on operating activities

Income	Year ended 31 March 2020	Year ended 31 March 2019
	£'000	£'000
Membership levy	24,537	23,818
Affiliate fees	489	69
R2 Subscription levy	1,851	1,822
Department for Transport grant for R&D	9,800	9,600
Department for Transport grant for Innovation	6,892	12,224
Department for Transport grant for Technical	349	3,502
CIRAS membership levy	1,547	1,480
RDDS activities	64	86
Close call safety system funding	396	220
Digital rulebook	102	86
Training	293	-
Consultancy	291	-
Supplier assurance services (excluding RISQS)	120	160
RISQS	6,479	4,048
Miscellaneous income	640	800
Total income from operating activities	**53,850**	**57,915**

All income arose from UK operations.

Expenses by activity	Year ended 31 March 2020	Year ended 31 March 2019
	£'000	£'000
Member funded activities	33,272	31,585
Research and Development	10,777	9,041
Future Railway programme	7,036	12,204
Technical	70	3,502
CIRAS	1,256	963
RDDS	154	164
Total expenses from operating activities	**52,565**	**57,459**

INCOME AND EXPENDITURE ON OPERATING ACTIVITIES (CONTINUED)

Expenditure by function	Year ended 31 March 2020	Year ended 31 March 2019
	£'000	£'000
Staff payroll costs (Note 3)	24,619	23,889
Other staff costs and staff travel	3,871	5,761
Technical support (non-Innovation/R&D)	1,244	1,493
Technical support (Innovation)	1	171
Investments and Grants (Innovation)	5,521	10,922
Technical services (R&D)	3,975	3,077
Supplier assurance costs	3,957	2,651
Property costs including rent	2,315	2,142
Loss on write off of fixed assets	49	12
IT external expenditure (includes cost of Safety Management Information System and R2)	3,498	3,598
Professional fees including insurance/legal/accountancy/tax	368	478
Publications/events/other media	1,036	951
Miscellaneous goods and services	-	266
Non-property lease rentals	-	5
Amortisation	1,509	1,522
Depreciation	448	357
RDDS	154	164
Total	**52,565**	**57,459**

	Year ended 31 March 2020	Year ended 31 March 2019
	£'000	£'000
Auditors' remuneration included above:		
Fees payable for the audit of the Group's annual accounts	37	36
Other related services including taxation services	30	30
	67	**66**

2. Other finance expenses

Analysis of the amount charged to other finance expenses

	Year ended 31 March 2020	Year ended 31 March 2019
	£'000	**£'000**
Net interest on net defined benefit liability	(670)	(570)
	(670)	**(570)**

3. Directors and employees

Staff payroll costs during the year were:

	Year ended 31 March 2020	Year ended 31 March 2019
	£'000	**£'000**
Salaries	18,818	16,935
Restructuring cost	831	1,079
Social security	2,169	2,172
Pension contributions	2,801	3,703
	24,619	**23,889**

	2020	**2019**
	Number	**Number**
Staff employed	**291**	**293**

The average number of staff employed is calculated using the actual numbers of employees at the end of each period and using the total number of periods as the base for calculating the year's average.

DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Emoluments	695	458
Amounts paid to third parties in respect of Directors' services	79	167
Pension contributions	10	9
	785	**634**

One director participated in the defined benefit pension scheme during the year (2019: one).

The amounts above include remuneration in respect of the highest paid director set out below.

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Emoluments	353	348
Pension contributions	-	-
	353	**348**

4. Tax on surplus on ordinary activities

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

	Year ended 31 March 2020	Year ended 31 March 2019
	£'000	£'000
UK corporation tax at 19% (2019: 19%)	52	52
Adjustments in respect of prior years	(22)	-
Total current tax charge	**30**	**52**

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained as follows:

Profit/(loss) on ordinary activities before tax	590	2
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	112	-
Effect of:		
Adjustment for results from not-for-profit activities	(60)	52
Adjustment for tax charge in respect of previous period	(22)	9
Current tax charge for period	**30**	**61**

5. Holding company profit/(loss)

Of the £560,000 Group profit for the financial year (2019: Group loss of £59,000), £271,000 profit is dealt with in the accounts of the company itself (2019: loss of £280,000).

RDDS made a profit of £93 for the financial year (2019: profit of £9,000).

CIRAS made a profit of £288,000 (2019: profit of £212,000).

