

2022 Southern Delivery Plan Update



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1 Foreword

Last year's Delivery Plan update was written and published shortly after the death of Tyler Byrne who was struck by a train whilst working at Surbiton. Galvanised by this tragedy, we have made significant progress with our Track Worker Safety Programme, separating our people from the live railway. Despite this improvement, our underlying safety performance has deteriorated. In 12 months, we have moved from being the best performing Region (FWI) to the worst. Our focus is now making sure the changes we have made with our track worker safety programme are sustainable and embedded as well as delivering our thumbs up safety campaign. We are determined to reverse the current trend in our safety performance and ensure our teams get home safe and well every day.

Another dominate factor from last year's update was the pandemic. During the year we saw restrictions lift and rail revenue steadily increase to around 60 % of pre-pandemic levels, we then saw the Omicron variant leading to the Christmas lock-down with revenue falling back to around 40 % of pre-pandemic levels., Whilst there is still uncertainty, we are now learning to live with Covid rather than simply reacting to it. We are encouraged to see passengers starting to return to the railway although with patronage still only around 70 % of pre-covid levels, the acute impact the pandemic has had on our industry are still evident and have crystallised the need for us to modernise and put ourselves on a more sustainable footing.

So, after 2 years of reactive change, we are looking forward to planning for the future and continuing to deliver our vision of Putting Passengers. To do this we have simplified regional change into four change priorities:

Change Priority 1 – Modernisation: While the programme is underpinned by management and maintenance modernisation, as well as modernising

stations and control, our scope will answer the question of what a truly 'modern' Southern Region looks like. One that delivers for its passengers, is a great place to work for its people and is financially sustainable.

Change Priority 2 - Thumbs Up plan: this is our safety change programme developed from the national framework. It draws together all our activities to drive safety, culture and wellbeing across the region into a single measurable plan.



1.The Victoria Track Team

Change Priority 3 - Evolving our culture: In 2021 a region-wide listening programme informed by 60 events delivered over 7500 insights on our existing culture. Over many months we have distilled what we heard, and while there was an extraordinary breadth and depth of feedback, three key

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themes started to emerge. These three themes have developed into what we now call our three principles:

- keep it simple;
- show you care; and
- listen, learn, improve.

Our culture programme, which will support the adoption of these principles across the region, was launched in March, and will be followed by events for all our managers in the summer and all staff roadshows over the rest of the year.

Change Priority 4 – CP7: We have been working on developing our business plan for CP7. Our focus is on affordability alongside maintaining levels of CP6 output without compromising safety or creating long term bow waves if the future control periods. At the same time, we have been working on a new integrated delivery model for CP7 that will see much closer working with the supply chain. The tendering process for this will run throughout 2022.

Throughout the last two years we have shown great agility in responding to the pandemic and providing a good train service for freight and passengers. We have continued to work collaboratively with our train operator colleagues and our supply chain, setting up joint forums as look deeper into industry efficiency and explore new ways of working that will deliver a more sustainable railway in the future.

But the focus has certainly been on the short to medium term and we now need to look towards a longer-term horizon. Our four change priorities will help us achieve this to emerge successfully from the pandemic by addressing long term structural and cultural challenges and putting the Southern region onto a sound footing for CP7 and beyond



John Halsall

Southern

2 Priority Outcomes and KPIs - Long Term Scorecard

Southern		CP6				
RF11 Long Term Scorecard		Yr1 Actuals	Yr2 Actuals	Yr3 Fore cast	Yr4 Forecast	Yr5 Fore cast
ON THE SIDE OF PASSENGERS AND FREIGHT USERS		19/20	20/21	21/22	22/23	23/24
On Time						
Percentage of trains arriving on time at the destination	Current Forecast	N/A	80.2%	73.9%	73.9%	73.9%
Consistent Region Measure – Performance						
Annual minutes of Network Rail delay by miles travelled	Current Forecast	2.68	1.40	1.84	1.84	1.84
Freight Delivery Metric						
% of freight trains arriving within 15 minutes of booked time	Current Forecast	90.5%	94.5%	92.6%	92.5%	92.8%
Passenger Satisfaction						
	Current Forecast	N/A	N/A	7.82	7.86	7.90
Train Accident Risk Reduction						
	Current Forecast	N/A	100.0%	88.7%	95.0%	95.0%
Freight Cancellations						
	Current Forecast	N/A	0.58%	1.40%	1.40%	1.02%
EASY TO ENGAGE WITH, EFFICIENT AND DEPENDABLE PARTNER		19/20	20/21	21/22	22/23	23/24
Complaints Handling						
	Current Forecast	N/A	70.0%	100.0%	100.0%	100.0%
Financial Performance Measure (FPM)						
	Current Forecast	£12.1m	-£25.5m	-£25.4	£0m	£0m
Enhancement Milestone Delivery and Acceleration						
	Current Forecast	N/A	100.0%	100.0%	100.0%	100.0%
PROUD TO WORK FOR NETWORK RAIL		19/20	20/21	21/22	22/23	23/24
Employee Engagement						
	Current Forecast	N/A	63.0%	57.0%	60.0%	61.0%
Workforce Fatalities and Weighted Injuries (FWI)						
	Current Forecast	N/A	0.078	0.088	0.077	0.058
Personal Accountability for Safety						
	Current Forecast	N/A	218	162	112	104
INSTINCTIVE INDUSTRY LEADER		19/20	20/21	21/22	22/23	23/24
Environmental Sustainability Index						
	Current Forecast	N/A	86%	18%	100%	100%
Effective Volumes						
	Current Forecast	N/A	115%	93%	100.0%	100%
Composite Reliability Index (CRI)						
	Current Forecast	8%	23%	19%	19%	19%
Service Affecting Failures (SAFs)						
	Current Forecast	4821	4318	4371	4371	4371

