

Title: The transfer of functions to Network Rail (Assets) Limited as a result of the abolition of BRB (Residuary) Ltd (Company No. 04146505) and the transfer of its functions, properties, rights and liabilities. IA No: DfT00153 Lead department or agency: Department for Transport Other departments or agencies:	Impact Assessment (IA)			
	Date: March 2013			
	Stage: Final			
	Source of intervention: Domestic			
	Type of measure: Secondary legislation			
Contact for enquiries: Malcolm Twite, 0207 944 6008				
Summary: Intervention and Options				RPC: N/A

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCBon 2009 prices)	In scope of One-In, One-Out?	Measure qualifies as NA
£0m	£0m	£0m	No	NA

What is the problem under consideration? Why is government intervention necessary?

BRB (Residuary) Ltd (BRBR) is a limited company created in 2001 to manage the majority of the remaining property, rights and liabilities of the British Railways Board (BRB). As a residuary company, it was always the Government's intention that BRBR would be wound up at the appropriate time. The inclusion of BRBR in the Public Bodies Act 2011 will enable the winding up to be effected efficiently. A by-product of abolition will be to remove the overheads associated with running BRBR. It is DfT's responsibility to ensure that BRBR's functions, property, rights and liabilities are transferred to the body best able to manage them. One of those functions is the maintenance of a small number of properties closely associated with railway.

What are the policy objectives and the intended effects?

The objective of the policy is to enable the abolition of BRBR (thus saving the costs of running BRBR) and to ensure that a small number of the properties (and associated rights and liabilities) are owned and managed by the Network Rail group of companies, the most appropriate body in respect of these properties (see appendix A for details). A separate Impact Assessment has been prepared in respect of the impact of the transfer of the ownership and IPR for certain drawings that will pass to the Railway Safety and Standards Board (RSSB) as a result of the abolition (IA number: DfT00154).

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

0. Baseline - retain the properties in BRBR

1. Transfer the statutory rights and liabilities in selected structures and properties to Network Rail Assets Limited (NRAL), a subsidiary of Network Rail Infrastructure Limited (NR), with the property, rights and liabilities in the majority of those structures and properties being transferred to NR along with the property, rights and liabilities associated with 7 memorials. This is the preferred option which best fulfils the policy objectives set out above.

2. Transfer all the selected properties to the Secretary of State (SoS). This fails to resolve some of the anomalies of ownership arising from rail privatisation.

A third option to transfer the property portfolio by way of a conveyance (sale) was considered but dismissed at an early stage because it would be more costly and the statutory rights and liabilities would remain in BRBR.

Will the policy be reviewed? It will not be reviewed. If applicable, set review date: Month/Year

Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro No	< 20 No	Small No	Medium No	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: 0	Non-traded: 0	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

_____ Stephen Hammond _____ Date: _____ 10th May 2013 _____

Summary: Analysis & Evidence

Policy Option 1

Description: Transfer selected properties to Network Rail.

FULL ECONOMIC ASSESSMENT

Price Base Year2012	PV Base Year2012	Time Period Years10	Net Benefit (Present Value (PV)) (£m)		
			Low:Optional	High:Optional	Best Estimate:0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	0	0	0

Description and scale of key monetised costs by 'main affected groups'

There are no monetised costs.

Other key non-monetised costs by 'main affected groups'

There would be a cost to NR of managing the properties and structures and satisfying the associated liabilities. This would be a transfer of cost from BRBR. NR would be compensated through the benefits it receives from owning such properties - it has been confirmed that the liabilities and assets that transfer will be net neutral in terms of cost during the current spending period. The costs/benefits of owning the property in future periods will be reviewed with the Office of Rail Regulation to ensure NR are appropriately funded.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	0	0	0

Description and scale of key monetised benefits by 'main affected groups'

There are no monetised benefits.

Other key non-monetised benefits by 'main affected groups'

NR would receive a small number of properties and structures (which would be a transfer of benefit from BRBR). This measure would allow (together with other measures) the abolition of BRBR, meaning the costs of running BRBR (approx £2.4 million pa) would be saved. However, it is not clear how much of the cost savings can be attributed to this particular measure.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: 0	Net: 0	No	NA

Summary: Analysis & Evidence

Policy Option 2

Description: Transfer all property to the Secretary of State

FULL ECONOMIC ASSESSMENT

Price Base Year2012	PV Base Year2012	Time Period Years10	Net Benefit (Present Value (PV)) (£m)			
			Low:Optional	High:Optional	Best Estimate:0	
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Cost (Present Value)	
Low	0		0		0	
High	0		0		0	
Best Estimate	0		0		0	
Description and scale of key monetised costs by 'main affected groups'						
There are no monetised costs						
Other key non-monetised costs by 'main affected groups'						
There would be a cost to SoS of managing the portfolio and satisfying the associated liabilities. This cost would be a transfer from BRBR. HA would be taking on a significant number of BRBR properties and structures from BRBR so the resource costs associated with these properties would be marginal.						
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Benefit (Present Value)	
Low	0		0		0	
High	0		0		0	
Best Estimate	0		0		0	
Description and scale of key monetised benefits by 'main affected groups'						
There are no monetised benefits.						
Other key non-monetised benefits by 'main affected groups'						
The SoS would receive a small number of properties and structures (which would be a transfer of benefit from BRBR). However, many of these properties would not have any value to the SoS as there are constraints on onward sale. This measure would allow (together with other measures) the abolition of BRBR, meaning the costs of running BRBR (approx £2.4 million pa) would be saved. However, it is not clear how much of the cost savings can be attributed to this particular measure.						
Key assumptions/sensitivities/risks					Discount rate (%)	3.5

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: N/A	Benefits: N/A	Net: N/A	No	NA

Evidence Base (for summary sheets)

Background

BRBR is a limited company wholly owned by BRB, which was created in 2001 to manage the majority of the remaining property, rights and liabilities of the BRB. Its responsibilities include the management of a diverse property portfolio inherited from BRB and the settlement of industrial injury claims submitted by former BRB employees. BRBR currently employs less than 40 members of staff and is funded in part through the income generated by property sales and in part through government grant-in-aid.

