Route Services Delivery Plan Control Period seven (CP7)

2024 to 2029

Route Services

March 2024

Foreword

Rob Morton, managing director, Route Services

We're proud to provide the services and insights needed to keep Britain's railways safe and reliable. As we move into Control Period seven (CP7), we'll continue doing this to the high standard our customers and passengers expect. We'll also leverage our unique position to understand current and future trends and make informed recommendations based on the numbers.

Route Services is at the heart of delivering Network Rail's simpler, better, greener vision. We have around 4,700 colleagues delivering over 130 services to our route and regional customers. These cover everything from managing lifts and escalators, to rolling out greener technology that reduces our carbon footprint.

Our core functions provide digital and data services for the railway, and for our colleagues and the wider industry, including the telecoms infrastructure essential for safe signalling across the country. We supply the materials and logistics that support maintenance, renewals and enhancements nationwide. We deliver the training and payroll of around 40,000 colleagues as well as providing technical engineering, commercial and procurement and safety expertise.

We'll spend around £1.5bn a year in CP7. It's a big budget, and it's critical we spend it effectively. We're grateful for the confidence and money invested in us and we'll count every penny as if it's our own.

Inflation forecasts have risen since our strategic business plan, and financial challenges have become more complex for us, our customers and our passengers.

This has meant making difficult choices, but we're confident we've made the best decisions for a bright future. We've chosen to keep some things in the plan, like funding for a ballast cleaning service, which delivers rapid renewals, and Project Reach which will deliver upgraded fibre funded by a third party investor. We've done that while talking openly with our regulator and with our customers' support, because it's the right thing to do for the industry.

We've also committed to making our portfolio more efficient, saving £0.5bn in Route Services, as well as enabling our regional colleagues to save at least £0.2bn more through our national programmes and commercial and procurement activity. It goes without saying that we will try to outperform this.

The success of national programmes, such as Intelligent Infrastructure (II), Infrastructure Monitoring (IM) and Electrical Safety Delivery (ESD), will be essential in ensuring regions get safety, financial and productivity benefits. We work closely with our regional customers to plan these programmes carefully and will keep in close contact as they're delivered.

We recognise the need to do even better to make sure new technology makes the greatest impact for the lowest cost. To support this, we'll manage our national programmes differently in CP7, taking a portfolio approach, with governance and oversight from across the organisation to ensure we take everyone's views on board.

In CP6, we've focused on delivering our core services effectively. In CP7, we'll build on that foundation to work as a 'smart supplier'. This means giving our customers insights based on data to help them make the best decisions to be safer and more efficient.

Everyone in Route Services affects the railway's performance, which impacts our passengers and freight users. That makes our people crucial to everything we do. So, we're committed to creating an engaged and empowered workforce, where everyone can achieve their potential.

Our continued focus on Safe Service supports all this. Our scorecard shows we've performed well in CP6, but we're not complacent. We know that even one incident or near miss could be catastrophic for the people involved.

We've a lot planned for CP7, and we'll continue to apply safe-by-design principles to protect our colleagues, passengers and anyone who encounters the railway. We're also finding ways to make the work started in CP6 stick, helping to build a safer culture.

It's a challenging plan, but the benefits are worth it. In CP7, we'll be the smart supplier of choice for Network Rail's regions – at the heart of a **simpler**, **better**, **greener** railway.

Contents

Route Services explained

We support Network Rail's routes, regions and functions – as well as the wider industry. We provide the essential services needed to keep Britain's railways safe, reliable and efficient. We also directly support train operating companies (TOCs) and take care of licence conditions on their behalf – such as vehicle maintenance, train operation and waste disposal.

Our central team boosts efficiency and lowers costs by pooling demand from across the railway into one place and then carefully distributing limited and specialist resources. Our position, as a stable and reliable central hub for these services and materials, means we can make sure they're always available – so even when times are turbulent, our customers feel minimal impact.

We must continually evolve to keep up with the rail industry's changing needs. And, due to recent national and global events, we'll have to continue navigating the significant practical and financial challenges we've faced in CP6 as we go into CP7.

