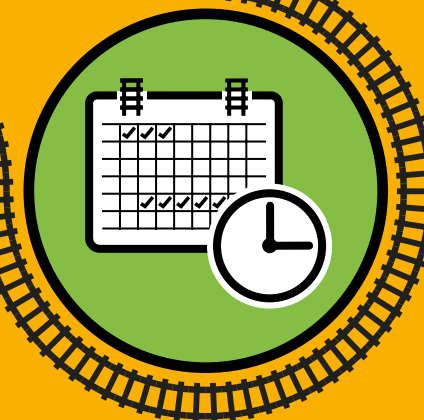
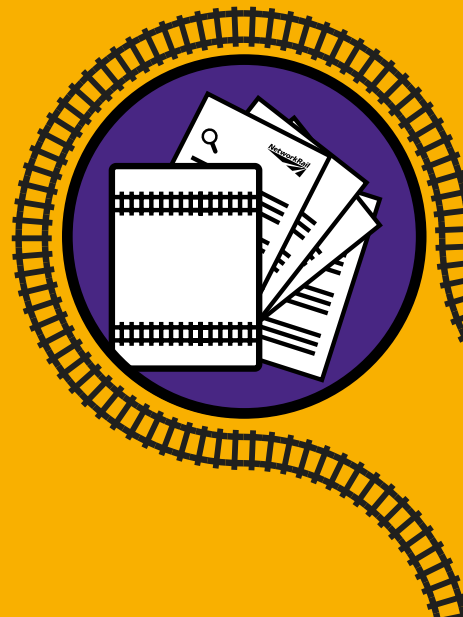
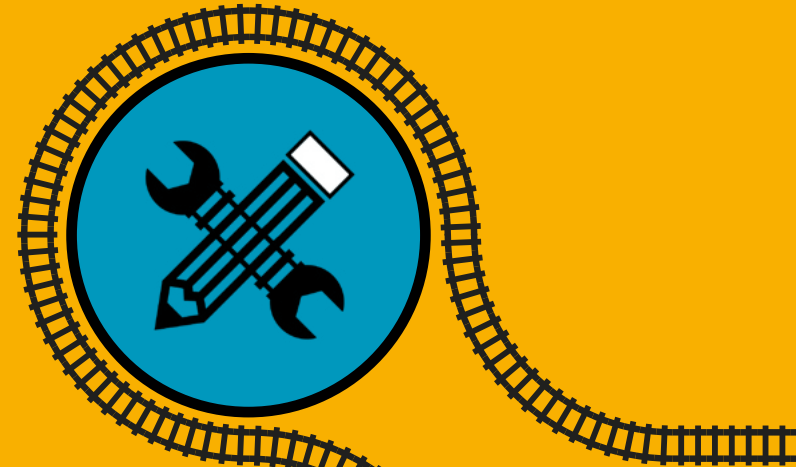


Route
Services



Route Services

Strategic plan



Contents

Foreword and summary	3
Vision, values and purpose	4
Our Leadership	6
Objectives	7
Delivery strategy	20
Headwinds and efficiency	29
Risk and Financial Management	30
Sign-off	32
Appendix A Scorecard	33
Appendix B Stakeholder Engagement	34
Appendix C Key assumptions	35
Appendix D Glossary of terms	37
Appendix E Service Catalogue and passenger impact	40



Foreword and summary

Since Route Services was established in 2016, we have strived to create a business that meets the needs of our route, region and national customers. Over the past four years, Route Services has successfully integrated further teams and services, whilst improving performance.



Susan Cooklin,
Managing director,
Route Services

Today Route Services consists of 4,800 people and spends £1.5bn per annum delivering or investing in our 60 services. We are committed to spending this money wisely, delivering best value to our customers and passengers. In Control Period 6 (2019-2024), Route Services will directly deliver £0.4bn of efficiency through a combination of transformational change and small, continuous business improvements. Furthermore, we support and facilitate the indirect spend of a further c.£5bn per annum across the wider business through our commercial and procurement team. We do this with the same attention to delivering best value for the customer and passenger.

However, our customers continue to demand more from us, and we are developing our organisation to offer the high performing, cost-competitive and commercial approach that they expect. With this challenge in mind, embracing the Network Rail vision and values, we have developed a revised Route Services offer for CP6.

This is to:

- be easy to do business with and behave like a service organisation
- provide a choice of business and operational services that are value-driven and commercially competitive
- deliver service excellence in line with agreed customer and passenger expectations
- advise and support our customers to make the best service choice
- engage and empower our teams and protect their safety and wellbeing.

We have a robust plan to transform our business to meet the changing needs of our customers through Control Period 6 and into Control Period 7 (2024-2029), whilst delivering the value for money services that our customers demand.

Susan Cooklin,
managing director, Route Services

“We will be our customers’ and suppliers’ trusted partner of choice: one team continuously improving our delivery performance, quality and cost-competitiveness for a better railway.”

Vision, values and purpose

Route Services' vision is the same as that of Network Rail:

Route Services plays a vital role in the success of Network Rail achieving this vision for our passengers and freight users. We need to be our customers' and suppliers' trusted partner of choice: one team continuously improving our delivery performance, quality and cost-competitiveness for a better railway.



Always safe

Safety is not negotiable. With clear accountabilities, we must challenge ourselves and our colleagues every time we witness unsafe behaviour.



Care about people

Respect, kindness and empathy are all part of treating others the way we wish to be treated. It is simply about asking ourselves 'how can we better care for the passengers that we serve every day?'.



Teamwork is key

It's about mutual support, no matter what. We pull together as one rail industry, with the needs of passengers and freight users at the heart of what we do.



Empowered to ACT

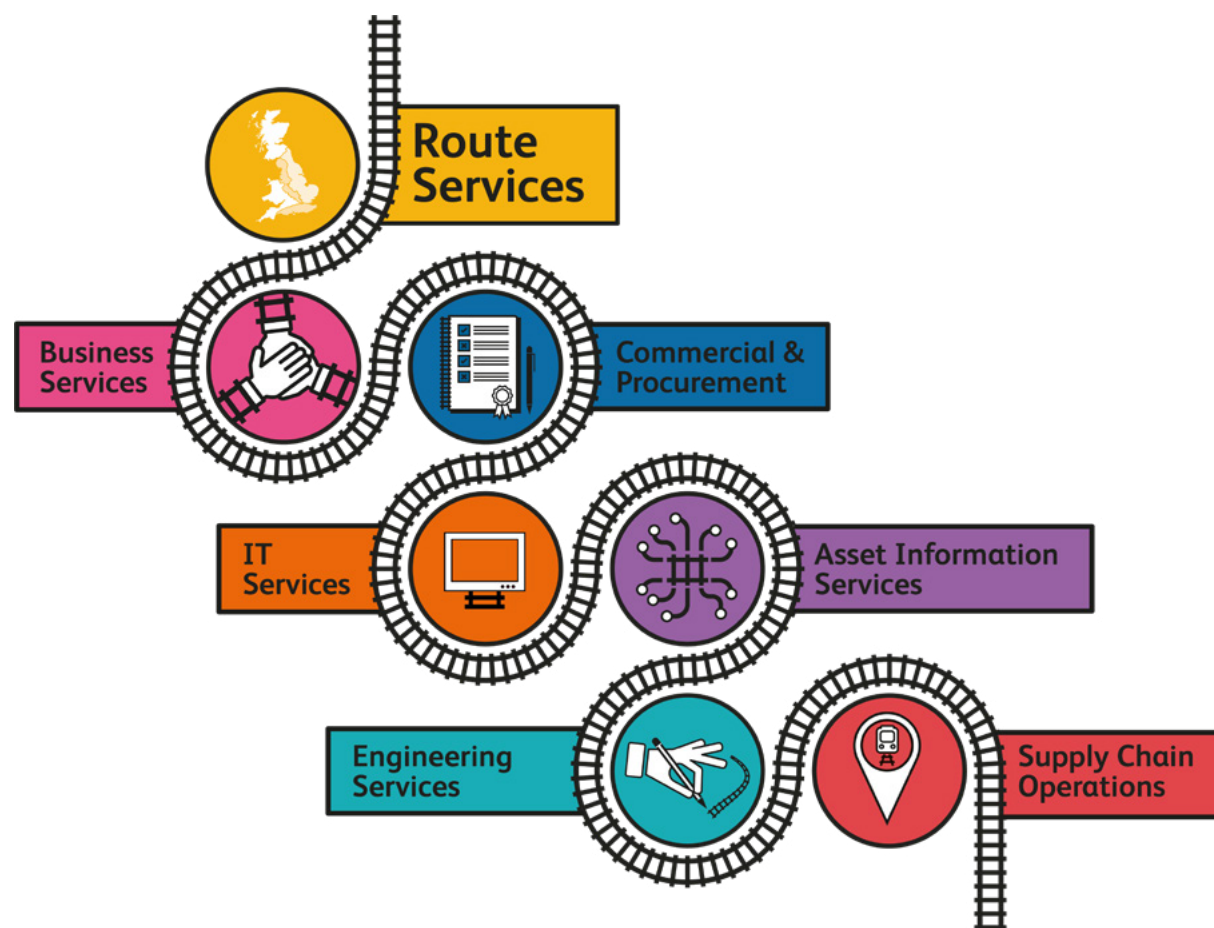
We're empowered to do the right thing for those who use the rail network. It is about removing barriers and ensuring that we have what we need to be able to act, when and where it's required.

Having brought together experts in a broad range of specialisms, including information technology, logistics, commercial and procurement, engineering design, training and asset data management, we have a huge opportunity to collaborate as a team to create innovative changes and continuous improvements to our service offerings for the benefit of our customers, passengers and freight users.