Prior to the abolition of BRBR, most of BRBR's remaining functions, property, rights and liabilities will be transferred to the Secretary of State for Transport, where they will be managed by a team of engineers based in the Highways Agency (HA) or to London and Continental Railways (LCR), a company wholly owned by the Secretary of State. These transfers will have no impact on business or civil society. They will simply be a machinery of government change and are therefore not the subject of this Impact Assessment. Ownership of a number of drawings and maintenance documents, and associated IPR, are also to transfer to the Railway Safety and Standards Board Limited (RSSB). This is the subject of a separate Impact Assessment (IA Number DfT00154).

However, there is a small portfolio of 27 properties (including 7 memorials) and 19 structures for which transfer to the SoS or LCR does not seem appropriate.

Properties

The properties fall into the following categories:

1. "Anomalies" of property ownership arising from rail privatisation in 1994 where the position of the fence or electrification of the neighbouring railway line renders future sales uneconomic.
2. Assets which should be managed by a body with a rail-specific remit such as memorials to railway staff killed during the wars and those who died in railway accidents
3. Assets which are important to the railway industry such as a high speed, electrified test track.

Structures

The structures are located on or adjacent to NR property, and the safe maintenance of them is crucial to the safe running of the operational railway.

The properties and structures in question are listed in full at the end of this IA (at appendix A), and the transfer of the functions, property, rights and liabilities to NRAL and NR have been agreed following discussions with NR. The Office of Rail Regulation, which is responsible for monitoring NR's performance and ensuring that they comply with the terms of the network licence, have confirmed that they are content for these structures to transfer.

Structures and Other Properties

The cost and benefits of the properties being transferred have been assessed by engineers at BRBR and NR, and the financial impact agreed with NR. There would be a cost to NR of managing the properties and structures and satisfying the associated liabilities. This would be a transfer of cost from BRBR. NR would be compensated through the benefits it receives from owning such properties - it has been confirmed in discussion between NR, the Office of Railway Regulation and the Department for Transport (based on the cost figures agreed between the parties) that the liabilities and assets which transfer will be net neutral in terms of cost during the current spending period. The costs/benefits of owning the property in future periods will be reviewed with the Office of Rail Regulation to ensure NR are appropriately funded.

Problem under consideration

Prior to the abolition of BRBR, its functions, property, rights and liabilities are to be transferred to those bodies best placed to manage them.

Rationale for intervention

As a residuary body, it was always the intention that BRBR would be wound-up at an appropriate point in time, and the ongoing functions, property, rights and liabilities transferred to successor bodies. The inclusion of BRBR within the Public Bodies Act 2011 will enable the winding-up of BRBR to be effected in an efficient manner. Secondary legislation is required to abolish BRBR and transfer its functions, properties, rights and liabilities to successor bodies.

Policy objective

It is DfT's responsibility to ensure that BRBR's functions, property, rights and liabilities are transferred to the entity best able to manage them in order to ensure that all the obligations of BRBR arising from any present or future liabilities or liabilities arising out of past transactions, events and circumstances are properly met.

Description, costs and benefits of options considered

0. Baseline – retain the properties within BRBR

Options 1 and 2 are considered against a baseline option of retaining the properties in BRBR.

1. Transfer selected properties to Network Rail (NR)

The statutory rights and liabilities in a small number of structures and properties will transfer to NRAL, which is a company limited by guarantee and a subsidiary of NR, with the associated property, rights and liabilities in most of those structures and properties being transferred to NR. The property, rights and liabilities in 7 memorials will also transfer to NR. The transfer of the functions, property, rights and liabilities is being divided in this way at the request of NR. Their reasoning for this is that NR is the company that owns, manages and operates the railways and is funded to do so. It was therefore important that the costs or benefits of managing any property, rights and liabilities that are transferred can be included within any review carried out by the Office of Rail Regulation to ensure that NR are appropriately funded. The original Impact Assessment was based on all these activities transferring to Network Rail Limited, the parent company of NR, however given that NRAL and NR are all part of the same group of companies the overall impact on the organisation remains the same. The Office of Rail Regulation has been informed of the property, rights and liabilities transferring to NR and confirmed its approval to the transfer.

NR and its subsidiaries were established with the objective of carrying on the business of acquiring, owning, managing, operating and developing the rail network and stations in Great Britain in all their aspects. Its Network Licence restricts its activities mainly to the business of operating, maintaining, renewing and enhancing the national rail network and to a negligible degree permits a few other ancillary activities. NR is a company limited by shares.

This is the most complete solution identified to ensure that all property and assets 'parked' with BRBR over the years are properly separated out and transferred to the body best placed to manage them. In relation to the categories of property set out in the background section above:

The anomalies of property ownership arising from rail privatisation include sites where NR ownership would lead to sensible economies in the management of the properties. Examples include Stone Crossing Cottage in Whitebridge, the removal of which would enable the replacement of a level crossing and the removal of a line speed restriction. Transfer of land on the operational side of the perimeter fence at Cockshut Road, Lewes would be cheaper than moving the fence. There are some lineside properties which require disconnection of the former sidings to the operational railway as a condition of sale which would be disproportionate to the value of the land for anyone other than NR.