We deliver more than 130 services across our five core functions and three supporting functions:

Core functions

Supply Chain Operations (SCO)

Responsible for keeping the materials, machinery and components of the railway moving by making sure teams across Network Rail have what they need, when they need it.

Engineering Services (ES)

Provides efficient and effective delivery of engineering activities. For example: design, development, engineering delivery and oversight for Route Services engineering disciplines.

Digital, Data and Technology Services (DDaT)

Responsible for designing, maintaining and supporting a vast array of IT and telecom assets, IT applications and safety-critical technology that keep the railway moving.

Commercial and Procurement (C&P)

Strategically sources and manages contracts of scale to optimise value across the railway.

Business Services (BS)

Manages the support systems needed to keep Network Rail working effectively, including finance and human resources shared service centres and training.

Supporting functions

Safety, Health, Environment and Quality

Implements safe service principles and leads Route Services environment and sustainable development strategy.

Finance and Business Support

Provides professional support and guidance to the teams across the business to help people make informed decisions.

Human Resources

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

Route Services explained cont'd

National programmes

We will deliver significant national programmes on behalf of Network Rail..

Intelligent Infrastructure (II)

Using digitisation and innovation to help routes and regions predict potential failures and proactively manage their assets using the most effective asset management and maintenance regime and technologies.
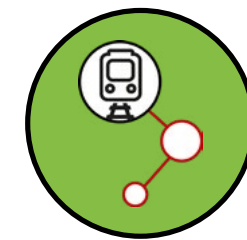
Infrastructure Monitoring (IM)

Delivering the next generation digital infrastructure monitoring and inspection service that helps our route and regional customers deliver a safe and reliable railway for our passengers and freight users.

Electrical Safety Delivery (ESD)

Enabling a step change in workforce safety for the industry as outlined by the electrical safety strategy and to deliver regulatory commitments to the Office of Rail and Road (ORR).

Project Reach

Attracting private investment to help fund the upgrade of telecoms infrastructure across the railway to improve performance, safety and passenger information.

Route Services explained cont'd

Providing stability in an unpredictable market

We can spot when our materials and services are likely to come under financial pressure. This helps us prioritise funds, while keeping essential services and programmes up and running.

In CP7 we will:

- help bring financial savings to the taxpayer, while maintaining high levels of safety and service
- manage a mixed external supply chain and labour market, doing everything we can to mitigate the financial and practical challenges
- navigate extreme energy price fluctuations while minimising our impact on the environment
- attract and keep talent in an increasingly competitive and fluid labour market with changing social expectations.

Our plan tackles these challenges head-on, showing how we'll continue supporting the needs of our passengers, freight users, our railway and our planet.

Our vision and values

Our vision

Our vision is to be **simpler**, **better** and **greener**.

Simpler: We'll play our part in improving the service we give customers, unifying the railway to make it easier for people to choose rail, growing passenger numbers and freight. We'll root out waste and duplication and stop doing things that don't add value.

Better: We will continue putting passengers first and shifting more goods by rail; encourage local accountability and be more commercially minded. We'll create a new type of rail leader, invest in the skills and safety of our colleagues, and help rebuild the railway with our partners.

Greener: By making rail simpler and better, we will attract more people to the cleanest, greenest form of mass transport, while reducing our own carbon footprint.

We play a vital role in making sure people and goods get where they're needed, supporting Network Rail's vision and Britain's economic prosperity. We achieve this as the trusted partner of our region and route customers and suppliers, working together to keep improving our performance, quality and cost-competitiveness for a better railway through a simpler, better, greener vision.

Our values

Our values align to Network Rail's and guide our work and enable our diverse team of experts to work effectively together. This promotes innovation and allows us to keep improving our services.

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.

Developing our plan

We developed our plan for CP7 alongside routes and regions, acting on their feedback to help us make the right decisions and maximise return on investment. We've prioritised the most critical services to regional delivery – and all within our funding for CP7 to keep providing realistic service levels.