3 Network Rail Strategic Themes

Our purpose is to get people and goods to where they need to be and to support our country's prosperity. We can improve the lives of millions of people every day. We can do better. We are changing.

We want to be a company that is on the side of passengers and freight users; easy to engage with, an efficient and dependable partner; a company people are proud to work for and instinctively recognised as an industry leader. Together, we are **Putting Passengers First**



2. Putting Passengers First at Waterloo

Our vision

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

Our purpose

Connecting people to places and goods, driving economic growth

Our role

Running a safe, reliable and efficient railway, serving customers and communities

143. Network Rail Corporate vision, purpose and our role

Underpinning our vision, purpose and role we have six strategic themes which are used to manage the priorities for our business. These are:

- Safety
- Train Service Delivery
- Efficiency
- People
- Sustainable Growth
- Customer and Stakeholders

Our Delivery Plan Update follows this structure providing an overview of performance in the year ending 31st March 2022 and how our plan is adapting for years 4 and 5 of the control period to respond to the challenges that the economy and the industry faces following the pandemic.

4 Safety



Safety

Key Delivery Plan Outputs



4.1 Workforce Safety

Regional Safety Performance is an ongoing concern. Whilst we have had some successes with some key lead indicators e.g., delivering a reduction in unassisted lookout working (ULW) and an increase in the application of the Work Safe procedure, we have seen deterioration in fatalities and weighted injuries (FWI) performance. This is primarily caused by minor incidents notably in Works Delivery and Capital delivery which accounts for 30-40 % of the increase.

Works Delivery has experienced a particular spike in incidents which has been addressed through a mandatory safety session focused on situational

awareness, to directly address the type of incidents causing the problem. This session used the SLAM (Stop, Look, Assess, Manage) principle to highlight the importance of being situationally aware. This intervention is now being rolled out to other Capital Delivery teams, with a cross-regional stand down taking place in March 2022.

Additional focus will deliver some immediate improvement but to achieve the sustainable change we must effectively deliver on the longer-term improvements that are contained in our Southern Safety Plan. Our improvement plan is set out through our safety framework ('Southern

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Thumbs Up'), enabling us to drive improvements in safety culture, safety-critical communications, learning, task awareness, and simplification.

Following significant improvements in ULW, we now need to urgently make changes in working practices to embed these changes. To provide additional protection we are also preparing to mandate the use of manual TCOD's for all delivery teams from Spring 2022. Ahead of the mandate, we have already provided c150 sets to each route delivery team, promoted their use and provided supporting guidance to encourage adoption.

4.2 Salisbury

At the end of October, we experienced the worst adhesion-related incident across the country for many years at Salisbury. The primary cause of the incident was railhead adhesion. In response, to the incident we have put in place an enhanced regime for the inspection of high-risk sites, with special focus on sites approaching junctions. We have also accelerated innovation opportunities both in rolling stock and infrastructure management including the design and delivery of a new app allowing MOMs to take photographs and attach evidence of inspections which supports a new assurance process to confirm inspections are being carried out and evidence captured. We continue to work with the ORR to address the finding of their report into the incident.

4.3 Passenger safety (TARR)

More generally we are reviewing our approach to monitoring passenger safety and particularly how we make use of the basket of train accident measures to inform our management decisions. We want to improve the

lead and lag indicators hierarchy and improve data integrity for our assets as they are not currently all the same quality. The approach to setting our TARR has changed. Our regional engineering team now set the targets for the routes based upon an assessment of what needs to be done mitigating against the risk of what can be done based upon resource availability or simply replicating prior year plans. We have also endeavoured to make our TARR milestones SMART and have selected to address known risk areas.