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 2019	11,057	11,057
Additions	969	969
Disposals	(96)	(96)
Total as at 31 March 2020	11,930	11,930
Amortisation		
At 1 April 2019	(4,508)	(4,508)
Amortisation expense for the year	(1,610)	(1,610)
Disposals	96	96
Total as at 31 March 2020	(6,022)	(6,022)
Net Book value at 31 March 2020	5,908	5,908
Net Book value at 31 March 2019	6,549	6,549

Software additions relate to enhancements to SMIS+ (upgrade of the Safety Management Information System), Close Call Safety System enhancement, Digital Website Content, R2, CRM phase 3 and Power BI Dashboard reporting system.

Software disposals relate to operational software assets which were identified as not in use.

INTANGIBLE FIXED ASSETS (CONTINUED)

Company	**Software**	**Total**
Cost	**£'000**	**£'000**
At 1 April 2019	10,720	10,720
Additions	970	970
Total as at 31 March 2020	11,690	11,690
Amortisation		
At 1 April 2019	(4,291)	(4,291)
Amortisation expense for the year	(1,579)	(1,579)
Total as at 31 March 2020	(5,870)	(5,870)
Net Book value at 31 March 2020	5,820	5,820
Net Book value at 31 March 2019	6,428	6,428

7. Tangible fixed assets

Group	Servers & IT hardware	Leasehold Improvement	Desktops & Laptops	Plant & Machinery	Fixtures & Fittings	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2019	562	1,381	404	5	355	2,707
Additions	131	450	434	2	56	1,073
Disposals	(7)	-	(395)	-	(2)	(404)
Total as at 31 March 2020	686	1,831	443	7	409	3,376
Depreciation						
At 1 April 2019	(436)	(531)	(317)	(4)	(254)	(1,542)
Depreciation expense for the year	(121)	(374)	(52)	(1)	(92)	(640)
Disposals	7	-	348	-	2	357
Total as at 31 March 2020	(550)	(905)	(21)	(5)	(344)	(1,825)
Net Book value at 31 March 2020	136	926	422	2	65	1,551
Net Book value at 31 March 2019	136	850	87	1	101	1,165

TANGIBLE FIXED ASSETS (CONTINUED)

Company	**Servers & IT hardware**	**Leasehold Improvement**	**Desktops & Laptops**	**Plant & Machinery**	**Fixtures & Fittings**	**Total**
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2019	555	1,381	404	5	355	2,700
Additions	131	450	434	2	56	1,073
Disposals	-	-	(395)	-	(2)	(397)
Total as at 31 March 2020	686	1,831	443	7	409	3,376
Depreciation						
At 1 April 2019	(429)	(531)	(317)	(4)	(254)	(1,535)
Depreciation expense for the year	(121)	(374)	(52)	(1)	(92)	(640)
	-	-	348	-	2	350
Total as at 31 March 2020	(550)	(905)	(21)	(5)	(344)	(1,825)
Net Book value at 31 March 2020	136	926	422	2	65	1,551
Net Book value at 31 March 2019	136	850	87	1	101	1,165

8. FIXED ASSETS INVESTMENT

Group and Company	**31 March 2020**
	£'000
At 1 April 2019	-
Additions	2,000
Total as at 31 March 2020	**2,000**
At 1 April 2019	-
Movement in the year	(185)
Total as at 31 March 2020	**(185)**
Valuation as at 31 March 2020	**1,815**
Valuation as at 31 March 2019	-

Included in Movement in the year was £187,000 (2019: £nil) unrealised loss on valuation.
The fair value of the investment has been arrived at the market value based on the valuation report provided by Schroders Cazenove Bank as at 31 March 2020.

9. FINANCIAL INSTRUMENTS

	Group 31 March 2020	Company 31 March 2020	Group 31 March 2019	Company 31 March 2019
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	46,349	43,890	56,748	54,645
Carrying amount of financial liabilities				
Measured at amortised cost	25,595	25,538	43,787	43,777

Financial risk management

The Group is exposed 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 comprise various financial assets and financial liabilities such as trade debtors, cash, trade creditors and deferred income. The Group does not use 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.

10. Debtors

	Group	Company	Group	Company
	31 March 2020	31 March 2020	31 March 2019	31 March 2019
	£'000	£'000	£'000	£'000
Trade debtors	3,514	3,252	6,821	6,461
Other debtors and accrued income	765	755	778	778
Inter-company debtor	-	207	-	427
Prepayments	1,581	1,575	1,444	1,440
	5,860	**5,789**	**9,043**	**9,106**

Trade debtors include £2.9m of invoiced RSSB member levies relating to 2020-21 (2019-20: £6.8m). The decrease is due to the timing of invoices around each year end. The inter-company balance owed from CIRAS to RSSB decreased due to the settlement of the balance in cash.