“A company that is on the side of passengers and freight users; that is easy to engage with, an efficient and dependable partner; a company people are proud to work for; instinctively recognised as the industry leader.”

Route Services' vision

Route Services consists of six primary functions:



Supply Chain Operations delivers the logistics, materials, components as well as rail and road fleet that enable the maintenance and renewal of the railway, whilst minimising disruption to passengers.

Commercial and Procurement (C&P) strategically sources and manages contracts of scale in order to optimise value across the network.

Information Technology (IT) shapes, builds and runs the information technology services needed to support the railway, now and into the future.

Business Services manages the support systems needed to keep Network Rail working effectively, including Finance and Human Resources services, Training, our National Records Group.

Asset Information Services (AIS) collects, analyses and shares data and intelligence about Network Rail's infrastructure assets and maintains key asset systems and tools.

Engineering Services (ES) provides the efficient and effective delivery of multi-disciplinary design and engineering services. Network Rail Design Delivery (NRDD) now forms a fundamental part of this function.

These teams are supported by Finance and Business Support, Route Services Transformation and Human Resources.

Our leadership team



Susan Cooklin
Managing Director, Route Services



Nigel Ash
Managing Director, Network Rail Consulting*



Mark Lunn
Engineering Services
Director

Newly established service function responsible for the engineering, design and development service.



Rob Morton
Supply Chain
Operations Director

Infrastructure, Construction and engineering, Fleet and Track Treatment and Delivered Material.



Mark Tarry
Business Services
Director

Managing support systems – HR shared services, training, National Records Group, financial systems and processes.



Aidan Hancock
Chief Information
Officer

IT services and equipment and investments in strategic, innovative and fit-for-purpose IT for the future.



Clive Berrington
Commercial &
Procurement Director

Commercial and Procurement manages our wide range of contracts through innovative strategies and cost-effective solutions.



Jason Saxon
Asset Information
Services Director

AIS specifies, collects, evaluates, collates, analyses and shares data and information about Network Rail's infrastructure assets.



Mark Enright
Transformation
Director

Supporting transformational change, competitive services and making us destination of choice for customer and supplier.



Louise Kavanagh
Finance & Business
Support Director

Finance and Business support Route Services requirements efficiently, effectively and flexibly.



Liz Zukowski
HR Director &
Head of HR

Providing support on all people related issues and responsible for attracting, recruiting and facilitating a safety conscious and high-performing workforce.

Objectives

Safety vision

The Route Services vision is aligned to the Network Rail safety vision, Everyone Home Safe Every Day, and safety is integral to everything that we do. We are uncompromising in our commitment to the health, safety and wellbeing of our people, passengers, customers, and supply chain.

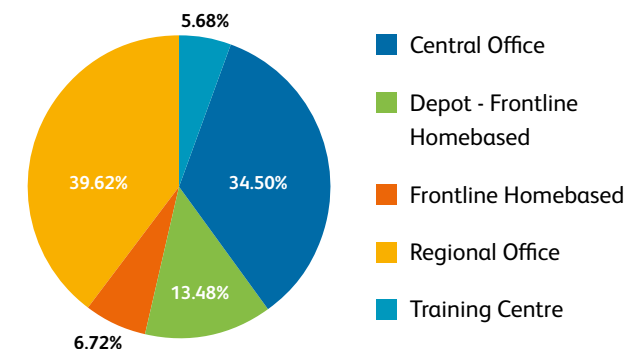
In CP5 (2014-2019) Route Services achieved one of the lowest lost time injury frequency rates (LTIFR) in Network Rail. However, we recognise that this is just one dimension of safety performance and this good performance is not consistent across all our teams, with some pockets of excellence, and other areas where improvement is required. We believe that incident free operation is possible and are focused on the challenge of driving a consistent safety culture across a diverse Route Services workforce, to make this a reality and deliver our safety vision.

Safety of our people

Route Services has a large, geographically dispersed workforce who face many different safety hazards every day. There are 53 per cent of our people based in route offices and depots, with 40 per cent in central offices and training centres. Front line employees make up 7 per cent of our overall workforce. Through actively participating within the Network Rail safety community, we can learn from and share best practice in making our people safer. Previously the aim was for a LTIFR target of less than 0.1 by the end of CP6, this will now be replaced with the Fatality Weighted Index (FWI) in line with the national scorecard measure, and we expect consistently good performance from all of our teams.

Route Services' health and safety strategy has been created to provide the vision and framework to drive continuous improvement in the health and safety of our supply chain and staff. Whilst we have a low LTIFR we have has a number of accidents, events and significant near misses that highlight the need to focus on our control of work, and safety and compliance culture. We will proactively support the safety taskforce and the national safety culture programme with the aim of reducing our risk and delivering our safety vision.

Route Services – Locations



Supplier quality assurance (SQA)

Route Services is committed to providing our customers with quality products and services. We will add value for our customers by delivering a robust, risk-based quality assurance framework to assure products are delivered within engineering specification and provide services to high levels of service excellence by aiming to exceed customer expectations. Our focus through the Safety, Health, Environment and Quality (SHEQ) strategic key themes is on safety and reliability via risk-based quality assurance, prioritising safety critical products and underpinning design for reliability.

Customers and communities

Out of our 60 services, we have nine (listed opposite) that directly impact passengers or freight users.

For these services we understand current levels of performance and where required, establish targeted improvement plans so that our service performance meets or exceeds passengers' expectation.

- Lifts in stations
- Escalators in stations
- The operational property helpdesk – used to log a fault at a station, for example
- Digital signage – directly used by passengers, for example looking at screens at stations to find out about engineering works
- Public website – directly used by suppliers, industry partners and passengers for information
- TD.Net – A Train Describer service which indirectly feeds customer information at stations
- Integrated train planning system – indirectly provides timetable information to our passengers
- Very short-term planning – a system to support last minute changes to services
- Trainbourne infrastructure monitoring – technology is used to identify faults on the track.

Our other services indirectly impact passenger or freight users. For a full list of services, see Appendix E.

Route customers have clarity on how to engage with us, and service levels are defined and reported across all our services. Integral to the Route Services scorecard are our customer and passenger led service performance measures. These are a selection of services identified with our route customers as being critical to their businesses' success. Our scorecard provides our people and customers with clear line of sight, demonstrating how what Route Services delivers aligns with our vision. Our scorecard for 2020/21 can be found in Appendix A.

We are establishing the same level of accountability that a supplier would have to its customers in a commercial environment. For some of our services the remit is wider than only Network Rail customers, we also provide services to the wider rail industry. Route Services has a key role in the running of the railway and as a result we manage a diverse group of stakeholders. Our stakeholder engagement map can be found in Appendix B.

Customer Experience Programme

Our business change programme supports the successful implementation and embedding of a service excellence approach across the entire service portfolio.

The programme will aim to increase the understanding and capability of Route Services' executive, senior leadership group and team members in delivering service excellence. The programme will be fully aligned to the National Service Excellence programme sponsored by Caroline Murdoch, group communications director and managed by Andy White, customer services director. Measures of success will include a quantifiable improvement in customer feedback, an increase in team engagement scores and the reduction of anecdotal 'poor service' feedback received by members of the Route Services team.

We know we need to be easier to engage with, which is why we have set up a dedicated Customer Service Experience team. The team will equip leaders with the knowledge, skills, content and resources to inspire their teams and through developing a clear vision for customer service for Route Services, one that's aligned to the Network Rail vision. We will develop customer service strategies based on local insights and practical experience. We want all our employees to think and behave like a service organisation, living and breathing customer focused behaviours.



James
Customer



Ali
Customer service



Simon
Route Services – HO



Jenny
Route Services – C&P

People

Route Services understands that to deliver great service we need to gain and sustain the engagement and trust of our people.

In providing support to our people, line managers and employee representatives we aim to create a company our people are proud to work for, for example:

- a) We place the safety of our passengers, workforce and the public at the centre of what we do. At the same time, we emphasise the importance of behaviours to underpin our company values, displaying a combined service and safety mindset measured by our scorecard performance and individual performance objectives throughout the year.
- b) We invest in the development of our leaders so they can support our people and to encourage teamwork and collaboration with colleagues in pursuit of a caring, inclusive, efficient and productive employee environment.
- c) We regard everyone as 'talent' and wish to create a climate where our people can play to their own strengths, starting with our early entrants up to executive leadership levels. Our aim is to support personal development to match our Route Services' skills portfolio underpinned by client needs, at the same time keeping a watchful eye on critical resources for the purposes of succession for roles and sustainable service delivery for the future.
- d) We are striving to broaden our already diverse workforce profile. We have set ourselves positive action targets in areas of gender and BAME recruitment. We recognise the benefits colleagues bring from many underrepresented groups for example, colleagues with neuro-diverse cognitive abilities, we are striving to attract them too. We are planning our resource needs for the short, medium and long term, seeking out the talent we need to support, not only our passengers directly, but also our passenger facing and passenger enabling teams in the successful operation of the railway.
- e) We are investing in supporting our people through organisational change, beginning with transparent and timely communications delivered by the Route Services leadership teams. This is followed by an onboarding session that is tailored to each team's specific needs. We also provide opportunities for collaboration across our diverse service portfolio with the aim of Route Services continually improving service delivery to our route and region customers.



Train service delivery

We know that passengers and freight users want a reliable train service. Our services contribute both directly and indirectly towards train service delivery.



Direct services include the seasonal fleet, which forms a key part of Network Rail's commitment to making our rail infrastructure resilient to the effects of weather. Indirect services include our materials delivery fleet, which assists the regions to carry out work to the infrastructure, improving asset reliability and driving down service affecting failures.

Effective engagement with customers in the routes and regions provides an ever deeper understanding of the challenges they face, so we can use our specialist knowledge to identify how we can best respond. Already this has led to initiatives such as improving timetable resilience and access availability by reviewing and recasting the timetable for our engineering train services and the development of an autumn season performance improvement plan.