4.4 Personal accountability for safety (PAFs)

This has been driven down from 218 last year to an expected outturn of 168 this year. A marked improvement but still much higher than where we want this to be. The most significant element of the KPI relate to minor speeding offences which are breaches of our life saving rules. We are addressing this with the introduction of the new vehicle safety warning system (VSWS) which provides the driver with clear information on road speed limits as well as including other safety and compliance features such as logging of vehicle visual inspections. The rollout of VSWS will be completed across the fleet next year and we will work to embed the safety features it provides to maximise this opportunity. With this objective, we are confident that we can drive PAFs down to 112 next year

4.5 Looking forward

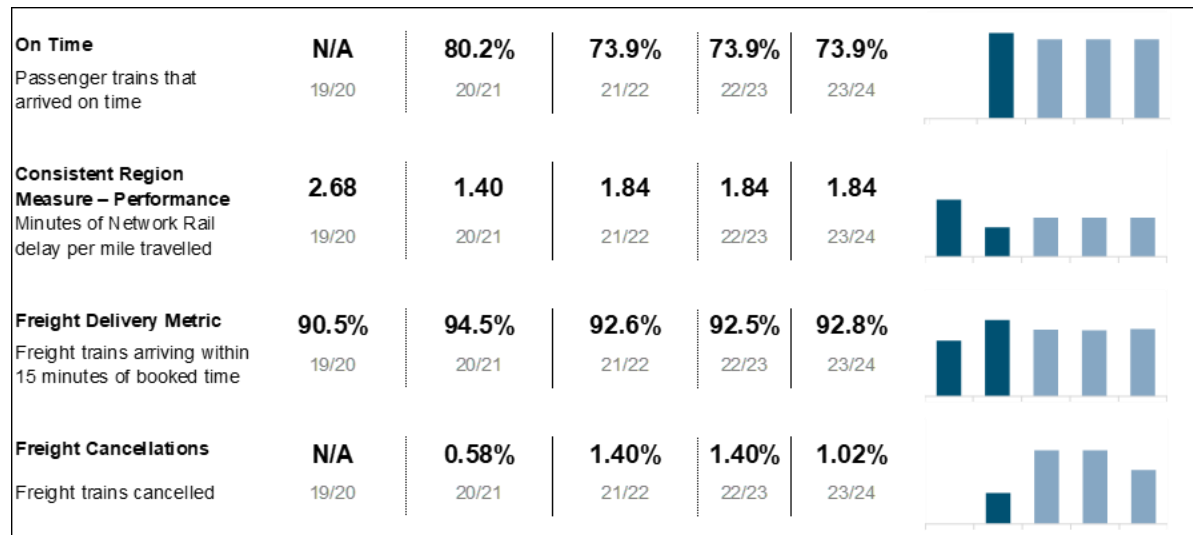
Our cultural improvement plan, Southern Thumbs Up safety framework and the changes we seek through the modernisation agenda give us a great strategic platform to underpin and tie together more tactical safety initiative and upon which are confident that we can build success.

5 Train Service Delivery



Train service delivery

Key Delivery Plan Outputs



5.1 Passenger Train Performance

Train service delivery continues to be broadly in line with the Joint NR/TOC targets, with on-time delivery for the region expected to finish the year at 73.9%. Although this is lower than achieved in 20/21 it still represents a strong level of train performance. During the year we saw the train services return to approximately 77% of pre-covid levels compared to 60% in 2020/21. This additional traffic is the primary reason for decline in the On-Time measure compared to last year.

There are two key issues currently affecting performance that we are working with industry partners to address:

- High levels of cancellations on GTR services. Nearly half of GTR's total cancellations are to traincrew unavailability including Covid related absence. The focus on reducing staff unavailability through absence management continues and increasing driver training over the long term will help sustain recovery.

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- On-time for Southeastern is lagging compared to other operators due to the nature of the timetable, though this does not directly affect T-3 or PPM. We are supporting Southeastern in making their timetable more resilient to deliver a better on-time service for passengers.

We expect Consistent Region Measure Performance (CRM-P) to end the year at 1.84. The decline from 20/21 levels mirrors the fall in on-time but is broadly in-line with the target.



5.2 Freight Train Performance

Our freight delivery and cancellations continue to remain a concern, missing target and showing a deterioration to last year. This is due to several single large impacting incidents that have affected our network and freight users, such as the derailment at Salisbury, flooding at Crawley New Yard and the Bearstead blockade. We are challenging ourselves and our freight colleagues to improve both our FDM and cancellation levels

through route wide deep dives that will analyse and assess key points of attrition with clear tangible improvement actions that will deliver benefit within the next year. These will be incorporated in each Route's joint performance strategy.