The assets which should be managed by a body with a rail-specific remit are memorials to railway staff killed during the wars and people who died in railway accidents. Several of them are on land that is not owned by BRBR (one of the Derby memorials is in an office) but BRBR has maintenance responsibilities. It is of great importance to the public that these monuments are maintained to a high standard. Once BRBR has been abolished, NR will be the sole guardian of BR's legacy as a major employer in the rail industry and it should assume responsibility for these structures.

The assets important to the railway industry include Old Dalby, a high-speed, electrified railway available for testing rolling stock and other purposes. It includes a test centre held on lease from a subsidiary of UK Coal currently leased to London Underground for testing and mileage accumulation by new trains. As owner and operator of the national rail network it is sensible that Network Rail assume ownership of the test track.

The structures identified for transfer to NR are located on or adjacent to NR property, and the safe maintenance of them is crucial to the safe running of the operational railway. It would therefore seem most appropriate for these to be transferred to NR. The list includes:

- Abutments which form the boundary of, and are located immediately adjacent to the operational railway.
- Disused bridges spanning the operational railway where the condition of the bridge has a direct bearing on the safety of the operational railway.
- An embankment adjacent to the East Coast Main Line. Fires within the embankment have been a problem, and if further fires occur there is a risk that this will spread to the adjacent key operational railway.

NR were consulted over the proposals, which in the original consultation was to transfer the functions, property, rights and liabilities to Network Rail Limited, the parent company of NR. NR responded on behalf of the parent company. Following discussion, it was agreed that the statutory rights and liabilities in the certain structures and properties will transfer to NRAL, a subsidiary company of NR and a company limited by guarantee as required by the Public Bodies Act. The associated property, rights and liabilities in most of those structures and properties, along with the property, rights and liabilities in 7 memorials will transfer to NR. The transfer of the functions, property, rights and liabilities is being divided in this way at the request of NR. Their reasoning for this is that NR is the company that owns, manages and operates the railways and is funded to do so. It is therefore important that the costs or benefits of managing any property, rights and liabilities that are transferred can be included within any review carried out by the Office of Rail Regulation to ensure that NR are appropriately funded. The transfer scheme provides that NR will undertake maintenance of the structures on behalf of NRAL and will indemnify NRAL against any claims made by third parties in relation to the statutory rights and liabilities transferred under the Order to NRAL. The draft of the Impact Assessment included as part of the consultation document was based on all these activities transferring to Network Rail Limited, however given that NRAL and Network Rail are all part of the same group of companies the overall impact on the organisation remains the same.

DfT held discussions with NR and agreed the portfolio of properties and structures to be transferred. The Office of Rail Regulation, who is responsible for ensuring that NR complies with the terms of its rail operating licence, was also consulted and confirmed that they are content with the proposed transfer.

The final package of transfers to NR has been designed so as to have no net cost impact on NR during the current spending period. Some of the properties being transferred are of value to NR, others will have maintenance costs associated with them. For future spending periods, the costs and benefits of owning the properties will be reviewed by the Office of Rail Regulation to ensure that NR are appropriately funded.

Details of the properties to transfer to NR are at appendix A.

There is a potential non monetised benefit arising from the properties being managed by the most appropriate body. Synergies are likely to be delivered by NR ownership of those properties and structures which impact upon existing NR property. For example, removal of the Whitebridge Crossing Cottage at Stone would allow NR to remove a line speed restriction. Several other parcels of land may be useful to NR for maintenance works/pedestrian access/future route development.

There is also a benefit from enabling the abolition of BRBR, but it is not possible to estimate the size of the benefit that can be attributed to this measure alone and therefore this has not been monetised. However, BRBR abolition is estimated to save a total £2.4 million per annum in running costs. This has been calculated by comparing the costs of delivering the activities within the existing BRBR operation to the cost of the activities being delivered by the successor bodies. The savings are made up of a reduction in staff (saving £1.2m), a reduction in accommodation costs (£0.1m) and other administrative

overheads (£1.1m) (e.g. professional fees, IT, insurance and auditing costs that will no longer be incurred as they will be absorbed within existing activities in the successor bodies).

2. Transfer all property to the Secretary of State

The Secretary of State will take on a portfolio of low value properties from BRBR and the vast majority of the 3400 structures (bridges, viaducts and tunnels) which constitute BRBR's "Burdensome Estate". The Burdensome Estate is so-named because it carries statutory liabilities with it. The Secretary of State will need to allocate the management of all properties and structures to a body with the appropriate maintenance and engineering expertise and will therefore ask the HA to manage this portfolio. A number of the structures transferring to the Secretary of State carry roads so it makes sense for them to be managed and maintained by the HA.

The property and structures identified here are closely linked to the operational railways. The reason for seeking an alternative solution for this portfolio is that they would not sit comfortably within the HA portfolio.

It is also likely that NR will continue to want to take ownership of a number of these properties and structures. If that is the case, HA would need to re-open negotiations with NR, requiring transfer by conveyance which would be costly and in addition, without the Order under the Act there would be no other mechanism for transferring statutory maintenance functions relating to these structures arising under the original authorising railways Acts of Parliament. (see option 3 below).