The overall improvements to our services over the past two years have continued through year one of Control Period 6 (2019-2020). Modernising our fleet and professionalising our engineering services is delivering positive train performance results.

Our new grinding and milling fleet that removes railhead defects is starting to perform really well and is a popular service with our route customers. In 2019/20 rail milling has delivered an efficiency of nearly £20m and we expect to achieve at least this level of saving every year for the remainder of Control Period 6. We are finalising the details of a new seasonal fleet for autumn, which is due for delivery in 2020. These seasonal units will supplement our existing fleet and provide improved service resilience for years to come, whilst new leaf clearing technology is developed.

Stoneblowing machines, which make sure that track is aligned correctly and is level along the rail to ensure smooth, comfortable journeys, remain our weakest performing assets. Our 20-year-old fleet is delivering a performance of around 95 per cent, significantly missing our 99 per cent target. We have funding in Control Period 6 to replace this fleet with modern units, capable of stoneblowing on both plain line track and switches and crossings, these new trains are under construction.

We have now brought together our asset information teams with our fleet engineering experts and the focus will be on new and emerging technology to improve asset information led decision making.

Sustainable growth

As our customers' businesses change and evolve, our operating model and service provision will need to continue to develop in partnership with our customers to best meet their needs and the needs of our passengers.

The increase in size of our service portfolio presents an opportunity to consider a more effective and efficient way of delivering our services. By continuing to work closely with our customers, we will review the new portfolio to determine whether specific services are still required. This will include agreeing whether further services should be devolved to the route or regions' customers.

We will look at redesigning existing services to improve delivery for our route and region customers, for example the planned introduction of the Digital Factory, this is a fast-paced IT delivery method that sees customer concepts quickly turned into business IT solutions, delivering immediate value to the customer. We will continually review our service mix and whether it is delivered internally or externally with a view to delivering the optimal balance to meet our customers needs.

It is essential that our decisions and activities that affect the environment locally and globally reduce environmental risk and increase business opportunities through sustainable development.

Sustainability in Route Services – Our Principles



Route Services is a member of the Sustainable Growth Committee, the focus of this group is on driving progress in the areas of bio-diversity, resource optimisation, electrification, capacity allocation, digital railway and the target for being carbon net-zero before the government target of 2050.

Our focus for CP6 will be:

- **Empowering** our people to make a real difference on the sustainability agenda
- Deepening **sustainability by design** in our procurement and design processes
- Being a **trusted partner** for Industry and Government, working collaboratively on shared sustainability priorities
- Being **responsible custodians** of our depots and facilities.

We will actively sponsor and/or deliver initiatives aligned to the Network Rail environmental strategy for example, leading on the strategy to reduce the carbon footprint of our road fleet and proactively engaging with our supply chain to deliver more innovative and environmentally sustainable services for the future.

Financial

By the end of CP6 we will have delivered efficiencies of £381m across our increased catalogue of services (£369m is the original Route Services CP6 commitment, plus £12m commitment by AIS). We will achieve our CP6 year 1 targets for efficiency and spend.

Route Services controls and influences a considerable amount of money on behalf of Network Rail. Consequently, we have a critical role in ensuring value for money. We directly manage £1bn of these services for the route businesses and other customers and procure a further £2bn of spend per annum on behalf of the business.

Around 85 per cent of our direct spend is delivered through the supply chain and subject to competitive tender. Our target is to enable between £350m and £450m of efficiencies opportunity for the regions and routes.

The tables below shows the breakdown of Route Services expenditure (net of recharges to other business units). Details of gross costs can be found in Section 4 below.

	Unit of Measure	CP6 (£m)					CP6 Total
		19/20	20/21	21/22	22/23	23/24	
Information Technology	£m	95	120	106	109	110	540
Business Services	£m	18	16	14	13	13	74
Commercial and Procurement	£m	16	14	14	14	14	72
Engineering Services	£m	0	0	0	0	0	0
Supply Chain Operations	£m	5	1	-3	-1	-1	1
Asset Information Services	£m	46	56	66	63	63	294
Other	£m	9	12	17	14	19	71
Total Controllable costs	£m	189	219	214	212	218	1,052
Headcount	FTE						
Permanent	FTE	4,318	4,439	4,436	4,436	4,433	
Agency	FTE	222	163	137	137	137	

Renewals costs (post headwinds and efficiencies in cash prices)

Other Renewals (National Functions)	Unit of Measure	Funded by	CP6 (£m)					CP6 Total
			19/20	20/21	21/22	22/23	23/24	
Wheeled Plant and Track	£m	Renewals	66	64	126	162	173	591
IT and Business Services	£m	Renewals	150	90	83	94	94	511
Asset Information Services	£m	Renewals	1	3	13	11	3	31
Total Renewals	£m		217	157	222	267	270	1,133

Risks, opportunities, constraints and assumptions

Finance Deliver all CP6 commitments within the constraints of our agreed cash envelope whilst being able to demonstrate value for money.				
No.	Key constraints (C), risks (R), opportunities (O)	What we plan to do	Owner	Timescale (end date)
1	O: IT innovation	IT strategy is based on the early adoption of IT innovation services and disruptive technologies which offer the potential to transform IT operations and proactivity address the needs of Network Rail and GB Rail.	IT – Chief Information Officer	Ongoing
2	A: IT scope	Explicitly excludes business change costs related to the implementation of new technology (other than IT training costs or business change which is introduced solely due to a Route Services IT led change initiative).	IT – Chief Information Officer	Ongoing
3	R: Funding categories	Due to restrictions in movement of funds between Opex and Capex, decisions could be skewed towards buying assets rather than service based delivery. This may create a conflict between the best value for money solution and most effective use of available funds.	Route Services – Finance Director	Ongoing
4	O: Make versus buy	Prior to any new purchase or renewal of wheeled plant fleet, a comprehensive review of market capability and investment payback will be undertaken to ascertain the best funding vehicle (i.e. purchase or lease) and investment level.	Supply Chain – Operations Director	July 2020
5	R: Digital Railway funding	Development of the Route Services capital costs associated with Digital Railway (predominantly cab fitment and investment in information technology) is at a very early stage with high uncertainty. There is a risk that funding will not be sufficient to cover those costs as they are incurred.	Route Services – Managing Director	Ongoing
6	R/O: Foreign exchange	Material changes to foreign exchange rates could impact on funding required where Route Services buys from companies based outside the UK.	Route Services – Finance Director	Ongoing

Risks, opportunities, constraints and assumptions

Performance	Support the wider business and railway system to achieve improved overall performance. Understandably customer expectation is increasingly demanding and therefore we must collaborate to implement changes necessary to meet this in a cost effective, structured and transparent manner.			
No.	Key constraints (C), risks (R), opportunities (O)	What we plan to do	Owner	Timescale (end date)
1	O: Delay Per Incident (DPI)	Continuous improvement approach to reducing delays per incident by reduction of fleet service delivery failure and improved ability to affect service recovery following failure.	Supply Chain Operations Director	Ongoing
2	R: Asset condition deterioration with challenging age profile of many assets and associated obsolescence.	Improved information capture and condition monitoring with regular assurance programme. Leading to more effective decisions about maintenance, enhancement, life extension and replacement. Flexibility in intervention through re-prioritisation of funding.	Supply Chain Operations Director	Ongoing
3	O: Design for reliability	Embed a consistent culture and process of designing to optimise asset reliability. Improved quality of management information for the provision of service with agreed targets (KPI's) aligned with customer needs.	Supply Chain Operations Director	Ongoing
4	O: Reliability centred maintenance	Optimising maintenance so that it is centred on reliability through a systematic approach to inspection, data, analysis and decision making.	Supply Chain Operations Director	July 2020
5	O: Planning	Increased planning integration with customers and suppliers (e.g. aligning NRT and RSIT planning processes) to deliver robust and timely plans which can be confidently executed. Develop a relationship where parties work as a single team with one focus.	Route Services – Managing Director	Ongoing
6	O: Innovation	Identify and develop innovation that can deliver value for money performance improvement through exploration of alternative approaches.	Supply Chain Operations Director	Ongoing



Risks, opportunities, constraints and assumptions

Performance	Support the wider business and railway system to achieve improved overall performance. Understandably customer expectation is increasingly demanding and therefore we must collaborate to implement changes necessary to meet this in a cost effective, structured and transparent manner.			
No.	Key constraints (C), risks (R), opportunities (O)	What we plan to do	Owner	Timescale (end date)
7	O: Devolution	Further devolution where appropriate will enhance our ability to react and promote local accountability. In turn this will drive delivery performance.	Route Services – Managing Director	Ongoing
8	R: Devolution	Loss of line of sight from risk to control as a result of devolution where accountability is poorly defined and not mandated. As part of the process of devolution it must be made clear where accountability and responsibility lie.	Route Services – Managing Director	Ongoing
9	R: Sleeper supply Construction of a new sleeper factory was due to commence in 17/18, with production expected in 20/21. We will lose production at Washwood Heath (the facility this is intended to replace) in 18/19 to a PCO.	Construction was originally scheduled to start in May 2018 and complete by December 2019, with production expected to be at capacity by August 2020. Due to technical and consent issues, the development proposal was revised and planning permission is now expected in early 2020. To meet foreseen demand, until the facility is operational (Jan 2022), a stockpile has been amassed and an interim supply contract tendered. These measures ensure there is adequate inventory to meet all of CP6 foreseen demand. This is revised and monitored each period. Washwood Heath is no longer producing sleepers for Network Rail as of November 2019.	Route Services – Supply Chain Operations – Materials & Logistics Director	August 2022
10	R: Cyber Security	There is a risk of hostile or malicious acts exploiting vulnerabilities in Network Rail's cyber systems leading to loss, compromise or disruption impacting the operational railway, business services and supporting processes.	IT – Chief Information Officer	July 2020