5.3 Collaboration with operators

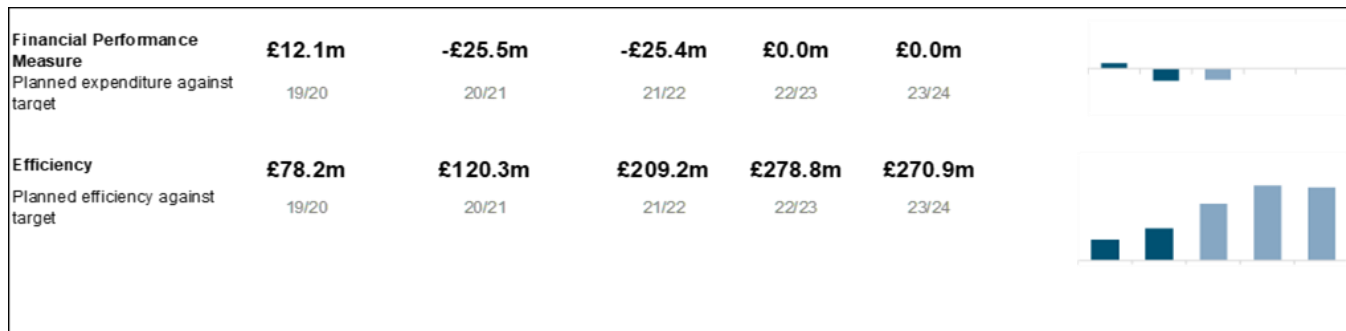
We have always worked closely with our operators ARL, GTR, Southeastern and SWR. Joint performance plans, managed through performance boards, are in place with our operators and our co-located control for SWR and Southeastern have been in place for several years. However, throughout the pandemic we have seen even greater collaboration as collectively we strive to steer our industry through the pandemic. With operators no longer directly exposed to revenue risk we have seen greater alignment of incentives which has made it easier for us all to take a whole system view. This has been demonstrated by a greater use of blockades (for example on the Brighton mainline at Balcombe in February, between Tonbridge and Hastings on the Kent route in October and at Weymouth on the Wessex route in December) allowing us to complete vital maintenance and renewal work quicker and more efficiently than we could otherwise have done. We are also looking at projects such as train borne equipment to help us get better information to manage trackside vegetation, asset condition and risks. We are also using technology to help mitigate the risk and likelihood of incidents. For example, with GTR we have installed a system that uses CCTV and AI to identify foreign objects in the pantograph wells on the train roofs reducing the likelihood of serious damage to overhead lines when train switch from third rail to overhead traction in the busy Thameslink Core section. The opportunity now is to build on the collaboration that we have seen managing train performance to other parts of our business. This is considered further in the efficiency section.

6 Efficiency



Efficiency

Key Delivery Plan Outputs



6.1 Financial Performance Measurement

FPM performance has been mixed. Whilst Enhancements FPM is broadly neutral, our renewals FPM has been poor across most assets. We experienced a similar challenge in year 2 meaning our plans to rectify this issue have not gone far enough and we need to do more. To help us improve, a review of our investment and capital financial management process will be ready for year 4 along with the introduction of the new commercial clinics being held in capital delivery to better manage risk and cost. Whilst there is room for improvement in our renewals FPM management, deliverability of the portfolio has been strong, and we are on track to deliver £835m of renewals investment in the year. Broadly we are expecting to deliver our SBP volumes set at the beginning of the control

period except for track which was predicting a small shortfall. Plans have been developed to address in year 4.

Whilst renewals FPM was poor, P&L FPM has been strong. This is in part driven by good cost control but also the disposal of an investment property at Cannon Place. We have also benefited from high schedule 8 receipts through the pandemic which we have been able to use to offset the costs and revenue impacts to date of COVID.

6.2 Efficiency

We are on track to deliver our 21/22 efficiency target of £209m which includes an additional £20m of reform savings compared to the start of the year. The plans for the final two years of the Control Period see a further step change in the level of committed efficiency. Whilst we are

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confident in the delivery of the core efficiency plans, the targets for final two years of the Control Period are now £92m higher than at the start of the Control Period. This reflects southern region's share of additional efficiency committed to by Network Rail in response to the wider industry challenge to be more efficient and reduce the level of public money required to support the industry. These additional efficiencies are largely linked to the wider modernisation and reform programme and, whilst we are committed to the programme and driving the change agenda must be a key focus for the coming years, our ability to fully crystallise these savings is partly tied to national policy and decisions around pay and rewards. The phasing of these savings, however, may change between years depending on the timing of these national decisions.