There are no monetised net costs or benefits arising from this proposal. There would be a cost to the Secretary of State of managing the properties and structures and satisfying the associated liabilities. Although cost neutral in the current spending period, it has been estimated by Network Rail that this costs would be around £5.7m for future spending periods (based on engineer inspections). It is not possible to calculate the precise nature of this cost, as it would require a new function being set up and would be dependant on the maintenance strategy adopted for these structures (e.g. whether immediate works were carried out or a planned maintenance strategy put in place). It would require detailed inspection and incur a disproportionate level of costs to calculate a more detailed estimate of costs at this stage. This cost would be a transfer from BRBR. Moreover, in relation to the railway memorials which are to transfer to NR, it seems more appropriate and sensitive to those individuals for a railway body, rather than the HA to maintain memorials to those killed in railway accidents and railway staff killed in the wars.

3. Transfer the property portfolio to Network Rail by way of a conveyance (sale) rather than legislation

BRBR's remit over the past 10 years has been to dispose of its inherited property portfolio where it is cost effective to do so. BRBR has disposed of more than 90% of the property inherited in 2001 by traditional conveyance. In theory, the properties in question could be sold to NR in a similar way. However, this option has several drawbacks:

1. It would be more costly to BRBR and NR as they would both have to pay conveyancing costs (estimated at about £150,000, based on the number of sites involved and their book value estimates).
2. In addition, without the Order under the Act there would be no other mechanism for transferring statutory maintenance functions relating to the burdensome estate arising under the original authorising railways Acts of Parliament; this would mean that even if the properties themselves were transferred with appropriate indemnities for BRBR, BRBR would still have had to be kept in formal existence (with some associated costs) because of the continuing existence of those statutory functions..

In agreement with NR, we have therefore dismissed this option at an early stage on the grounds of impracticability, unnecessary costs to all parties and the need to keep BRBR in existence.

Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

This is not a regulatory proposal, but a policy solution requiring legislation. No burden will be imposed on NR as the final package of transfers have been negotiated jointly with NR and we are only transferring by means of legislation those properties that NR have agreed to take on. NR has indicated that transfer by way of legislation would be desirable. The cost and benefits of the properties being transferred have been assessed and the financial impact agreed with NR. There would be a cost to NR of managing the properties and structures and satisfying the associated liabilities. This would be a transfer of cost from BRBR. NR would be compensated through the benefits it receives from owning such properties. It has been confirmed that the liabilities and assets which transfer will be net neutral in terms of cost during the current spending period. The costs/benefits of owning the property in future periods will be reviewed with the Office of Rail Regulation to ensure NR are appropriately funded.

Review

The Impact Assessment accompanied a targeted public consultation on BRBR abolition. The consultation, which was also made available to the public on the Department's website, was launched on 15 May 2012 and closed on 9 July 2012. The responses were analysed and the Department's response to the consultation published on the on the Inside Government website at:

<https://www.gov.uk/government/consultations/consultation-on-the-proposed-abolition-of-brb-residuary-ltd-and-the-transfer-of-its-functions-properties-rights-and-liabilities>.

Following the consultation and the analysis of the responses it was decided to proceed with the abolition of BRBR and the transfer of its property, rights and liabilities. As a consequence it has been confirmed that the properties identified at appendix A of this IA are to transfer to NR. The statutory rights and liabilities in the structures and properties will transfer to NRAL, a company limited by guarantee and subsidiary of NR. The associated property, rights and liabilities in most of those structures and properties will be transferred to NR and the property, rights and liabilities in 7 memorials will also transfer to NR. The original Impact Assessment was based on all these activities transferring to Network Rail Limited, however given that NRAL and Network Rail are all part of the same group of companies the overall impact on the organisation remains the same. This IA has been updated to reflect the outcome of that consultation.

Risks and assumptions

None

Application of "One In Two Out" (OITO)

As the policy is not regulatory it is not in scope of the "One In Two Out" rule.

Direct costs and benefits to business calculations (following OITO methodology)

There are not believed to be any costs to business from the preferred option as the transfer will be structured to balance the benefits and costs of the properties and structures transferring to NR.

Wider impacts

It is considered that the abolition of BRBR and the transfer of its functions, properties, rights and liabilities will have no impact on the general public other than the transferee bodies and the employees of BRBR. The changes represent a machinery of government change rather than a regulatory change and the impact on business will be neutral, as all of BRBR's activities will simply continue to be carried out by one of the successor bodies.

The activities of BRBR will transfer to successor bodies but will be performed in much the same way that they are now. There will not be any social impacts or impacts on the environment or the wider economy.

An equality impact assessment (EIA) was carried out for the abolition of BRBR. As it was always intended that BRBR would be wound up at an appropriate time, and its ongoing functions, property, rights and liabilities transferred to successor bodies best able to manage them, there is no equality impact.

In terms of monitoring and review, no further action is required once the Order comes into effect and the BRBR functions, property, rights and liabilities all transfer to the successor bodies. The appointments of the Directors of BRBR will terminate when the Order comes into effect and the BRBR will be abolished.

All the successor bodies are mature organisations with well established governance procedures. Network Rail will continue to operate under and be regulated by the network license. Continuing to apply their normal management procedures will ensure that they carry out the functions and activities that have transferred effectively.

Summary and preferred option with description of implementation plan

Options 1 and 2 would both achieve the objective of allowing the abolition of BRBR. Only Option 1 achieves the objective of the properties and structures being managed by the most appropriate body. Both of the options have negligible costs, as the management of the properties will be undertaken within existing resources.