Risks, opportunities, constraints and assumptions

Safety Improvement across Route Services of the safety, health and environment of the workforce, passengers and public to increase safety maturity and deliver our vision of everyone home safe every day. Advance our environmental performance and leave a sustainable legacy.				
No.	Key constraints (C), risks (R), opportunities (O)	What we plan to do	Owner	Timescale (end date)
1	R: Workforce safety	Hierarchy of control measures for design, maintenance, inspection and operation for risks such as working at height, protection of staff from moving equipment and electrical risks. Embedding an inclusive and mature safety culture (safety hour, safety campaigns linked to key safety risks and the Home Safe Plan, and robust safety leadership). Effective application of managing occupational road risk policy and support the role out of Vehicle Tracking Systems.	Route Services – Managing Director	Ongoing
2	R: Workforce occupational health and wellbeing	Reducing occupationally induced ill-health through initiatives for HAVs, WBVs, manual handling, noise, fatigue, respiratory hazards and poor ergonomics. Effective application of managing occupational road risk policy and support the role out of Vehicle Tracking Systems. The provision of adequate and appropriate welfare facilities for staff. The embedding of an inclusive working environment, that delivers positive mental health and wellbeing of individuals.	Route Services – Managing Director	Ongoing
3	R: Workforce, passenger and public	Predict and prevent accelerated and/or unexpected asset degradation or failure through information capture and condition monitoring leading to effective asset plans. Regular assurance programme to confirm asset condition. Flexibility in intervention through re-prioritisation of funding. Safety and reliability by design. Lead on risk-based supplier quality assurance to assure and deliver a high-quality supply chain.	Route Services – Managing Director	Ongoing
4	C: Barriers to improvement	Challenge barriers of legacy equipment, regulations, cost effective technological limitations, culture and funding through a behaviour of structured continuous improvement and innovation that can deliver incremental changes that can create transformation.	Route Services – Managing Director	Ongoing
5	R: Environment and sustainable development	Initiatives to reduce our supply chains carbon footprint and sustainably manage the fleets (engine emissions, release of harmful substances to the environment, disposal of life expired assets). Wider integration of our corporate social responsibility obligations in to our contracting strategies by building in sustainability by design.	Route Services – Managing Director	Ongoing
6	O: Workforce, passenger and public	Enhanced health and safety across all products and services through sustainability by design in our supply chain management and creating innovative solutions to eliminating and mitigating health and safety risks.	Route Services – Managing Director	Ongoing

Risks, opportunities, constraints and assumptions

Reputation Achieving our targets and aspirations in the realms of safety, performance and finance will enable Route Services to support the wider business to run a safe, reliable, efficient and growing railway, and contribute significantly to achieving Network Rail's over-arching strategic objective of delivering a better railway for a better Britain. This will support and enhance Network Rail's reputation, increasing confidence in us from our suppliers, customers and the regulator.				
No.	Key constraints (C), risks (R), opportunities (O)	What we plan to do	Owner	Timescale (end date)
1	R: Workforce, passenger and public	Should a failure on the part of Route Services contribute to a major safety incident resulting in injury or death to our workforce, passengers or the public, ongoing negative media coverage will impact our stakeholders, customers and create a negative perception of Network Rail among public and passengers.	Route Services – Managing Director	Ongoing
2	R: Workforce, passenger and public	By sharing the positive ways in which Route Services works to protect people in terms of safety the overall perception of Network Rail improves.	Route Services – Managing Director	Ongoing
3	R: Workforce occupational health and wellbeing	The risks presented by ballast dust/particulate inhalation and other workforce safety hazards could leave the business vulnerable to legal challenges such as a class action or prosecution, with negative accompanying media coverage.	Route Services – Managing Director	Ongoing
4	O: Supporting timetable, trains on time – reliability	By meeting our delivery targets and contributing to handing the railway back in a safe state Route Services contributes to the smooth running of the timetable and service provision, creating more opportunities for positive media coverage.	Route Services – Managing Director	Ongoing
5	O: Environment and sustainable development	Running the railway includes some activities which pose a real threat to the environment, such as disposal of waste, fuel storage, increased emissions. The work being undertaken across Route Services in recycling, sustainable sourcing of materials, environmental impact studies and mitigations, provide opportunities for positive reporting.	Route Services – Managing Director	Ongoing
6	R: Sleeper Supply	The stockpile, interim supply and close monitoring of supply and demand have mitigated the reputational risk of running out of sleepers. There remains reputational risk from the build-out of the facility, as there is an opposition campaign mobilised that can stimulate local media and political interests.	Route Services – Managing Director	Ongoing
7	O: Social Responsibility	The part Route Services plays in supporting the apprenticeship scheme, building a diverse and inclusive workforce, care for our lineside neighbours, and in safety initiatives, such as improving driver safety, all positively contributes to our reputation as a good corporate citizen.	Route Services – Managing Director	Ongoing

Delivery strategy

Supply Chain Operations

Our core CP6 plan focuses on optimising our current portfolio of services and the seamless introduction of new areas including the transfer of High Output Track into Route Services and the addition of train borne rail milling.

Engagement with the regions that places them at the heart of decision-making will align service provision with passenger and freight user needs. Supply Chain Operations has a net Opex budget of zero, with the budget for all products and services held within the individual regional businesses.

	Base cost for CP6 based on 2018/19 spend (£m)	Scope / Volume Changes	CP6 pre-efficient (£m)	Headwinds (£m)	Efficiency (£m)	CP6 Post Efficient (£m)
Gross Opex	4,202	(247)	3,955	586	(207)	4,334

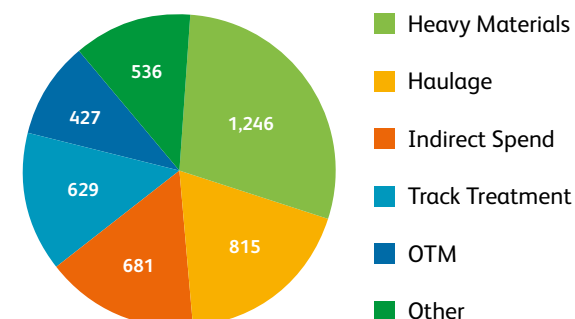
Scope/volume changes

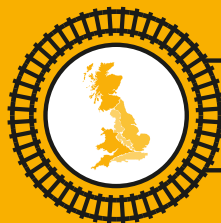
There was significant scope/volume change during CP5, principally driven by changing operating models, devolution of activities, as well as variability of demand across financial years, leading to increased spend through under-utilised resources and reduced realisation of contract efficiencies. Despite this, we delivered our CP5 efficiency target, which provides confidence in our ability to do the same in CP6. The wheeled plant Capex fund is impacted by a £167m non-cyclical impact in CP6 due to the nature of a number of its core assets requiring renewal and the introduction of new assets to the category. It has been agreed with the regions to devolve On Track Plant (OTP) funding to align with asset ownership and decision making.

Efficiencies

We have committed to delivering a gross efficiency of £207m over CP6 (5 % of gross Opex spend) which is a direct saving for our customers and embedded in the regional business plans. Delivery of this efficiency is underpinned by the Supply Chain Operations' transformation themes and supported by the benchmarking outcomes. It includes the exploitation of synergies across the supply chain for a number of our key services and the optimisation of our High Output maintenance and operations model. This is offset in part by our need to recognise headwinds including market conditions increasing supply chain costs and the impact of inflation.

CP6 – Supply Chain [£4,334m] Gross





Supply Chain Operations – Capex

Category	CP5 total (£m)	CP6 total (£m)	Variance (£m)	Comments
High Output	123	102	(21)	Overhaul of the required BCS, TRS and OTM fleets which also partly addresses fleet reliability concerns. Enhancement of HOOB's / maintenance facilities.
Incident Response	0	6	6	Rationalisation and renewal of recovery cranes and support vehicles.
Infrastructure Monitoring	16	44	28	Renewal of the life expired slow speed fleet as foreseeable technology will remain speed constrained thus precluding potential TOC/FOC fitment. Overhaul of remainder to maintain capability.
Intervention	128	123		
Rail Profile Treatment			(32)	New milling capability to support turnkey service to treat increasing heavy and severe (RCF) on the network which unless treated would require a significant programme of re-railing. Overhaul of grinding fleet
Stoneblowing			50	Renewal of life expired plain line machines. Modern equivalent replacement will additionally provide S&C capability. Increased Route demand as treatment enables life extension rather than renewal of the track.
MMT			9	Overhaul of the Mobile Maintenance Train (MMT) fleet and reliability improvements
OLE Support Trains			(32)	Consolidation of High Output Plant System (HOPS) and Overhead Conditions Renewals (OCR) trains with mandatory overhauls.
Locomotives	1	6	5	Overhaul of class 97 locomotives which provide pilot services on the ERTMS fitted Cambrian lines and renewal of ageing locomotives used to support IM with repowered versions.
Rail and S&C	36	55	19	Renewal of the rail delivery fleet with some overhaul to maintain capability during transition. Overhaul of tilting wagons.
Materials delivery	17	11	(6)	Overhaul of various wagon types and wagon conversions.
On Track Plant (OTP)	58	1	(57)	Completion of deferred CP5 works. Overhaul and renewal of various OTP asset types to maintain capability. Additional new requirements in certain Routes. Funding transferred to Regions
Seasonal	8	59	51	Commence renewal of life expiring seasonal Multi-Purpose Vehicles (MPV). Overhaul of various Seasonal assets (e.g. Rail Head Treatment Trains).
Fleet Support	26	53	27	Pan fleet facility overhauls/renewal, innovation and policy compliance.
Road Fleet	17	0	(17)	Change of operating model for road fleet (ownership to lease) during CP5
Digital Railway	0	108	108	See Section 4.7
Total scope change			139	
Headwinds		74	74	
Total efficiencies		(64)	(64)	
Total spend	430	579		

Information Technology

The CP6 IT plan is centred on the introduction of new digital technologies, new IT delivery methods and investment in new skills, which will collectively unlock improvements for our customers, drive efficiencies and deliver improved performance and reliability of our core IT services.