11. Creditors: amounts falling due within one year

	Group	Company	Group	Company
	31 March 2020	31 March 2020	31 March 2019	31 March 2019
	£'000	£'000	£'000	£'000
Trade creditors	356	356	2,675	2,685
Corporation tax	52	50	52	49
Other taxation and social security costs	478	478	859	855
Inter-company creditor	-	84	-	77
Accruals and other creditors	8,894	8,753	11,550	11,412
Deferred income	26,279	24,684	33,525	31,967
	36,059	**34,405**	**48,661**	**47,045**

Accruals and deferred income comprise:

- Accruals for cost of work done but not yet invoiced £4.8m (2019: £6.2m); and
- Staff pay and holiday pay £2.8m (2019: £3.5m).
- Cash held on behalf of third parties £6,000 (2019: £130,000) and deferred income £26.2m (2019: £33.5m).

Deferred income relating to member funding and R2 subscription levies for 2020/21 that has already been invoiced totals £5.4m (2019: £5.7m).

Deferred income also includes £16.3m (2019: £23.4m) of Department for Transport (DfT) grant funding for Innovation and R&D received but not yet recognised as the corresponding expenditure, though planned, has yet to occur.

12. Provisions for liabilities and charges

	Company	RDDS Library	Group
	£000	£000	£000
At 1 April 2019	**914**	**60**	**974**
Released in the year	(723)	-	(723)
Charged in the year	559	-	559
As at 31 March 2020	750	60	810

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 full potential cost of the make good requirement in the lease of the office premises as well as for the leasehold improvement asset. The asset is depreciated 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. As at the year end, RDDS library provision was £60,000 (2019: £60,000).

Reorganisation (including termination)

During the year, the Group released reorganisation provision of £638,409 (2019: £nil) and provided additional provision for termination of £300,000 (2019: £638,409). As at the year end, reorganisation provision was £300,000 (2019: £638,409).

VAT

There have been significant changes in the way RSSB operates in recent years, with much more grant income being received than in previous years. As a result, external advice was obtained around the overall VAT status of RSSB. Non-statutory clearance is currently being sought from HMRC to confirm that arrangements currently in place at RSSB remain appropriate. No provision has been made in respect of any potential liability.

13. Net cash inflow from operating activities

	Group 31 March 2020 £'000	Group 31 March 2019 £'000
Operating profit	1,285	456
Depreciation and amortisation	2,250	1,879
Loss on write off of fixed assets	48	12
Decrease/(increase) in debtors	3,183	(401)
Decrease in creditors	(12,602)	(6,966)
Difference between pension charge and cash contributions	1,020	1,030
(Decrease)/increase in provisions	(164)	492
Net cash outflow from operating activities	**(4,980)**	**(3,498)**

14. Cash at bank and in hand

Group cash balances of £40.3m (2019: £49.1m) include Innovation and R&D cash received in advance of £16.2m (2019: £23.4m).

15. Retirement benefit schemes

Information about the Scheme

- The Rail Safety and Standards Board Section ('the Section') is part of the Railways Pension Scheme, but its assets and liabilities are identified separately from the remainder of the Scheme ('the Scheme').
- The Scheme is a defined benefit final salary scheme.
- To address the long-term sustainability of RSSB's Section of the Scheme, restrictions on access to new members came 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 restricted to new members 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% (2018/19: 13.07%) of Section Pay (60% of the long-term future service joint contribution rate determined at the 31 December 2016 valuation).

RETIREMENT BENEFIT SCHEMES (CONTINUED)

The most significant factor contributing to the decrease in the Net Defined Benefit liability, has been due to a reduction in inflation linked assumptions over the year. In addition, asset performance has been in line with expectations over the year and so overall the scheme's funding position has strengthened slightly.

Financial assumptions

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

	31 March 2020	**31 March 2019**
	% pa	**% pa**
Discount rate	2.45	2.45
Price inflation (RPI measure)	2.50	3.20
Increases to deferred pensions (CPI measure)	1.90	2.20
Pension increases (CPI measure)	1.90	2.20
Salary increases *	1.90	2.20

* plus 0.50% pa promotional salary scale at 31 March 2020 and 0.40% at 31 March 2019

Fair value of section assets

	At 31 March 2020	**At 31 March 2019**
	Fair value	**Fair value**
	£'000	**£'000**
Equities	66,280	68,620
Government Bonds	22,330	27,780
Non-Government Bond	9,020	6,360
Other assets	1,000	90
Total	**98,630**	**96,850**

RETIREMENT BENEFIT SCHEMES (CONTINUED)