Appendix A

Property intended for transfer to Network Rail

Railway Memorials	Abergele Charfield Derby x 2 Llanfairpwllgwyngyll Penmanshiel York	These are memorials to railway staff killed during the wars or in railway accidents. Several of them are on land that is not owned by BRBR (one of the Derby memorials is in an office) but BRBR has maintenance duties. Presentationally, it is of great importance that these monuments are maintained to a high standard. Once BRBR has been abolished, NR will be the sole guardian of BR's legacy as a major employer and it should assume responsibility for these structures.
Uneconomic	Carlisle (Currock Low Yard) Criarlrich (Site of Siding)	These sites require disconnection from the railways in order to be sold. Disconnection is carried out by NR. For any other organisation, the costs of disconnection are greater than the potential sale proceeds so it would be uneconomic to pursue sales. It would be onerous to ask the HA to take these on as they are railway-related rather than road-related. In NR's possession, the disconnection could be carried out at a convenient time to allow for sale, or the properties could be maintained at less cost given their proximity to the operational railways.
	Lewes	Although the land belongs to BRBR, the position of the fence means that it forms part of NR land. It would not be cost effective to move the fence in order to sell the land as it is low value, but it may potentially be of use to NR if works are required on the adjacent line.
	Park Royal	LUL encroached onto BRBR land at the foot of a retaining wall that supports an operational NRIL line. LUL have built a railway track, used by Central Line trains, on the BRBR land. Conveyance to LUL has not been possible because of lack of agreement between them and NRIL, principally concerning rights of access for maintenance of the retaining wall. If NRIL own the land it is easier for them to sort this out with LUL.
Closely associated with the operational railways	Stone: Whitebridge Cottage	The removal of this cottage would allow a bridge to be built across the railway allowing for speed-up of the track below. The only party who would benefit from this is Network Rail.
	Glazebrook x 3	There are three pieces of land here which would have potential use in increasing the capacity of routes into Manchester. This has been ruled out as a policy option for the time being, but remains a future possibility.
	Little Bytham	Adjoins the ECML and may be required by NR for future works.
	Chesterfield	Adjoins the main line and may be required by NR for future works.
	South Croydon	This access route to the station is already in use as pedestrian access and it would make sense for this to be regularised with ownership being taken on by NR who own the station itself.

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	Glazebrook, Moss Road	A parcel of land that was the site of the former sidings at Glazebrook, that may be required by NR for future works.
	Mossend	Adjoins the main line between Motherwell and Lambert and may be required by NR for future works.
	Cheam	Adjoins the operational railway at Cheam Railway Station and may be required by NR for future works.
	Gobowen	Adjoins the operational railway at Gobowen Railway Station and may be required by NR for future works.
	Glasgow, Lambhill	Adjoins the operational railway near Glasgow and may be required by NR for future works.
	Alexandra Palace	Adjoins the operational railway at Alexandra Palace station and may be required by NR for future works.
	Bicester	Adjoins the operational railway at Bicester Town railway station and may be required by NR for future works.
	Market Harborough	Adjoins the operational railway at Market Harborough and may be required by NR for future works.
	Leeds Hunslett	Railway sidings at Hunslett that may be required by NR for future works.
	Glasgow Eastfield Depot	Railway depot at Glasgow Eastfield that may be required by NR for future works.
Operational Railway	Old Dalby Test Track	A high-speed, electrified railway available for testing rolling stock and other purposes. Includes a test centre held on lease from a subsidiary of UK Coal. Currently leased to London Underground for testing and mileage accumulation by new trains. NRIL interest in acquiring, but statutory liabilities cannot be transferred by conveyance.

Structures intended for transfer to Network Rail

No	Route	Type	Status	Reason for transfer to NR
1	Denton to Droylsden	Abutments	Operational Railway	Abutment forms the boundary of, and is located immediately adjacent to, the operational railway between Fairfield and Guide Bridge
2	Redditch - Evesham - Ashchurch	Abutments	Operational Railway	Abutment forms the boundary of, and is located immediately adjacent to, the operational railway between Avesham and Honeybourne
3	Bristol Lawrence Hill	Overbridge	Spans Op. Rway& Supports Footpath	Bridge spanning the operational railway between Lawrence Hill and Stapleton Road in Bristol. The condition of the bridge has a direct bearing on the safety of the operational railway. Currently supports a cycleway
4	Mickle Trafford - Chester	Overbridge	Operational Railway	Bridge spanning the operational railway between Chester and Mickle Trafford Junction. The condition of the bridge has a direct bearing on the safety of the operational railway. Currently supports a cycleway
5	Mickle Trafford - Chester	Overbridge	Operational Railway	Bridge spanning the operational railway between Chester and Bache. The condition of the bridge has a direct bearing on the safety of the operational railway. Currently supports a cycleway
6	Denaby - Wrangbrook Junction	Piers Only	Operational Railway	Large concrete pier and brick abutment that lie on the boundary of, and are located immediately adjacent to, the electrified operational railway between Doncaster and Wakefield
7	Fairfield Junction - Chorlton Junction.	Underbridge	Operational Railway	Bridge spanning the operational railway between Ryder Brow and Reddish North Stations. The condition of the bridge has a direct bearing on the safety of the operational railway. Currently supports a cycleway
8	Partick West - BalornockJn (Hamiltonhill Line)	Abutments	Operational Railway	Abutment forms the boundary of, and is located immediately adjacent to, the operational railway between Possilpark&Parkhouse and Gilshochill
9	Elderslie - Greenock Princes Pier	Underbridge	Operational Railway	Bridge spanning the electrified operational railway between Whinhill and Bogston Junction. The condition of the bridge has a direct bearing on the safety of the