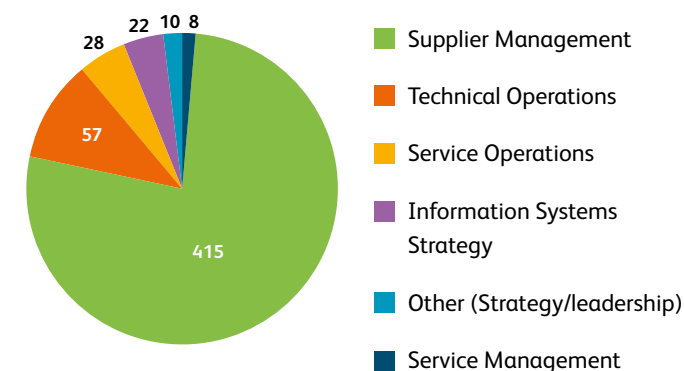
As part of our critical renewal activities in early CP6 we are undertaking a major transformation of both our backend data centre provision and our end user computing service. Our IT delivery transformation programme has now concluded and has led to early realisation of financial efficiencies.

	Base cost for CP6 based on 2018/19 spend (£m)	Scope / Volume Changes	CP6 pre-efficient (£m)	Head-winds (£m)	Efficiency (£m)	CP6 Post Efficient (£m)
Gross Opex	349	138	515	74	(21)	540

Scope/volume changes

IT asset volumes and headcount are forecast to grow in CP6 in line with supporting a larger Network Rail population and offering additional services in areas such as innovation, data science and digital technologies. It also reflects a change in accounting treatment for licences (Capex to Opex).

CP6 – IT Opex [£540m]



Information Technology – Capex

Category	CP5 total (£m)	CP6 total (£m)	Variance (£m)	Comments
Renewals: Application	42	80	38	Includes the renewal of mission critical systems and the consolidation and rationalisation of legacy applications (e.g. rationalisation of Remote Condition Monitoring applications). The planned volume of IT application renewal activity in CP6 is higher than CP5 to enable an improvement in the technical currency of IT asset base.
Renewals: IT Hardware and Infrastructure	147	154	7	Includes the renewal of the core IT hardware and infrastructure supported by IT and the enterprise platforms provided by IT (e.g. Business Intelligence, Enterprise Resource Platform.) The planned volume of IT Infrastructure and Hardware Renewal activity in CP6 is higher than CP5 levels to enable an improvement in the technical currency of IT asset base.
Renewals: IT Licences	136	0	(136)	This reflects the change in accounting treatment of our licence costs from Capex in CP5 to Opex in CP6. The anticipated level of IT license renewal has grown to accommodate additional scale of delivery.
IT Improvements	276	227	(49)	Includes the set of investments in information technology required in support of customer requirements, the delivery of the IT Transformation Programme, and the implementation of new capabilities in areas such as the Digital Business Platform, Digital Factory and Innovation Services. The planned volume of IT improvements is lower in CP6 compared to CP5 as the IT Transformation Programme is anticipated to deliver significant efficiency savings across the CP6 timeframe which will offset the reduction.
Total scope change			(140)	Capex requirements in CP6 have reduced to reflect a planned transition to a service (i.e. Opex) based delivery model. Additionally, CP6 investment in IT Licenses will be treated as Opex spend (not Capex as CP5).
Efficiencies		(31)	(31)	All efficiencies are associated with the implementation of a new IT delivery lifecycle.
Headwinds		37	37	Headwinds are associated with the impact of inflation on the cost base.
Total spend	601	467	(134)	

Out of scope

The submission does not include provision for Network Rail Telecommunications, mobile and tablet device costs, business change costs related to the implementation of new technology, delivery of operational technology capabilities, or any build, deployment, integration and operational support costs for non-IT managed transformation programmes intending to deliver IT change.

The IT transformation plan for CP6 equates to efficiencies of £52m across both Opex and Capex. The efficiencies relate to:

1. How and where we host our IT Infrastructure – Project Noah (£13m)
2. A change in the delivery of our IT projects through a new procurement framework and structured change management (£31m)

3. Development of world class customer technologies and decommissioning of existing hardware – MyIT (£5m)

4. Service transformation – Operational Excellence (£3m).

IT's capability to achieve transformative outcomes through effective strategic change is now established and to date £3.9m of the anticipated efficiencies have been realised.

Business Services

Our CP6 plans focus on an enhanced service provision with a lower cost base to provide value to our customers.

The Business Services' change plan focuses on three core areas of its service offering: shared services, national records group and training delivery. These will bring significant financial benefits as well as a better level of service.

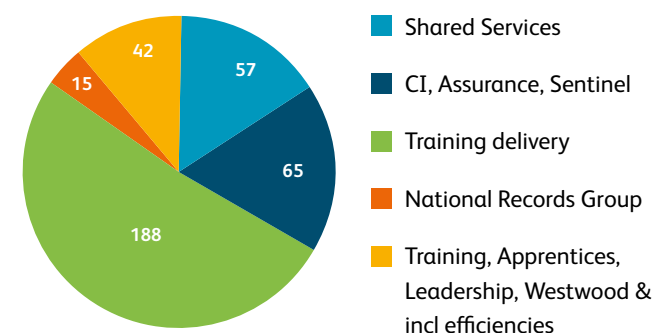
	Base cost for CP6 based on 2018/19 spend (£m)	Scope / Volume Changes	CP6 pre-efficient (£m)	Head-winds (£m)	Efficiency (£m)	CP6 Post Efficient (£m)
Gross Opex	411	(6)	405	5	(43)	367
Net Opex	118	(6)	112	5	(43)	74
Capex	0	10	10	1	–	11
Total	118	4	122	6	(43)	85

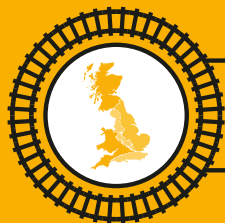
Scope/volume changes

The scope/volume changes from CP5 into CP6 relates to the devolution of training budgets within CP5, impacting the whole CP6 control period plus the change in how the apprenticeship programme is funded (devolved rather than held centrally). The efficiency programme in CP5 has also seen the gross costs of shared services reduce by 18 per cent and the efficiency flows through into CP6.

The majority of the CP6 efficiencies within Business Services are underpinned by the Network Rail Training Modernisation programme. The programme is focused on offering training in locations suitable for the evolving business, utilising the apprenticeship levy and improving the way that training is planned, administered and delivered to benefit the whole business.

CP6 – Business Services [£367m]





Asset Information Services

Asset Information Services (AIS) is responsible for enabling and providing asset data, intelligence and insight through the delivery of key services across three centres of excellence – data collection, data management and data services.

Our services include the collection of asset condition data through train-borne systems, plain line pattern recognition (PLPR) and aerial surveys, the management and maintenance of systems and registers including the geospatial Track Centre Line model, the Asset Data Store and the corporate works management system Ellipse, and the provision of over 140 corporate, regulatory and safety-related reports each period.

	Base cost for CP6 based on 2018/19 spend (£m)	Scope / Volume Changes	CP6 pre-efficient (£m)	Head-winds (£m)	Efficiency (£m)	CP6 Post Efficient (£m)
Gross Opex	411	(6)	405	5	(43)	367
Net Opex	118	(6)	112	5	(43)	74
Capex	0	10	10	1	–	11
Total	118	4	122	6	(43)	85

Scope/volume changes

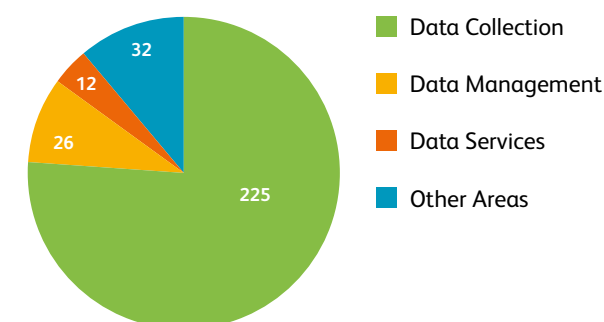
The scope/volume changes from CP5 into CP6 relate to the activities we are undertaking in CP6 to improve the flexibility, resilience and performance of our existing services (e.g. capital investment in renewing obsolete systems and equipment) and introduce new and enhanced services to better meet our customer's needs (e.g. aerial survey, rail depth measurement).

Efficiencies

In CP6 we are focusing on priorities which will improve our supply chain capability, review how to get infrastructure information from service trains using digital solutions – reducing the need for a dedicated infrastructure condition monitoring fleet – and timetable impact.

By extending AIS's management of data to all asset and operational data and information that has a defined value to the customer we will demonstrate greater customer focus and how our portfolio of services is responsive to customer need.

CP6 – Asset Information Services [£294m]



This customer focus and responsiveness will be further enhanced by developing the data management and analysis services we offer to the routes and the wider rail community to enable the more efficient operation of the railway asset base.

We will demonstrate value for money by increasing the cost efficiency, resiliency and sustainability of our systems and services, thereby reducing risk to the business.

Commercial and Procurement

The core CP6 plan is predicated on delivering an enhanced service through a more flexible and responsive approach aligned with our customer's business objectives.