Our enhancement efficiency plans have been affected by the reduction in enhancement funding for Southern. With the loss of several larger schemes, we have dipped below the target 15 % efficiency hurdle rate across the portfolio and need to sharpen the plans across the rest of the portfolio to address this. One item of note on enhancements efficiency is at Gatwick airport where through the regional SPEED initiative, we have already saved 98 months of works and identified at least £20m of cost efficiencies by integrating a track layout enhancement with the current Gatwick Station Project. This also realises a five-minute journey time saving for passengers on each of 27 Brighton to Bedford services.

6.3 Modernisation

Shortly before the end of the financial year we commenced consultation on the modernisation of certain management grades. We set forth proposals to reduce our overall management headcount by around 10 % achievable by reviewing how we work, learning from the lessons of the PPF organisational changes in year 2 of the control period and reflecting the lower level of enhancement spending in the region following the most recent government comprehensive spending reviews. Successfully

concluding the management modernisation consultation and embedding the new required ways of working will be a key focus and challenge for year 4 of the control period.

As part of the modernisation agenda, we are also reviewing how we plan, resource and execute the maintenance of our network. We have set ourselves the challenge nationally of reducing our maintenance costs to contribute to the wider industry efficiency challenge. Consultation on National Principles has commenced, and the region is now working on its own plans. To achieve our efficiency plans, these plans need to be finalised and implemented in year 4 so that savings can be realised in year 5 of the control period and the benefit taken forward into CP7.

Whilst Management and Maintenance Modernisation are two key components, the modernisation agenda is, of course, much wider than this alone. How we deploy technology, such as drones and remote condition monitoring; how we digitise our work force to remove the need for paper form filling and improve communication; how we improve working track side through better access, lighting and modern tools; how we upgrade our road vehicle fleet to electric; and how we continue to improve facilities for passengers at stations are just several examples of a much wider modernisation agenda that must be accelerated through the final years of the control period to ensure that we remain efficient and represent value to users and funder.

6.4 Cross-industry efficiency and supply chain collaboration.

A modern rail industry must also exploit the opportunities of collaboration with supply chain and in particular our train operator colleagues. As noted in section 5.3, Southern region has a good history of collaborating with its operators. The new train operator contracts afford us the opportunity to drive this agenda by better aligning incentives to remove duplication and consider whole system costs. We have established route efficiency boards

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with SWR, Southeastern and GTR and are exploring opportunities to understand how we can better work together to drive value. These opportunities including sharing accommodation and developing joint property strategies; looking at where synergies may exist in areas such as delay attribution and strategic train planning; exploring combined training across the businesses creating efficiencies and opportunities for cultural integration and joint ways of working; building on several pilots to see how operator trains can carry equipment to help us monitor infrastructure condition; looking at a simplified approach to consents and asset protection; and building on the whole system approach to optimising access for infrastructure maintenance and renewals.

A good example of collaboration is the Denmark Hill station enhancement where the collaborative approach between GTR, Network Rail and the supply chain delivered the project in 32 months rather than 54 months saving 25 % of the initial AFC. Another area of opportunity is with Southeastern. In October 2021, the Southeastern operation transferred to DfT OLR Holdings Limited, the public sector owning group. This allows Network Rail and Southeastern to explore even closer ways of working and consideration is being given to establish an alliance approach to facilitate this. These are two good examples of how the Southern region is preparing itself for wider industry reform and new ways of working to ensure that rail remains relevant and sustainable for the future.



4. Works at Denmark Hill station

6.5 CP7 planning




As stated above, delivering our CP6 efficiencies, in particular the savings from the modernisation programme are critical to ensure that the funding assumption for CP7 are robust and that we build our plan for the next control period on solid financial foundations. We also need to continue to drive efficiency in CP7, and our focus is turning to this. Further collaboration with the train operators, smarter access, helping drive tertiary and passenger revenue, making better use of technology and how we engage with the supply chain are all opportunities, but we must convert these ideas into firm plans over the coming months in readiness to deliver CP7.

7 Sustainable Growth



Sustainable
growth

Key Delivery Plan Outputs

Enhancement Milestones	N/A	100%	100%	100%	100%	
Enhancement milestones delivered on time	19/20	20/21	21/22	22/23	23/24	
Effective Volumes	N/A	115%	93%	100%	100%	
Delivery of planned renewals work	19/20	20/21	21/22	22/23	23/24	
Environmental Sustainability Index	N/A	86%	18%	100%	100%	
Achievement against environmental targets	19/20	20/21	21/22	22/23	23/24	

Key discussion points

7.1 Enhancements

We are on target to deliver our enhancement milestones for the year. These include delivery of Access for All schemes at Chatham, Crowborough and Catford, GRI6 6 completion at Thanet Parkway New Station and Gatwick airport (where passengers will be able to utilise new escalators & lifts and it will become easier to change platforms and access the airport terminal) and submission of the final business case for passenger services on the Waterside line.

