

PROPERTY SUPERVISORY COMMITTEE REPORT

I'm pleased to present the committee's report into its key activities undertaken during 2022/23, alongside its anticipated activities for 2023/24.

The committee has continued to monitor Network Rail's overall property performance against its strategy for Control Period 6 and developed new key performance indicators to benchmark regional performance.

The year has been challenging for Network Rail's commercial estate as our tenants try to adapt to market conditions that have been impacted by the increase in the cost of living and industrial action in the rail industry. Passenger volumes and associated footfall have, understandably, fluctuated significantly across the year, with consequential impacts on our retail tenants in managed stations.

Network Rail opened 21 new units including refurbishments, tendered/awarded 20 units and delivered 31 pop-up units which drove an incremental income of £700k. Advertising sales have recovered broadly in line with market performance and station footfall. Safety incidents and fire alarm activation have been reduced by 25 per cent versus pre-pandemic levels, retailer recycling increased by 11 per cent to 83 per cent which included 213 tonnes of cardboard. I was pleased that Network Rail commissioned a research agency to conduct a passenger insight study, to understand how customers are using our stations now

and identify what changes we can make to improve the customer experience.

As part of the Group Property vision, the Development Property team has worked throughout the year to develop strategic partnerships with Homes England and Transport for London and other authorities.

The Committee will continue to monitor Group Development's progress in terms of the proposed merger with London & Continental Railways (LCR). Scrutiny is expected to intensify as further progress is made and key decision points are reached. If approved a dedicated residential and commercial property development company will be established to deliver regeneration projects and provide affordable residential homes across Great Britain.

Mark Bayley CBE

chair, property supervisory committee

13 July 2023



Committee members	Formal appointment to the committee	Number of meetings attended during the year
Mark Bayley CBE	October 2020	6/6
Robin Dobson	March 2022	6/6
John Halsall*	December 2019	3/4
Peter, Lord Henty of Richmond Hill, CBE	December 2019	4/6
Neil Sachdev MBE	July 2016	4/6
Stephen Smith	July 2016	6/6
Jeremy Westlake	April 2016	6/6

*John Halsall left Network Rail on 20 January 2023.

Committee attendees

A senior regional representative, and the general counsel (Property) normally attend meetings by invitation, as well as representatives from the Department for Transport and the Infrastructure and Projects Authority.

Regional property directors also have a standing invitation to attend most parts of committee meetings. The committee is supported by the company secretariat.

Role and responsibilities of the committee

The terms of reference (ToR) govern the structure and operation of the committee, including its delegated responsibilities and its delegated authority. The ToR are reviewed regularly, to ensure the activities of the committee align with the needs of the organisation.

The committee's role is to consider and provide advice upon:

- the long-term vision and strategies for Network Rail's development property portfolio and its commercial estate
- regional property strategies and delivery, including reviewing the respective regional property directors' business plans
- key risks and opportunities
- the performance of the regional property directors and Group Property
- subject to the committee's delegated authority, making decisions or recommendations
- any other matter specifically referred to the committee by the Board or the executive leadership team.

Principal activities during the year

The committee normally conducts a site visit prior to each meeting. Sites visited included Glasgow Queen Street station and London Paddington, London Liverpool Street and London Bridge stations.

The committee receives detailed property updates for discussion at each meeting. A written summary of the committee's activities, the main discussion points, findings, and any recommendations is provided to the Board for its next meeting.

Key areas of focus during 2022/23:

The key areas of focus during the year have included:

Strategic Project Key Issues

The Committee received updates on the portfolio of strategic projects including those at Bristol, York, Newcastle, Bow in East London and London Victoria.

Redevelopment of London Euston station

The committee reviewed and provided feedback on the key developments underway at London Euston station.

Workplace accommodation strategy

The committee has been provided with regular updates and gave feedback on the plans to utilise office space more efficiently.

Regional Property directors' reports

All regional property directors have presented to the committee, giving an overview of regional property strategies, targets, performance, and efficiencies.

Financial Performance

The committee received regular finance updates including updates on year-to-date performance, profit forecast versus budget and capital expenditure.

Expected focus areas in the year ahead

In the year ahead, the committee will continue to monitor progress on:

- Property's strategy and planning for Control Period 7
- the regional Property model
- workplace optimisation, including co-location opportunities with train operators and the effective use of our office estate with new working patterns
- the proposed merger of LCR with the Network Rail Group Property team
- safety and sustainability.