The transformation programme is on-track for completion in March 2020. It will support and enable the delivery of the commercial efficiencies within the regional and functional CP6 Strategic Business Plans (SBP) across third-party Opex and Capex spend.

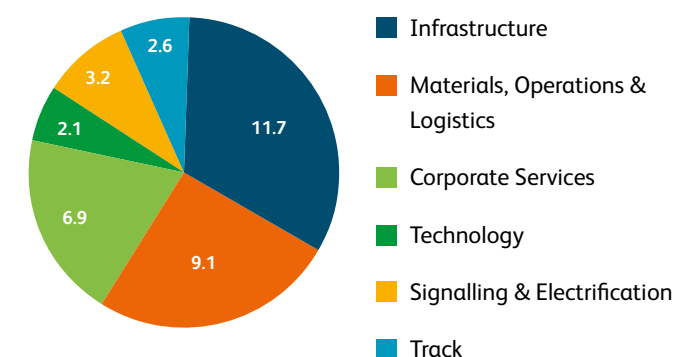
Base cost for CP6 based on 2018/19 spend (£m)	Scope / Volume Changes	CP6 pre-efficient (£m)	Head-winds (£m)	Efficiency (£m)	CP6 Post Efficient (£m)
62	5	49	5	–	72

The implementation of the optimum operating model is well underway with new teams now in place for Category Management and Supplier Management, which are working alongside a revamped Sourcing team to unlock value across all stages of the commercial lifecycle. In support of benefits identified through the Putting Passengers First programme, commercial teams from Infrastructure Projects (IP), Digital Railway and Telecoms are now integrating into Commercial & Procurement, which will facilitate a more comprehensive and coordinated service offering to the regions.

In further support of Putting Passengers First, the teams are assisting the set-up of the regional commercial functions. Through establishing a commercial community across Network Rail with common ways of working, this will further align with our customer and passenger objectives, unlocking increased value and performance against Network Rail's commercial and operational objectives working in partnership with the supply chain.

The Commercial & Procurement function will facilitate regions and business functions in procuring an estimated £35bn of third party spend across 7 distinct category areas. The commercial efficiencies enabled by the Commercial & Procurement function will be realised within our customer's cost base.

CP6 – Network Rail Third Party Spend
[Est. Total Procured spend £35bn]



Engineering Services

Engineering Services is a newly created function in Route Services with the objective to improve performance and reduce risk through efficient and effective delivery of multi-disciplinary design and engineering services throughout the project lifecycle.

Network Rail Design Delivery (NRDD) now form a fundamental part of this function following recent changes as part of the Putting Passengers First programme.

NRDD provide design and supporting services to a range of internal customers via regional multi-discipline teams supplemented by national specialist skills. NRDD deliver regional customer focus with strategic national oversight to manage resources around workbank and business priorities, and to holistically engage with the supply chain to provide an integrated service.

Scope/volume changes

The award of the Design Services Framework (DSF) in January 2020 allows NRDD to offer an integrated design service to the regional teams increasing capacity, agility and supplementing internal delivery benefits. The DSF has the potential to add up to £80m per annum to our internal delivery of c£50m.

Engineering Services will provide professional engineering, safety and sustainability leadership to Route Services.

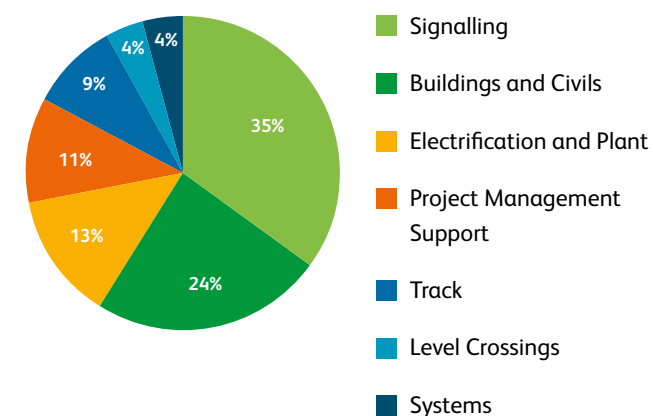
Efficiencies

NRDD recovers all costs by provision of their services on a neutral net opex basis. The effective delivery of design and associated services provides safety, sustainability and best value solutions to capital programmes and minimises the risk of costly late changes in implementation.

Any increase in volume by integration of supply chain through the DSF will allow NRDD to provide additional benefits to our customers by providing consistency and control of supply chain management, reducing interface risk and costs.

Following the transition into Route Services we are reviewing the NRDD operating model to ensure that our rates provide best value to our customers and that we are structured to provide the most efficient cost management and project delivery.

Engineering Services – split of service provision



Digital Railway strategy

Included within the Route Services' capex submission is £140m in relation to Digital Railway to cover European Train Control System (ETCS) fitments on wheeled plant, IT system requirements and capital costs of fitting our training centres for whole life support costs to the routes.

Fitment of our fleet with ETCS will enable us to gain the benefits of the Digital Railway as schemes are completed. In addition, Network Rail Training will have a significant role to play in ensuring that our employees are appropriately trained in a timely manner for new technology as it is deployed across our network. Due to the stage of development of the Digital Railway projects, there is a high level of uncertainty in relation to these costs.

Fund	CP6 total (£m)	Comments
Wheeled Plant	108	Fitment of European Train Control System (ETCS) to wheeled plant vehicles is an essential enabler to support the deployment of Digital Railway technology. The wheel plant fitment is a national programme which will be co-ordinated and delivered to align with the infrastructure deployment of ETCS across the network, whilst at the same time mitigating impact to service delivery of the fleet. The first phase of this fitment in CP6, which will enable the benefits realisation of the East Coast Digital Programme, includes First in Class fitment to 19 vehicles and fleet fitment to a further 26 vehicles. We have taken an opportunity that arose during the development of the project to accelerate the fitment of four multi-purpose stoneblowers as they were being built, rather than retro-fitment. The contracting strategy is still being finalised for ETCS fitment to the remaining machines within the scope of this project. Costs have been agreed for GRIPs 1 – 3 to enable the devolvement phases of the project to be undertaken, with the full business case to support delivery of GRIPs 4 – 8 expected to be approved by January 2021. All changes shall be managed through our governance process over the project lifecycle.
IT	3	Impact of Digital Railway in CP6 is not assumed to have a significant impact on the operating costs of IT as the bulk of these IT changes are seen as extensions to the signalling systems and therefore owned and managed by the routes. There will still be IT requirements for information to flow from these route signalling systems via Network Rail Telecoms (NRT) through to the corporate Route Services IT systems. As such there is a small amount of CP6 investment requested specifically for Digital Railway.
Digitisation of Network Rail Training Assets	29	To support CP6 Programmes such as Digital Railway, Intelligent Infrastructure and Operational People Capability, NR Training must keep pace with the rate of change of new equipment and new ways of working on the operational network. This workstream seeks to reduce the cost of installing physical assets by fitting out the training centres with a virtual learning environment supported by digital training assets. i.e. Simulators for Initial Signaller Training.
Total	140	

Headwinds and efficiency

CAPEX

Route Services control the funding for capital delivery portfolios in IT, Business Services, Wheeled Plant as well as Asset Information.

Due to the nature of these funds, there are some significant differences to the funding in CP5 resulting from the assets requiring renewal and overhaul being different between the control periods. In addition, IT licences which were treated as Capex within CP5 are now included as Opex.

Within the Wheeled Plant fund, significant funding has been included to allow fitment of ETCS equipment onto NR fleet in the last 2 years of the control period. The funding allocated for On Track Plant has been devolved to the regions as they are in a better position to decide how this funding should be best utilised.

Efficiencies to be delivered in CP6 include an enhanced delivery lifecycle with IT including the in-housing of critical resources as well as improved contracting strategies when undertaking the purchase of wheeled plant.

OPEX

All gross Opex incurred by Route Services is allocated to a region either by internal charging mechanisms or corporate level allocation. Route Services' gross Opex is significantly influenced by the volumes of goods and services consumed by the regions.

Supply Chain Operations is the largest area of Opex within Route Services. We have committed to providing an efficiency of £207m within this area in CP6 offering better value for our regional customers. This will be delivered through a combination of improving our contracts with 3rd parties to be more closely aligned with business need as well as business change programmes. The most significant contract efficiency is coming through a new rail haulage contract which impacts many areas of delivery for our regional customers. In terms of business change, we are overhauling our stores' technology and logistics network, moving from one national to nine regional distribution centres. This will permit a more reactive model of providing inventory and reduce overall stock holding. In addition, we will move to a single sourcing agreement for hundreds of our non-rail related stock holding. Headwinds are largely related to increased costs for the provision of heavy materials (rail, ballast and sleepers).

IT are also undertaking a significant change programme to move to hardware which aligns more closely to roles. We will also be moving our data centre capability from a 3rd party supplier to Crown Hosting.