The spending review decision to direct railway investment mostly to the north of England as part of the levelling up agenda has left Southern with a relatively small enhancement portfolio. That said, we are successfully targeting smaller scale investment opportunities, focused on enhancing

renewal activity, improving the passenger experience at stations and targeted initiatives such as accessibility, connectivity and sustainability focussed schemes. The upgrade work at Surbiton station has commenced, with Peckham Rye and Victoria WP1 agreed as the highest priority schemes to progress from the Critical Stations fund. Over the coming months, we will support the DfT to wind down several enhancement schemes, most notably the Brighton Mainline Upgrade Programme, which will also impact team size and structure and has been reflected in the latest Modernisation plans.



[225](#). Steelworks to support the new passenger concourse at Gatwick

7.2 Effective volumes

As stated in the efficiency section, our CP6 volume delivery is broadly on track against the Strategic Business Plan except for a shortfall in track for which plans are in place to recover. This year, we will fall short of our target as we have consciously made the decision to defer some work, notably earthworks, to allow us the opportunity to secure a more efficient intervention. Whilst we have deferred some planned earthworks, we have accelerated investment in remote condition monitoring at our high-risk sites and provided additional track drainage gangs for our route maintenance teams. The recruitment of Principal Engineers across the Buildings & Civils portfolio and a RAM Drainage and Off Track over the first quarter of 2022, will increase strength and depth in the DEAM team. The Regional Off-Track Steering Group has been established to provide governance and drive progress on our management of the Lineside estate.

7.3 Environmental sustainability

In the sustainability area, our ESI metrics had fluctuated from 98 % to 10 % over the space of a year. In the last quarter, Southern has been both the lowest-performing region and the second highest behind Western & Wales. The fluctuations could not be explained, so we have been working with Technical Authority and Route Service colleagues to investigate the major errors in energy and carbon data issues. In parallel, we have been working on a significant data cleanse exercise reviewing all available energy reports, introducing separating metering for gas and electricity usage for 74 retailers, recovering £1m of unpaid invoices and conducting energy reviews for our highest consuming sites to unlock tangible energy, carbon and cost efficiencies.

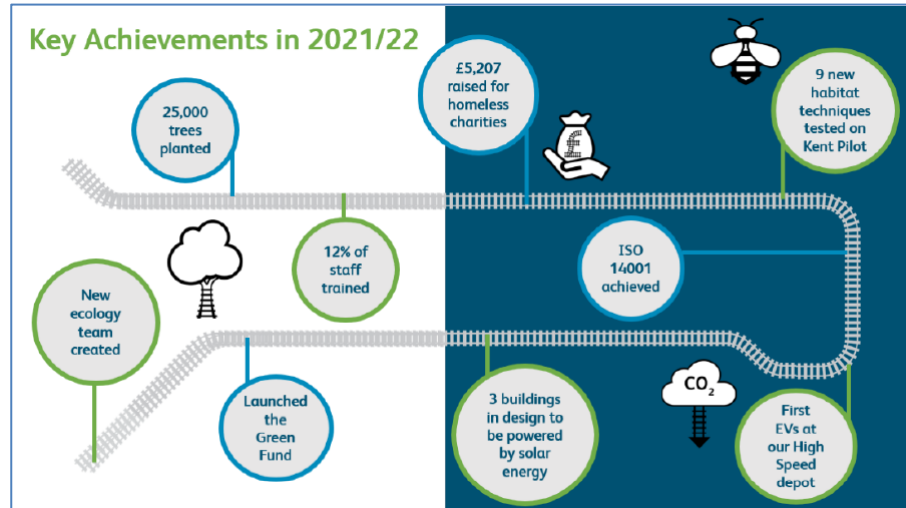
7.4 Items of success

We are proud that in October we received our Certification for our ISO 55001 Asset Management System followed Quality (ISO 9001) and Environment (ISO 14001) March. We also successfully launched our Sustainable Southern delivery plan which sets out how we will achieve the national objectives in the Network Rail sustainability strategy, plus region-specific initiatives. The plan has six workstreams: Brilliant at the basics; Reducing energy, carbon and air pollution; Minimising waste and reusing materials; Protecting wildlife and nature; Managing a climate-resilient railway; and Creating positive social impact, which reflects the increasing global awareness of this subject.