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				operational railway.
10	Methley to Pontefract	Abutments	Operational Railway	Abutment forms the boundary of, and is located immediately adjacent to, the operational railway between Castleford and Methley Junction
11	Oldham to Ashton	Overbridge	Operational Railway	An overbridge over the closed branch line between Oldham and Ashton, that now supports a public road bridge over the operational railway in Tameside.
12	Pallion Branch (Fawcett St to Hendon Junction)	Abutments	Operational Railway	Abutment forms the boundary of, and is located immediately adjacent to, the operational railway between Sunderland and Seaham
13	Paisley (Lacy Street) - Blackbyres Junction.	Abutment	Operational Railway	Abutment forms the boundary of, and is located immediately adjacent to, the operational railway between Paisley Canal and Hawkhead Stations
14	Wanton Walls Jn - Niddrie North Jn (Lothian Lines)	Embankment	Operational Railway	Embankment adjacent to the ECML. Fires within the embankment have been a problem, and if further fires occur there is a risk that this will spread to the adjacent key operational railway.
15	Rothesay Dock Branch (Yoker)	Overbridge	Operational Railway	Large metallic bridge spanning the operational railway. Maintenance important to ensure the safety of the railway. Currently it supports a Sustrans cycleway.
16	Royston to Dewsbury	Tunnel	Operational Railway	Tunnel through which the operational Horbury Station Junction to Crigglestone Junction passed. For some reason the tunnel was allocated to the Royston to Dewsbury Line which passes over the tunnel.
17	Shropshire & Montgomeryshire	Abutments & Piers	Operational Railway	Abutment forms the boundary of, and is located immediately adjacent to, the operational railway between Shrewsbury and Hanwood
18	South Wales Mineral Railway	Underbridge	Operational Railway	The bridge supports the abandoned South Wales Mineral Railway over the operational Rhondda and Swansea Bay Railway. Bridge required for the reasonable safety of the operational railway.

ANNEX D

19	Sharnbrook Junction and Bedford	Sidebridge	Operational Railway	A sidebridge that supports an access road to the operational railway between Sharnbrook Junction and Bedford.
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Title: The transfer of functions to the Railway Safety and Standards Board as a result of the abolition of BRB (Residuary) Ltd (Company No. 04146505) and the transfer of its functions, properties, rights and liabilities. IA No: DfT00154 Lead department or agency: Department for Transport Other departments or agencies:	Impact Assessment (IA)			
	Date: March 2013			
	Stage: Final			
	Source of intervention: Domestic			
	Type of measure: Primary legislation			
Contact for enquiries: Malcolm Twite, telephone 0207 944 6008				
Summary: Intervention and Options			RPC: N/A	

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCBon 2009 prices)	In scope of One-In, One-Out?	Measure qualifies as
£0m	£0m	£0m	No	NA

What is the problem under consideration? Why is government intervention necessary?

BRB (Residuary) Ltd (BRBR) is a limited company created in 2001 to manage the majority of the remaining property, rights and liabilities of the British Railways Board (BRB). As a residuary company, it was always the Government's intention that BRBR would be wound up at the appropriate time. The inclusion of BRBR in the Public Bodies Act 2011 will enable the winding up to be effected efficiently. A by-product of abolition will be to remove the overheads associated with running BRBR. It is DfT's responsibility to ensure that BRBR's remaining functions, property, rights and liabilities are transferred to the body best able to manage them. One of those functions is the ownership of certain IPR of drawings currently owned by BRBR.

What are the policy objectives and the intended effects?

The objective of the policy is to enable the abolition of BRBR (thus saving the costs of running BRBR) and to ensure that one of its remaining functions, the ownership of certain rolling stock drawings and the licensing of those drawings to other railway industry bodies is transferred to and managed by the most appropriate body.

A separate Impact Assessment has been prepared in respect of the impact of properties that are to transfer to Network Rail as a result of the abolition (IA Number: DfT00153).

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

0. Baseline - retain the ownership and IPR of the drawings identified in the licence agreement between BRB (now vested in BRBR) and Railway Documentation and Drawing Service (RDDS) dated the 22nd February 1996) in BRBR and continue with the licence arrangement with RDDS.

1. Transfer ownership of the drawings and associated IPR and BRB's rights and obligations under that licence agreement to the Railway Safety and Standards Board (RSSB). This is the preferred option which best fulfils the policy objectives set out above.

2. Transfer ownership of the drawings and associated IPR and BRB's rights and obligations under that licence agreement to the Secretary of State (SoS).

Will the policy be reviewed? It will not be reviewed. If applicable, set review date: Month/Year

Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro No	< 20 No	Small No	Medium No	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: 0	Non-traded: 0	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible minister:

Stephen Hammond

Date: 10th May 2013

Summary: Analysis & Evidence

Policy Option 1

Description: Transfer selected IPR to RSSB.

FULL ECONOMIC ASSESSMENT

Price Base Year2012	PV Base Year2012	Time Period Years10	Net Benefit (Present Value (PV)) (£m)		
			Low:Optional	High:Optional	Best Estimate:

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	0	0
High	0	0	0
Best Estimate	0	0	0

Description and scale of key monetised costs by 'main affected groups'

There are no monetised costs.