Pension scheme liability at the end of the year

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Actuarial valuation of pension liabilities	(136,720)	(139,790)
Members' share of deficit	15,220	17,160
Adjusted value of section liabilities	**(121,500)**	**(122,630)**
Closing value of section assets	98,630	96,850
Pension scheme liability to be recognised in the statement of financial position	**(22,870)**	**(25,780)**

Reconciliation of Pension Scheme Liability

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Opening pension scheme liability	(25,780)	(21,730)
Employer contributions	1,450	1,730
Employer's share of service cost and admin costs	(2,470)	(2,760)
Employer's share of net interest cost on net Defined Benefit Liability	(670)	(570)
Actuarial gain/(loss) recognised in Other Comprehensive Income	4,600	(2,450)
Closing liability	**(22,870)**	**(25,780)**

RETIREMENT BENEFIT SCHEMES (CONTINUED)

Components of defined benefit cost

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Current service cost	2,370	2,600
Past service cost adjustment (including curtailments)	-	70
Employers share of administration costs	100	90
Total charged to operating profit	**2,470**	**2,760**
Analysis of the amount charged to other finance charge:		
Employer's share of net interest on net defined benefit asset	(670)	(570)
Net debit to other finance charge	**(670)**	**(570)**

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 2020 £'000	Year ended 31 March 2019 £'000
Opening Section liabilities	139,790	126,440
Service cost	3,940	4,300
Interest cost	3,480	3,380
Section amendment	-	150
(Gain)/loss on Section liabilities	(6,980)	8,000
Actual benefit payments	(3,510)	(2,480)
Closing Section liabilities	136,720	139,790

RETIREMENT BENEFIT SCHEMES (CONTINUED)

Reconciliation of value of assets	**Year ended 31 March 2020 £'000**	**Year ended 31 March 2019 £'000**
Opening value of Section assets	96,850	90,230
Interest income on assets	2,360	2,440
Return on plan assets greater than discount rate	730	4,030
Employer contributions	1,450	1,730
Employee contributions	920	1,060
Actual benefit payments	(3,510)	(2,480)
Administration costs	(170)	(160)
Closing value of Section assets	**98,630**	**96,850**

Analysis of the amounts recognised in the Statement of Other Comprehensive Income	**Year ended 31 March 2020 £'000**	**Year ended 31 March 2019 £'000**
Gain on pension assets	440	2,420
Gain/(loss) on pension liabilities	4,190	(4,870)
Total gain/(loss) recognised in OCI	**4,630**	**(2,450)**

Historic information

	Year ended 31 March 2020 £'000	**Year ended 31 March 2019 £'000**	**Year ended 31 March 2018 £'000**	**Year ended 31 March 2017 £'000**	**Year ended 31 March 2016 £'000**
Section liabilities	(136,720)	(139,790)	(126,440)	(128,170)	(98,160)
Section assets	98,630	96,850	90,230	87,020	76,360
Deficit	(38,090)	(42,940)	(36,210)	(41,150)	(21,800)
Experience loss/(gain) on Section liabilities	(4,190)	4,870	(5,110)	15,580	(2,390)
Experience (gain)/loss on Section assets	(440)	(2,420)	(70)	(4,990)	(150)

16. Leasing commitments

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

	Year ended 31 March 2020		Year ended 31 March 2019	
	Other	Land and buildings	Other	Land and buildings
	£'000	£'000	£'000	£'000
In one year or less	4	907	4	907
Between one and five years	7	3,400	1	3,627
More than five years	-	-	-	680
Total	**11**	**4,307**	**5**	**5,214**

17. Transactions with directors and other related 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, including 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.

18. Capital commitments

As at 31 March 2020, RSSB had entered into capital commitments of approximately £1m (2019: £0.6m) relating to the Digital Website Catalogue, CRM Phase 3 project, R2 system enhancement, Business Central project, and SMIS+ project (upgrade of the Safety Management Information System).

19. Post balance sheet events

There have been no post balance sheet events to report.

20. Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are:

Name of undertaking	Country of incorporation	Registered office	Holding (per share class)	Type of shares held	Nature of business
Railway Documentation and Drawing Services Limited	England and Wales	The Helicon, 4th Floor, 1 South Place London, EC2M 2RB	100%	Ordinary shares	Custodian of the Traction and Rolling Stock library
Confidential Incident Reporting and Analysis Service Limited	England and Wales	The Helicon, 4th Floor 1 South Place London, EC2M 2RB	100%	N/A*	Confidential Reporting Service
Railway Industry Supplier Qualification Scheme Limited	England and Wales	The Helicon, 4th Floor 1 South Place London, EC2M 2RB	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 principal guarantor. It was incorporated on 6 December 2016 and has the same year end as RSSB.

21. Control

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