We've built this plan based on sensible financial planning, going through a number of iterations and with close central coordination. This ensures our assumptions are valid and meet our stakeholders' needs.
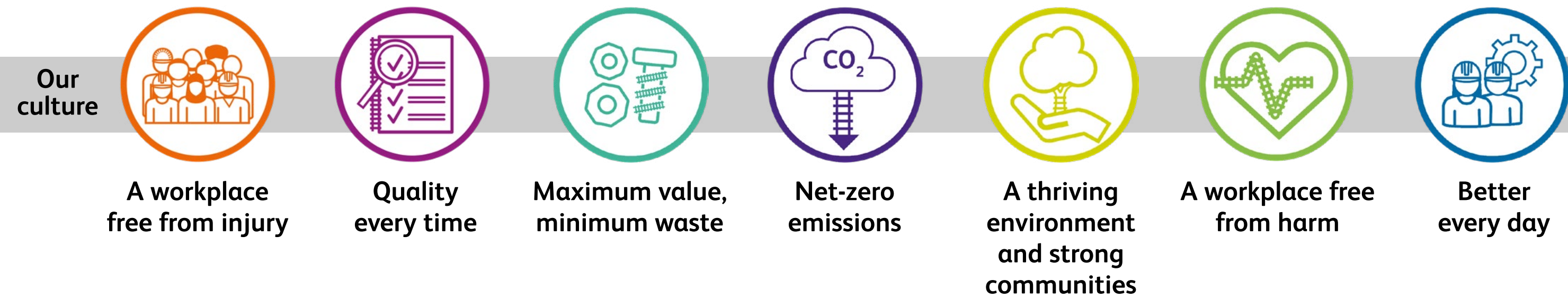
Safety

Our vision for a safer future

Our vision is to provide a safe service that gets everyone **'home safe every day'** and helps them be **'fit for the future'**. We manage safety across areas ranging from national processes and services to direct operations and projects that support our customers.

We've developed a strategy that focuses on improving the safety, health and wellbeing of our people, as well as the quality of our products.

Building on what we learned in CP6, we're still guided by our culture of Safe Service. We'll protect our people, contractors and passengers by managing train accident risk and workplace safety, putting the right systems and practices in place to remove risks wherever possible. We'll work with our supply chain and with the wider industry to ensure a safe, high-performing railway.

What does a Safe Service look like?

Our culture

A workplace free from injury

Quality every time

Maximum value, minimum waste

Net-zero emissions

A thriving environment and strong communities

A workplace free from harm

Better every day

everyone home safe every day

a railway fit for the future

everyone fit for the future

Safety improvements across the railway

We launched our Safe Service programme in 2021. Its approach is based on local plans that make sure our depots, worksites and offices are safe. For example having safe equipment. In CP7, we'll build on this with further safety improvements:

- providing the services and improvements routes and regions need to make sure we have safe performance
- making sure we have Safe Service becomes the standard
- improving Safety, Health, Environment and Quality (SHEQ) performance
- improving machinery safety and separating colleagues from live trains and track
- improving our teams' health and wellbeing to help them thrive.

Alongside these improvements, we'll keep developing decision support apps that provide smarter insights for routes and regions using data from the Intelligent Infrastructure (II) programme. This lets us target improvements where they're needed most, and where they'll have greatest impact on the railway as a whole – such as protecting a route from landslips.

Throughout Safe Service, we have measured key metrics such as workforce Fatalities and Weighted Injuries (FWI), engagement with safety conversations and personal accountability for safety. We finished CP6 in a position where these metrics have shown a year on year reduction, with FWI at a historically low 0.034. In CP7 we will work hard to maintain this performance.

We are not complacent, we also record Lost Time Injury Frequency Rate (LTIFR) and triggering of Worksafe and Close Calls. These give us a different perspective on our approach to safety and mean that we spot trends and themes to predict and prevent.

FWI is at a record low, but LTIFR has increased to 0.16. Although this is still half of the average LTIFR for Network Rail, it is an increase for Route Services and we are diligently investigating what has changed. Safe Service was developed with agility at its heart so we'll be able to incorporate learning quickly.