Other key non-monetised costs by 'main affected groups'

There are no costs. RSSB would be the owner of the drawings and associated IPR and the rights and liabilities of BRB under the licence agreement between BRBR and RDDS would be transferred to RSSB. RDDS is 100% subsidiary of RSSB and thus ownership of the drawings and the ability to supply copies of the drawings to other railway industry bodies would vest in the same group entity. There would be no increase in costs to RSSB.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0	0
High	0	0	0
Best Estimate	0	0	0

Description and scale of key monetised benefits by 'main affected groups'

There are no monetised benefits - the IPR does not generate revenue.

Other key non-monetised benefits by 'main affected groups'

As RSSB would own the drawings and associated IPR and would continue to license RDDS to enable it to make copies of the drawings available to other railway industry bodies, uniting the ownership and usage of the IPR would allow for reduced administration. This measure would allow (together with other measures) the abolition of BRBR, meaning the costs of running BRBR (approx £2.4 million pa) would be saved. However, it is not clear how much of the cost savings can be attributed to this particular measure.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
That the protection afforded by the use of the transfer scheme legislation at the time of privatisation so as to ensure railway bodies continue to have the right to make use of these drawings should be continued.		

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: 0	Net: 0	No	NA

Summary: Analysis & Evidence

Policy Option 2

Description: Transfer selected IPR to the Secretary of State

FULL ECONOMIC ASSESSMENT

Price Base Year2012	PV Base Year2012	Time Period Years10	Net Benefit (Present Value (PV)) (£m)			
			Low:Optional	High:Optional	Best Estimate:	
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Cost (Present Value)	
Low	0		0		0	
High	0		0		0	
Best Estimate	0		0		0	
Description and scale of key monetised costs by 'main affected groups' There are no monetised costs						
Other key non-monetised costs by 'main affected groups' There could be a cost to the SoS in taking on the ownership of the drawings and the continued licencing of the IPR as ensuring that RDDS keeps within the terms of its licence would require additional expert resource. The documents would continue to be managed by RDDS so the resource implications for the SoS would be marginal.						
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Benefit (Present Value)	
Low	0		0		0	
High	0		0		0	
Best Estimate	0		0		0	
Description and scale of key monetised benefits by 'main affected groups' There are no monetised benefits.						
Other key non-monetised benefits by 'main affected groups' The Secretary of State would have the ownership of the drawings and the benefit of the licence agreement with RDDS, so that the arrangement for the supply of drawings for the benefit of the industry would continue. This measure would allow (together with other measures) the abolition of BRBR, meaning the costs of running BRBR (approx £2.4 million pa) would be saved. However, it is not clear how much of the cost savings can be attributed to this particular measure.						
Key assumptions/sensitivities/risks					Discount rate (%)	3.5

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: 0	Net: 0	No	NA

Evidence Base (for summary sheets)

Background

BRBR is a limited company wholly owned by the Secretary of State which was created in 2001 to manage the majority of the remaining property, rights and liabilities of BRB. Its responsibilities include the management of a diverse property portfolio inherited from BRB and the settlement of industrial injury claims submitted by former British Rail employees. BRBR currently employs fewer than 40 members of staff and is funded in part through the income generated by property sales and in part through government grant-in-aid.

Prior to the abolition of BRBR, most of BRBR's remaining functions, property, rights and liabilities will be transferred to the Secretary of State for Transport, where they will be managed by a team of engineers based in the Highways Agency (HA) or to London and Continental Railways (LCR), a company wholly owned by the Secretary of State. These transfers will have no impact on business or civil society. They will simply be a machinery of government change and are therefore not the subject of this Impact Assessment. A small number of properties and associated rights and liabilities would also transfer to Network Rail Infrastructure Limited, a subsidiary of Network Rail. This is the subject of a separate Impact Assessment (IA Number: DfT00153).

A number of drawings and maintenance documents currently owned by BRBR and identified in the licence agreement between BRB and RDDS dated the 22nd February 1996 are licensed to RDDS. The drawings and documents in question are old and disparate and have no quantifiable value, though are still of importance to many railway industry bodies who still operate former BR rolling stock. However, the Department is keen to ensure that the protection afforded by the use of transfer scheme legislation at the time of privatisation is continued so that railway bodies continue to have the right to make use of these drawings.

Problem under consideration

Prior to the abolition of BRBR, its ongoing functions, property, rights and liabilities are transferred to those bodies best-placed to manage them.

Rationale for intervention

As a residuary body, it was always the intention that BRBR would be wound-up at an appropriate point in time, and the ongoing functions, property, rights and liabilities transferred to successor bodies. The inclusion of BRBR within the Public Bodies Act 2011 will enable the winding-up of BRBR to be effected in an efficient manner. Secondary legislation will be required to abolish BRBR and transfer its properties, rights and liabilities to successor bodies.

Policy objective

It is DfT's responsibility to ensure that BRBR's functions, property, rights and liabilities are transferred to the entity best able to manage them in order to ensure that all the obligations of BRBR arising from any present or future liabilities or liabilities arising out of past transactions, events and circumstances are properly met.

Description, costs and benefits of options considered

0. Baseline – retain the properties within BRBR

Options 1 and 2 are considered against a baseline option of retaining the ownership of the IPR in BRBR and continuing to license this to RDDS.

1. Transfer ownership and associated IPR to RSSB

RSSB is a not for profit company operating as a centre of excellence for all matters relating to railway safety. It is responsible for the maintenance of Railway Group Standards including those pertaining to all the vehicles that operate on the railways (known as rolling stock). It is the owner of RDDS.