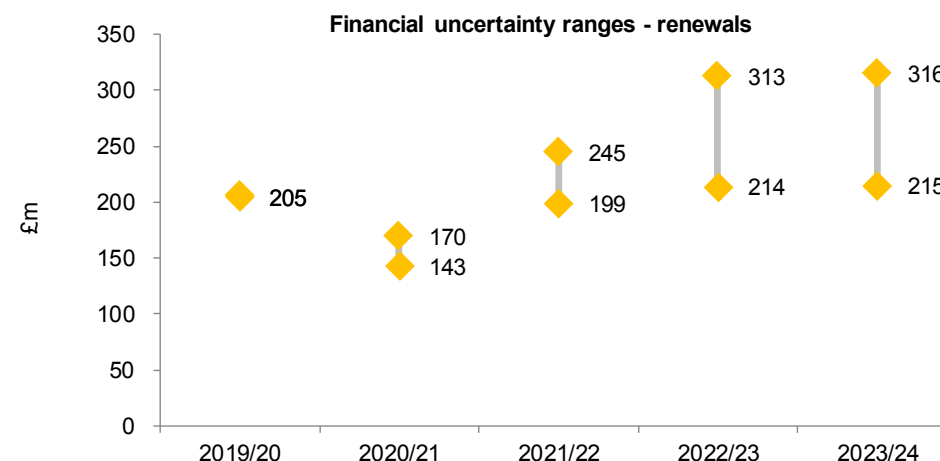
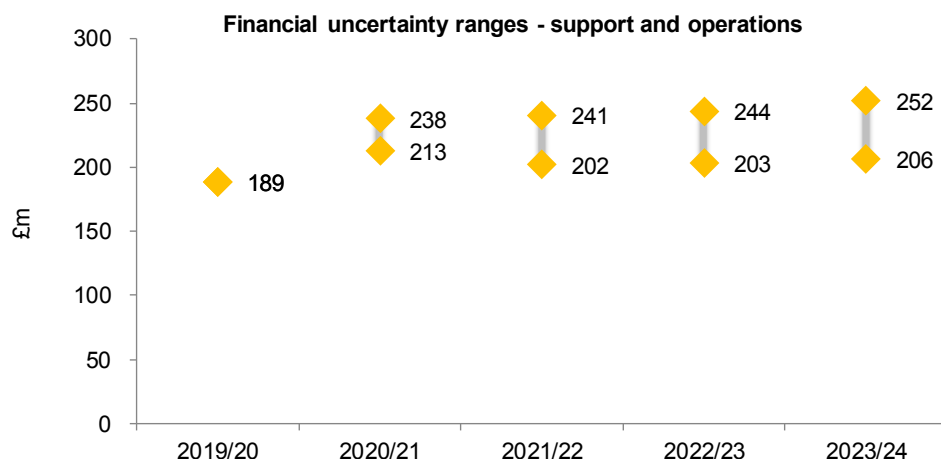
Risk and Financial Management

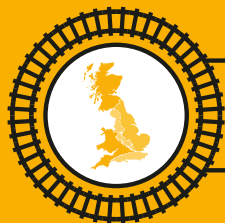
This section sets out our estimate of the degree of financial uncertainty within this plan.

The combination of our core CP6 plan, headwinds/tailwinds and efficiencies/inefficiencies is our submission and represents the most likely outcome for CP6. The content of our plans reflect the funding that we understand to be available in CP6. We consider this plan to be realistic and, therefore, deliverable in CP6.

Whilst it is difficult to precisely estimate the likelihood of delivering our plan in CP6, it seems reasonable to suggest that, overall, there is a 45 % to 55 % likelihood of the outputs in the plan being delivered for the forecast cost in our CP6 plan. This means that there approximately half of the time, we will be able to deliver our plan for the forecast cost. However, this uncertainty varies between expenditure categories.

For example, we consider that there is significantly more uncertainty in our renewals plan than in the support, operations and maintenance plans in CP6. The main drivers of uncertainty in our plan are identified in the table below.





Area	Summary of key drivers of the uncertainty range
	Driver of range
Renewals	<p>Technology – With technology models and capabilities pace of change and a transition to Service based delivery model over time (e.g. Software-as-a-Service, Platform-as-a-Service) which will influence the investment balance between capex and opex investment in CP6. In addition, the digital railway investment towards the end of the control period is still in the early stages of maturity.</p> <p>Market conditions – Uncertainty related to market conditions including demand for plant driven by other infrastructure projects.</p> <p>Uncertainty in demand – Driven by:</p> <ul style="list-style-type: none"> a) Variability of customer demand (peaks and troughs) requirements over time. Base assumes an even distribution throughout the control period. b) In certain lower level areas stakeholders have not yet reached a level of granularity in their plans to confirm requirements. c) The application of scenario planning across the business may result in changing demand.
Support and operations	<p>Spot Estimate – Estimates are based on similar activities undertaken in CP5. Given the transformation plans in place across Route Services for CP6 this increases the range of uncertainty, driven by the complexity of the plans and the certainty in them being delivered.</p> <p>Technology – With technology models and capabilities pace of change and a transition to service based delivery model over time (e.g. Software-as-a-Service, Platform-as-a-Service) this will influence both the cost of supporting and maintaining IT operations plus the investment balance between capex and Opex investment in CP6.</p> <p>Market conditions – Uncertainty surrounding insolvency events with key suppliers as well as procurement challenges have been factored in.</p>
Total expenditure	All consideration for uncertainties apply to the net Route Services spend. Where the gross budget (Supply Chain Operations, Engineering Services, High Output delivery and C&P) exists within the Regions the uncertainty has been captured locally.

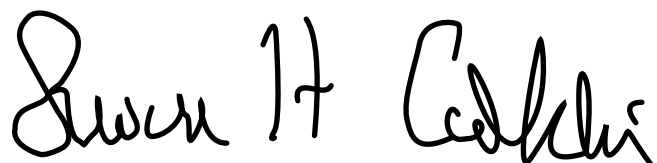
Throughout CP5, control of a significant proportion of Route Services' expenditure was devolved to the geographic routes. We expect this to continue throughout CP6. Given this, if a decrease in expenditure were required due to funding restrictions, Route Services would engage with our customers to understand how to manage this decrease whilst maintaining service levels with minimal impact on operational performance.

Sign-off

Susan Cooklin

Managing Director,
Route Services

March 2020



Louise Kavanagh

Finance Director,
Route Services

March 2020



Appendix A Scorecard

Our scorecard is revised annually in line with changing customer priorities and focus areas. Below is the planned 2020/21 scorecard demonstrating the direct relationship to the national scorecard:

Route Services Scorecard			
Vision	Weighting	National measure	Route Services
On the side of passengers and freight users "My train is on time" "I have a really good journey... because my station is nice, I am safe and if things go wrong I'm looked after" "I get the freight service I am promised"	20%	On Time	Services to support on time railway
		Freight cancellations	
	25%	Passenger satisfaction (Wavelength survey)	Services directly supporting passengers and freight users
	5%	Passenger safety (TARR)	Delivery of Trainborne Testing
Easy to engage with, efficient and a dependable partner "It's easy to work with Network Rail and we are good neighbours" "Network Rail deliver what they say they will, when they say they will, for the price they promised" "Network Rail is efficient & value for money"	10%	Complaints handling	Services that demonstrate being an efficient and dependable partner
	10%	Financial Performance Measure (FPM)	Delivery of net efficiencies / FPM
	5%	Enhancements	Delivery of key milestones
Proud to work for Network Rail "My manager cares about me & I'm proud to work for Network Rail" "Network Rail helps keep me safe and well" "I do everything I can to keep myself safe and colleagues safe"	5%	Employee pulse survey	Employee pulse survey
	5%	Fatalities and weighted injuries	Fatalities and weighted injuries
	5%	Contraventions	Contraventions
Instinctive industry leader "We are a responsible and environmentally sustainable company" "We plan for the long term future of the whole railway"	4%	Social responsibility index	Social responsibility index
	3%		Services that demonstrate industry leadership
	3%		Diversity
		Effective volumes	

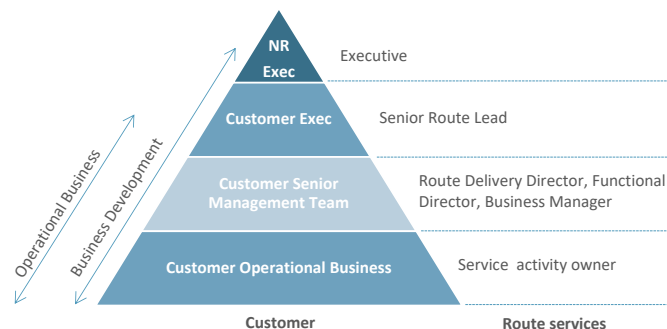
Appendix B Stakeholder Engagement

Route Services is made up of six functions, each providing the rest of Network Rail with important services.

While teams will have different priorities for operating efficiently, working together for the common purpose in achieving safe, high performing and value for money services for customers is a shared goal.

The aim of Route Services is to communicate transparently with our valued stakeholders which will result in understanding their businesses better and the challenges they face.

Route Services teams will gain an understanding of stakeholder requirements through various engagement methods.



Listening to stakeholders through customer engagement forums will provide valuable insights for Business Planning Reviews.

Key governance forums, boards and executive customer boards also provide valuable information that forms part of Route Services strategic plans.

Working with stakeholder groups, Route Services teams have developed these strategic plans and continue to engage with customers through a wide range of communications. These include surveys, workshops, meetings, business briefings, Your Voice and feedback to invite comment on CP6 requirements, business plans and people related topics.

Discussions with stakeholders enable Route Services to prioritise stakeholder needs and, by extension, CP6 long term objectives, through understanding of current service shortfalls. This include targeted discussions on key areas such as proposed changes to standards, which would require changes to service.

Good engagement with customers results in a better supply market that is easier to do business with, provides a clearer line of sight to future tender opportunities and supports innovation with Small and Medium Enterprises.

In June 2019, Andrew Haines (Chief Executive) and Susan Cooklin (Managing Director, Route Services) attended Rail Live, one of the largest rail industry events of the year, where they emphasised the need to make it as easy as possible for suppliers to do business with us and to encourage collaboration with our supply chain on innovative solutions.

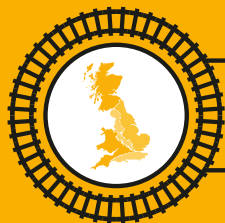
The National Supplier Conference, also in June 2019, was an opportunity to inform suppliers of our strategy for the year ahead and listen to their key issues and priorities. Network Rail representatives were also present at the Rail Partnership Awards, held later in the evening, to celebrate our supply chain's contribution towards delivering safe and reliable railway infrastructure.