Safer working practices

We'll make our workforce safer by improving machinery safety and separating colleagues from live trains and track. We'll also continue implementing technology to improve track worker safety, such as better electrical safety. Enhanced infrastructure monitoring will make sure colleagues spend access time fixing faults rather than inspecting.
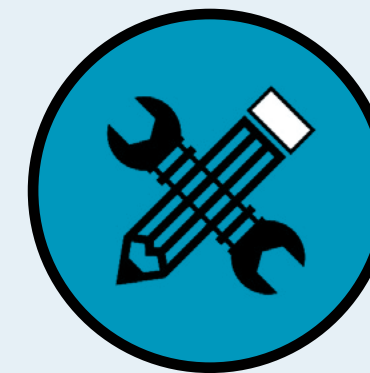
Infrastructure safety improvements

We'll continue investing in safety improvements to our infrastructure, such as fitting anti-collision technology for trains and other on-track equipment. We'll invest in safety improvements at depots and design out hazards in new and existing trains.

Improving health and wellbeing to help our teams thrive

We'll aim to prevent harm and long-term ill health among our workforce by continually identifying and managing workplace health hazards and risks. We'll pay close attention to health monitoring and support those with physical and mental health conditions, as well as improving our fixed and mobile welfare. Our rostering software will help support fatigue management, and we'll promote healthy, active and balanced lifestyle choices.

Safety forecasts

	2023/24*	2024/25	2025/26	2026/27	2027/28	2028/29
Fatalities and Weighted Injuries (FWI)	0.034	0.033	0.033	0.033	0.033	0.033
Personal Accountability for Safety (PAFS)	92	91	91	91	91	91

*CP6 exit positions are based on a forecast as at February 2024.

Train service delivery

We provide services that directly support our route and regional customers in delivering their train service to passengers and freight users.

These services include renewing track and Overhead Line Equipment (OLE) using our specialist train fleet and providing specialist skilled people to renew and maintain mechanical locking signalling equipment. We also deliver millions of tonnes of construction materials and components to support our customers' maintenance and renewals activities.

During the last year of CP6, we delivered more than 750,000 tonnes of new ballast, which is used on renewals to improve the condition of our railway, to worksites nationwide. Our overhead line engineering train renewed the equivalent of 31 miles of overhead line wires, including 2,100 components on the existing OLE system on the North West & Central route.

Each year, we play an essential role during autumn because train performance is affected by leaf fall, resulting in adhesion issues on the railhead which affects braking. In 2023–24, we delivered 928,000 miles of treatment across the railway. Our fleet of trains deploys high-pressure water jets to remove debris from the rail to support the safe and reliable delivery of the train timetable.

When something goes wrong, our services can directly impact our passengers and freight services by causing delays. We continually review how best we can mitigate this by putting in place contingency plans to make sure disruption is minimal.

A great customer experience

Our plans for CP7 reflect that we provide a key support role in making sure the operation of the railway is not only safe, but also a great experience for our passengers and freight users. We'll work closely and positively with our customers and colleagues in the routes and regions, aiming to be an engaged, efficient, and dependable partner.

Whole industry approach
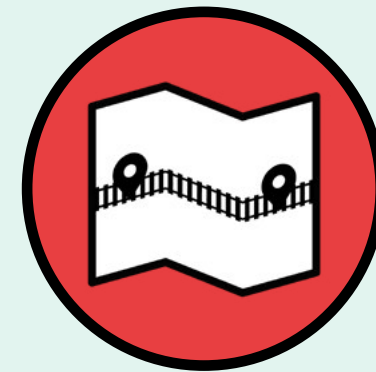
We're market-led in everything that we do, prioritising the services that are most important to our route and region customers and working with them to make decisions that deliver what our passengers and freight users want. In CP7 we have protected funding for the core services that routes and regions consistently tell us they rely on like delivering materials and providing core IT and telecoms capability. We'll keep looking at the best way to deliver agreed outcomes and continually review whether we get the best value by delivering ourselves or through our supply chain. Our approach to delivering Infrastructure Monitoring (IM) by engaging our route and regional customers and the supply chain to determine the best delivery model for CP7 is one example.

Improving passenger and freight services

We're working hard to reduce delays and disruption, stopping faults before they happen and responding more quickly to failures in the assets that cause disruption to train services. We'll measure this in delay minutes on our scorecard. We'll also continue to support our route and region colleagues by recommending better ways of working and increasing our use of technology.