It is proposed that ownership and associated IPR of the drawings identified in the license agreement between BRB and RDDS dated the 22nd February 1996 and the rights and obligations of BRB (now vested in BRBR) under that agreement should be transferred to the RSSB. The intended effect of this is to unite under common group ownership the ownership of the drawings and associated IPR with the ability to supply copies of those drawings to other railway industry bodies and to continue to ensure the continued protection of the rights of other railway industry bodies to make use of this IPR against third parties.

There are no costs to this option – RSSB would not incur any additional costs from ownership of the IPR it already manages.

There are no monetised benefits – the ownership of the drawings and the licensing of the associated IPR does not generate any revenue per se, though the supply of drawings to other railway industry bodies does. There is a potential non monetised benefit arising from this particular BRBR function being managed by the same body that has ownership of the drawings and through its subsidiary being able to supply copies of the drawings to other railway industry bodies. There is also a benefit from enabling the abolition of BRBR, but it is not possible to estimate the size of the benefit that can be attributed to this measure alone and therefore this has not been monetised. However, BRBR abolition is estimated to save a total £2.4 million per annum in running costs. This has been calculated by comparing the costs of delivering the functions within the existing BRBR operation to the cost of the functions being delivered by the successor bodies. The savings are made up of a reduction in staff (saving £1.2m), a reduction in accommodation costs (£0.1m) and other administrative overheads (£1.1m) (e.g. professional fees, IT, insurance and auditing costs that will no longer be incurred as they will be absorbed within existing functions in the successor bodies).

2. Transfer ownership and associated IPR to the Secretary of State

Ownership of the drawings and the associated IPR and the rights and obligations of BRB (now vested in BRBR) under the licence agreement dated the 22nd February 1996 would transfer to the Secretary of State in the absence of a transfer to the RSSB. This would preserve the status quo whereby the ownership of the drawings and the associated IPR and the ability to supply drawings to other railway industry bodies rests with two different bodies.

There are no monetised costs to this option. There would be a resource cost to the Department in ensuring that RDDS keeps within the terms of its licence.

There are no monetised benefits to this option. There is a benefit from enabling the abolition of BRBR, but it is not possible to estimate the size of the benefit that can be attributed to this measure alone and therefore this has not been monetised. However, BRBR abolition is estimated to save a total of £2.4 million per annum in running costs (see above for details).

Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

This is not a regulatory proposal, but a policy solution requiring legislation. No regulatory burden will be imposed on RSSB and they have indicated that they would welcome this change. The benefits of administrative simplification and the costs of ownership have not been monetised – these are believed to be negligible as these are rarely requested documents and access to them has never been contested.

Review

The Impact Assessment accompanied – a targeted public consultation on BRBR abolition. The consultation, which was also made available to the public on the Department's website, was launched on 15 May 2012 and closed on 9 July 2012. The responses were analysed and the Department's response to the consultation published on the Department's website (<http://www.dft.gov.uk/consultations>) and on Gov.UK. This confirmed the decision to proceed with the abolition. As a consequence it has been confirmed that ownership and associated IPR of the drawings identified in the license agreement between BRB and RDDS dated the 22nd February 1996 and the rights and obligations of BRB (now vested in BRBR) under that agreement should transfer to the RSSB. This IA has been updated to reflect the outcome of the consultation.

Risks and assumptions

There is an underlying assumption that it is necessary to protect the rights of the railway industry bodies to make use of these documents and drawings.

Application of “One In Two Out” (OITO)

As the policy is not regulatory it is not within the scope of the “One In One Out” rule.

Direct costs and benefits to business calculations (following OITO methodology)

RSSB is a not-for-profit company owned and funded by major stakeholders in the railway industry, but is independent of any one party. RSSB has around 250 staff, including experts in a wide range of technical disciplines and other professionals such as project managers, meeting facilitators and support staff. RSSB is funded by levies on its members and grants for research from the Department for Transport.

There are no costs to RSSB as it already manages the IPR and taking ownership of the IPR will not result in additional cost.

Wider impacts

It is considered that the abolition of BRBR and the transfer of properties, rights and liabilities will have no impact on the general public other than the transferee bodies and the employees of BRBR. The changes represent a machinery of government change rather than a regulatory change and the impact on business will be neutral, as all of BRB Residuary’s activities will simply continue to be carried out by one of the successor bodies.

The functions of BRBR will transfer to successor bodies but will be performed in much the same way that they are now. There will not be any social impacts or impacts on the environment or the wider economy.

An equality impact assessment (EIA) was carried out for the abolition of BRB Residuary. As it was always intended that BRB Residuary would be wound up at an appropriate time, and its ongoing functions, property, rights and liabilities transferred to successor bodies best able to manage them, there is no equality impact.

In terms of monitoring and review, no further action is required once the Order comes into effect and the BRB Residuary functions, property, rights and liabilities all transfer to the successor bodies. The appointments of the Directors of BRB Residuary will terminate when the Order comes into effect and the BRB Residuary will be abolished. All the successor bodies are mature organisations with well established governance procedures. RSSB is part funded by the Department and their performance will continue to be regularly monitored. Continuing to apply their normal management procedures will ensure that they carry out the functions and activities that have transferred effectively.

Summary and preferred option with description of implementation plan

Options 1 and 2 would both achieve the objective of allowing the abolition of BRBR. Only Option 1 achieves the objective of the ownership of the drawings and associated IPR being managed by the most appropriate body. Both of the options have no costs, as the ownership of the IPR will not generate additional costs.