We also worked collaboratively with SWR to produce their annual business plan in December and supported GTR in the development of their draft base Business Plan and Cost Levers for their tranche 3 NRC contract which was also successfully submitted pre-Christmas. We are also working closely with Southeastern and GTR with their plans. The timescales and the programme detailing which specific contracts are to be moved across to the new GBR Passenger Service Contracts is still evolving. However, we

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have started work to develop initial thinking for the market study to support the first PSC in the Southern Region.



336. Environmental achievements in 2021/22

8 People

Key Delivery Plan Outputs

Employee Engagement	N/A	63.0%	57.0%	60.0%	61.0%	
Favourable responses on employee engagement survey	19/20	20/21	21/22	22/23	23/24	
Headcount	0	0	-273	0	0	
Planned headcount against target	19/20	20/21	21/22	22/23	23/24	

8.1 Engagement

We missed our employee engagement target and were disappointed with our overall Your Voice engagement score of 55 % as this has been a key focus for us over the past 6 months. We believe that the work planned on our culture programme in the next three months, combined with enhanced Manager guidance on dealing with potential IR challenges, and the positive reception we have already had to our Safety Thumbs Up campaign will see our overall position improve.

For much of the year, our gender representation had held steady with the Region currently at 15.8 % female against a target of 22 %. Although we have introduced inclusive recruitment controls, making headway with reduced recruitment activity (see below) has been a challenge so we are now looking at how we can improve representation in senior grades. The modernisation programme will bring an element of churn and change in our headcount. This will present an opportunity for us when filling roles

vacated though voluntary severance or other change to realise a positive impact on our diversity profile.

Over 92 % of the region participated in the national ‘Stand up to race equality’ event which was well received by those participating in it. We need to build on this and are looking at how we build this into our induction programme for new employees. We know we have more to do in this area as nearly 15 % of staff who participated in Your Voice did not declare their ethnicity. We have been celebrating our differences throughout the year with a cultural calendar of events from different faiths. We are also reviewing the outputs of Scotland’s Railway one-off Diversity Census to see if this approach could make a difference in getting people to declare their ethnicity.

8.2 Headcount

Our headcount is lower than our target by 273. Mindful that modernisation requires us to achieve efficiency through lower costs and therefore headcount, we have introduced tighter recruitment controls in

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place during the year allowing us to create a vacancy gap. This vacancy gap, along with the industry voluntary severance scheme, will help us mitigate the risk of compulsory redundancy arising through modernisation.

8.3 Looking forward

As we look to the future, we will be putting our whole leadership population (over 2,600 posts), through our Leaders Development programme where we will assess against a clear set of management competence criteria, provide development plans to address any capability gaps, and re-assess 12-18 months later. We will shortly launch a pilot aligned to our culture programme to give our people the tools to lead and build their confidence. After our pilot, we have a plan to scale the program to cover 425 of our

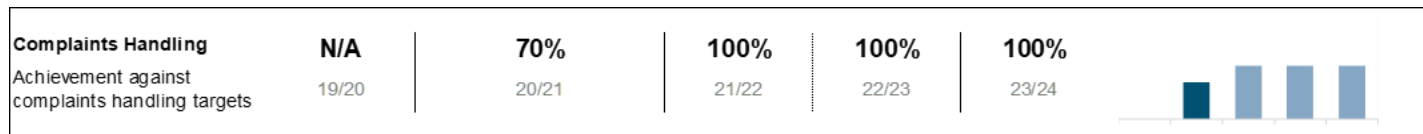
leaders in year 1, focussing initially on the leaders of key people populations. We are also investing in our frontline population through the Frontline Management Development Programme. Nine frontline managers from our maintenance and stations teams recently successfully graduated from the programme after completing a series of modules to grow their leadership potential and develop a project of their own around something they would change. The projects identified included lifesaving interventions, mental wellbeing support, improving safety and security and providing better services to our customers and are being taken forward by the business due to the strength of the ideas.

9 Customer and Communities



Customers and
communities

Key Delivery Plan Outputs



9.1 Working with line-side neighbours

Whilst we are on track to deliver our target for complaints handling, we recently highlighted an issue with our customer service cases where high numbers of cases were being moved into the planned status too early, obscuring our true figures for complaints handling. Our recent focus has been putting into place new processes and templated responses to avoid this reoccurring, along with briefings to CRM and maintenance teams including improved assurance processes at a local level.

9.2 Customer insight

During the year we have implemented a range of tools for collecting customer insight including passenger satisfaction survey data collected at our managed stations through QR codes. The most recent saw an overall satisfaction score of 87 % (+9 %). Positive feedback includes visible and helpful staff, and compliments on the events that take place in stations, including the use of live music, increasing the overall station experience.

This useful data will be used to inform how we can drive improvements in the customer experience.