It is essential that we engage with and listen to our Small and Medium Enterprise (SME) suppliers. Throughout the year we attended a range of SME focus groups and industry association meetings with the insights gained informing our SME Action Plan, published in November

The services provided by Route Services will be more efficient to support faster time to market which ultimately results in a better value offering for all of us across Network Rail.

Appendix C Key assumptions

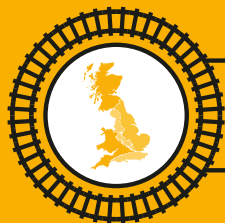
Ref no.	Topic (e.g. dependency, deliverability, climate etc.)	Assumption	Areas of spend impacted (e.g. all opex, single team, all spend etc.)	Is this a change of assumption for CP6?
1	Basis of preparation	The CP5 exit rate has been used as the basis for CP6 forecasts. The business will operate within a cash envelope with limited freedom to flex capex and opex should it be needed (e.g. lease versus buy).	All Opex and Capex	No
2	Volumes	Based upon the known business volumes for CP6 at that point in time. Risk of changing volumes is included within the uncertainty analysis.	All Opex and Wheeled Plant Capex	No
3	IT Scope	Explicitly excludes business change costs related to the implementation of new technology (other than IT training costs or business change which is introduced solely due to a Route Services IT led change initiative).	IT Capex & Opex	No
4	Transformation Programmes	Assumes that the Digital Railway Programme and other transformation programmes are independent from the Route Services submission (e.g. Cyber Security). Where external projects impact upon Network Rail (e.g. HS2) all costs are met by the project.	Digital Railway/ Safety, Technical & Engineering/ External projects	No
5	Volumes	Volume of IT Renewal activity necessary to maintain technical currency of assets is broadly comparable to CP5.	IT capex	No
6	Regional Businesses	Where responsibility to maintain and renew Route Services sites currently sits within the regions, it is assumed that any CP6 costs/headwinds/efficiencies have been captured there.	Facilities Opex and Capex	No
7	Delivery of Capex	Where costs rely on the delivery of capex works it is assumed they will be delivered to time. The cost of business change aligned to a capital project will be funded by the project client.	All Opex and Capex	No
8	Supply Market	Through competitive tender we will be able to deliver the forecast volumes at current prices (adjusted for inflation). This is discussed further in the uncertainty analysis).	Opex	No



Ref no.	Topic (e.g. dependency, deliverability, climate etc.)	Assumption	Areas of spend impacted (e.g. all opex, single team, all spend etc.)	Is this a change of assumption for CP6?
9	National framework of delivery	The current model of delivering services the routes collectively decide they want, at the best value for Network Rail will continue to apply. A shift to making decisions on a route by route basis across all Route Services products and services will erode the national value for money picture.	All Opex and Capex	No
10	Digital Railway funding	Development of the Route Services capital costs associated with Digital Railway (predominantly cab fitment) is at a very early stage with high uncertainty. The plan assumes funding will be sufficient to cover those costs as they are incurred.	All Capex	No
11	On Track Machine Strategy	Assumes that strategies for OTMs that are selected by routes are in line with those recommended by Supply Chain Operations in order to realise efficiency plans.	Supply Chain Operations Opex	No
12	Capital projects	It is assumed that any capital projects that require new or enhanced services from AIS will have made appropriate OPEX provision in their function's SBP submission.	All costs	No
13	Business volumes and additional service volumes	<p>Business outputs will be materially in line with our strategic business plan submission, both in total volume delivery and annual phasing. Key influencing factors include headcount and Renewal growth within the Regions.</p> <p>Excluding those agreed service volume increases that are included in this SBP, it is assumed that OPEX costs associated with any increase in required volumes, quality and performance of services above current levels will be borne by customers.</p>	All costs	No

Appendix D Glossary of terms

Term	Description
Asset Information	Specifying, collecting, evaluating, collating, analysing, and communicating information about Network Rail's infrastructure assets to enable accurate, informed decisions, to be made that balance cost, risk and performance
Benchmarking	Understanding our position in the commercial world
CAPEX	Capital expenditure
CP5	Control Period 5 – 1 April 2014 to 31 March 2019
CP6	Control Period 6 – 1 April 2019 to 31 March 2024
Customer technologies	Programme transforming the day to day IT that Route Services IT's customers use to access their business applications and core productivity tools (e.g. email, PowerPoint)
Cyber security	Technologies, processes and practices that protect networks, computers, programs and data from attack, damage or unauthorised access
Digital Railway	An industry-wide programme that is responsible for accelerating the digital modernisation of the UK's railway
Disruptive technologies	New technology that transforms life, business, and the global economy
Ellipse	An application that Network Rail (provided by ABB Ventyx) uses to manage the information associated with its rail assets
Engineering Services (ES)	A function within Route Services with the objective to improve performance and reduce risk through efficient and effective delivery of multi-disciplinary design and engineering services throughout the project lifecycle.
ERTMS	European rail traffic management system.
ETCS	European train control system.
HAV	Hand arm vibration
HOPS	High output plant system



Term	Description
IP	Network Rail's Infrastructure Projects business
IP Track	A unit within Infrastructure Projects that delivers renewals and enhancement of Network Rail's track infrastructure
IT Innovation Services	Develops and delivers innovative IT technologies for Network Rail
KPI	Key performance indicator
Legacy applications	Applications considered old and in need of modernisation – typically preventing a move to more modern hosting / support arrangements or which may reside on proprietary hardware
Make versus buy	The decision between manufacturing a product in-house or purchasing it from an external supplier
Milling fleet	A fleet of maintenance trains which correct track defects by removing a thin layer of the railhead.
MMT	Mobile maintenance train
MPV	Multi-purpose vehicle
Network Rail Consulting	The consulting arm of Network Rail. This aims to enhance Network Rail's reputation by winning international consultancy assignments and showing that we have world-leading expertise in delivering innovative, value for money projects.
Network Rail Design and Delivery	Part of the Engineering Services function within Route Services that provides design and supporting services to a range of internal customers via regional multi-discipline teams supplemented by national specialist skills.
Noah	IT's direct contact transformation programme.
NRT	Network Rail Telecoms directorate within Group Digital Railway
OTP	On track plant
Operating model	An operational design that delivers the business strategy
OPEX	Operational expenditure.
OCR	Overhead line condition renewals team within the Supply Chain Operations directorate



Term	Description
Rail Fleet	Specialised engineering trains and wagons
Route	Network Rail's infrastructure is organised into 14 geographical routes, supported by five Network Rail regions.
Route businesses	Network Rail's routes are now fully functioning integrated businesses, making 99 % of all decisions
Route Services Transformation	Route Services' contribution to Network Rail's transformation programme
Supply Chain Operations	A Route Services function that manages the supply, operation and maintenance of our rail fleet, along with the procurement and delivery of a wide variety of railway materials and components
Tailwind	Conditions in which growth moves higher
Technical currency	A measure of how up to date our technology, both hardware and software assets, is – measured of a percentage of assets currently under mainstream or extended support from the vendor
TOC	Train operating company
TPS	An application Network Rail (provided by HaCon) uses to plan the operational timetable for all movements on the rail network
Vehicle tracking systems	Hardware and software that identifies a vehicles location, and provides an array of reporting information
WBV	Whole-body vibration
Wheeled plant	Rail-borne plant including on-track machines, road rail vehicles and rail cranes

Appendix E Service Catalogue and passenger impact

Services that directly impact the passenger:

- Lifts and Escalators
- Operational property helpdesk
- Availability management including:
 - Public website
 - Digital signage
 - TD.net – train positioning
 - ITPS – Train planning system
 - TSIA – Train service
 - PLPR.

Services that indirectly impact the passenger:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Delivery of materials by rail • Delivery of materials by road • Tamping • Stoneblowing • Infrastructure monitoring • Profile treatment – rail grinding • Profile treatment – rail milling • Signal works (national) • High Output track renewals • Seasonal – autumn • Seasonal – summer • Seasonal – winter • Breakdown recovery | <ul style="list-style-type: none"> • Road fleet • Recycling services • Enquiry service – public request for archives • IT incident management • Skills training • Mechanical & electrical locking filters • Building infrastructure information technology projects • Sourcing and supplier management covering such contracts as: <ul style="list-style-type: none"> – Design and build of platforms, footbridges and subways – Contract management of services such as contingent labour, cleaning stations, car parks, graffiti, fly tipping, on track plant and utilities. |
|---|---|

Services that support the passenger:

- We provide design & engineering consultancy along with specialist design & project services
- We invoice and collect from our customers
- We recruit our employees
- We pay our employees
- We pay our suppliers
- Abnormal loads
- Offer competence assurance
- We resolve shared services queries
- Sentinel delivery
- Management of isolation diagrams
- IT strategy and planning services
- IT helpdesk
- Content management
- Local IT delivery management
- Information security
- IT delivery projects
- Request fulfilment
- Aerial survey
- We supply iStore materials
- We provide the safe and effective provision of High Output Track Renewals
- Mobile maintenance team
- Overhead line condition renewals
- Project Engineering
- Project Management Services
- We collect and process asset information
- We analyse asset data and provide asset information reporting
- We collate and distribute asset information
- We manage and maintain asset information processes and systems
- We implement the data specification, design and configuration of asset information systems
- We provide business partnership & post-contract management for Network Rail Telecoms
- Procurement Operations
- Category Strategy
- We provide pre-contract & post-contract management for the Digital Railway Programme
- We provide post-contract management, assurance & governance, collaboration and claim management for Capital Delivery Projects
- We provide supply chain management, procurement services and guidance for Capital Delivery Projects
- We provide pre-contract and post-contract management for Capital Delivery Signalling Projects.