7. Passenger information at Waterloo

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9.3 Engagement

We have continued to provide a proactive approach with a personal touch across our comms and engagement activities with key political and business stakeholder groups across the region. Politically, we are expecting challenging stakeholder reactions to the spending review and will support DfT to provide updates to our MPs on relevant schemes when we can do so.

Notably events and successes during the year included:

- marking International Day of Persons with Disabilities with the launch of the Umbrella installation at London Bridge partnering with ADHD Foundation and BAM Nuttall, flash mobs, sunflower seeds for passengers to raise awareness of non-visible disabilities and #purplelightup at Waterloo.
- A new digital screen for Waterloo station. The screen replaces the static screen and will deliver an incremental income of +£200k, and forms part of a larger scheme to digitalise the screens across the station which will deliver an increase of £1.5m. We also commissioned two new state of the art Red Blue Green (RGB) Customer Information Screens at Waterloo and Victoria Station which will improve information provision, flexibility and overall customer experience.
- Toilets were refreshed at Clapham Junction and Guildford stations with the installation of vinyl coverings depicting local scenery and

landmarks and we are pressing on with our Clapham Junction phased lift renewal programme.

- We celebrated the festive season across our stations with safety messaging to help keep passengers safe including the publication of a Christmas roundup briefing that shared information about activity in our stations and a thank you to everyone for their contribution throughout 2021 along with decorations and special activities at most of the managed stations.



8. Umbrella installation at London Bridge

10 Financial Overview

Income

£bn	2019/20	2020/21	2021/22	2022/23	2023/24 CP6 Exit	Total CP6 forecast as at RF11	RF11 FY21	Change
Franchised Train Companies and FOC Income	-668	-664	-815	-853	-928	-3,928	-3,311	617
Commercial / Property Income	-64	-31	-85	-93	-105	-378	-350	28
Government Grant Income (Regional allocation)	0	0	0	0	0	0	0	0
Net Schedule 4 & 8 costs (Explanation)	71	-59	-2	37	55	102	152	50
Total Income	-661	-754	-902	-909	-978	-4,204	-3,509	695

Expenditure

£bn	2019/20	2020/21	2021/22	2022/23	2023/24 CP6 Exit	Total CP6 forecast as at RF11	RF11 FY21	Change
Support	133	191	168	154	121	767	793	26
Operations	281	306	321	342	346	1,596	1,459	-137
Maintenance	184	205	207	219	223	1,038	1,026	-12
Industry costs and rates ¹	2	2	237	272	328	841	14	-827
Renewals	605	869	804	871	831	3,980	3,942	-38
Risk Funding	0	0	0	0	64	64	147	83
Total Costs	1,205	1,573	1,737	1,858	1,914	8,287	7,382	-905
Enhancements	194	205	210	158	112	879	1,005	126

¹ Industry costs and rates include Electricity Costs for Traction (EC4T), Cumulo Rates, British Transport Police subsidy, ORR subscription, Rail Delivery Group subsidy, etc.

2022 Delivery Plan Update Southern region

Significant financial changes to the business plan

Income

The most significant change to income is the inclusion of EC4T (electricity for the traction of passenger trains) billed through the track access agreement to train operators. Previously this was presented in the group HQ accounts but was devolved to the region (along with the corresponding costs) in 20/21. This accounts for the vast majority of the £617m additional income which is not new income but a transfer from another part of the business.

The increase of £50m in net Schedule 8 and 4 income is a result of two factors. 1) We have seen strong train performance this year which has driven higher schedule 8 income and we have therefore, also revised our forecasts going forward to reflect a higher degree of confidence of achieving better operational train performance. 2) A higher forecast for Schedule 4 based upon known access plans for FY23 and a better understanding of the requirements for FY24. This has to some extent offset the Schedule 8 dividend.

Expenditure

Maintenance costs are £137m higher driven by inflation (£45m), track worker safety costs (£19m) and a range of cost increases relating to NI, Plant & Vehicles, Drainage Gangs and Maintenance backlog.

The increase in industry costs reflect the inclusion of EC4T costs billed to our train operators but previously held in group accounts (see above) and

the inclusion of cumulo rates (tax on commercial property) also previously held centrally.

Risk funds have decreased by £83m reflecting drawdowns for inflation on capital projects and staff costs, price increases for utilities, to allow a provision for emergency earthworks and to mitigate an income stretch on sales in the final year of the control period that we do not consider is deliverable despite it being our ambition to attend. The remaining risk fund of £64m is fully allocated to potential risks but represents an appropriate level of cover for the region given where we are in the control period.

The reduction in enhancements spend reflects the recent government spending review decisions where less money was allocated to Southern region and we have had to defer or stop a number of schemes including CARS / BMUP (Croydon Area Resignalling / Brighton Mainline upgrade) and the Wessex HV upgrade.

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