Improving passenger satisfaction
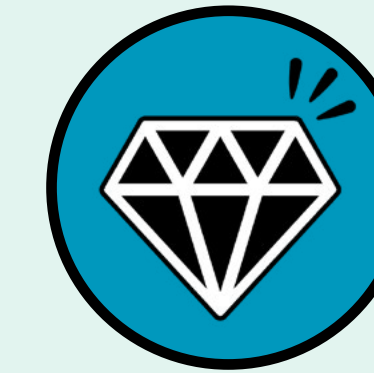
We'll focus on passengers' day-to-day experience across many areas, from managing lifts and escalators across the railway to supporting digital signage in stations to give passengers the up-to-the-minute planning information they rely on.

Measuring performance

Doing what we've promised and providing services to a high standard is extremely important to us, and our scorecard reflects this. Its objectives keep us in line with aims such as ensuring we're on the side of passengers and freight users, easy to engage with, proud to work for Network Rail and an instinctive industry leader. Our Safety, Health, Environment and Quality (SHEQ) team provide overall governance of safety in Route Services and escalate concerns to our executive team through routine reviews and performance monitoring.

Customers and communities

In every aspect of what we do, our approach is to put our customers first. In CP7 we'll build on the work done to embed understanding of what this means, by helping our people to act in a customer-focused way instinctively.

We've set up a dedicated Customer Experience programme to make us easier to engage with. We'll equip leaders with the knowledge, skills and resources to inspire and upskill their teams, while developing a clear aim for excellent customer service that aligns with Network Rail's vision.

We will achieve the above by:

- helping teams to understand their customer and what they think of their service
- helping teams to turn data and insight into action
- enabling a service mindset to improve customer experience.

People who live near the railway

We're always considerate of people who live near the railway when carrying out work. We use the Network Rail social value framework and relevant policies to help minimise our impact on their daily lives. In CP7, our rail and facilities investment looks at how to improve this further, including using new technology. For example moving away from diesel generators to reduce noise on our trains and work sites.

We ensure lifts and escalators are working across the railway to get our passengers where they need to be and provide products and services that connect communities, including the Flow Bridge in Craven Arms pictured below.

We'll also connect national workstreams that have a social value element:

- Safety
- Wellbeing
- Accessibility
- Environmental management.

Efficiency

We set out ambitious operational expenditure (opex) and capital expenditure (capex) efficiency targets for CP7 in our strategic business plan and we're committed to them.

While we're committed to achieving them, it's going to be challenging. That's because in exceeding our CP6 targets, we created an efficient foundation by making savings that were often one-offs – like the way we have transformed how we manage our programme delivery, and how we oversee our supplier contracts and restructuring our workforce and services after modernisation.

We've contributed significantly to Network Rail's efficiency delivery throughout CP6, offering better value for money. This has included our recent modernisation programme, which has reassessed our operating structure to make sure our services continue to meet our customers' needs. This has resulted in c.£75m per annum cost reduction.

We met our financial targets in CP6, achieving around £0.5bn of internal efficiency thanks to initiatives such as one off contract negotiations in wheeled plant and changes in the way we run the concrete sleeper factory.

We'll have broadly the same level of funding in CP7, but with new accountabilities. This makes it even more challenging to meet our efficiency targets, but we're still committed to achieving £0.5bn of internal efficiency and enabling over £0.2bn more for our regional customers in their plans.

Our initiatives and national programmes also bring wider industry, performance and safety benefits to achieve our **simpler**, **better** and **greener** vision.

Internal efficiency plans and opportunities

Internal efficiencies are those that generate savings in Route Services net spend after offcharging our services to regions.

We'll achieve much of our planned CP7 internal efficiency through commercial and workbank cost drivers, local options, and we'll keep doing things differently to redesign the work we do so we can meet our efficiency stretch targets. Given the changes we've already made in CP6, there will be few chances for us to make efficiencies by rationalising our workforce.

Addressing the stretch and getting ready for CP7

To make sure we deliver our share of efficiency in CP7, we've included a stretch target in our internal efficiency delivery plan. In preparing for this, we implemented:

Efficiency readiness reviews

We set up a new periodic committee made up of business experts and finance colleagues and chaired by a member of the Route Services executive leadership team. This developed our CP7 efficiency plans by:

- giving full transparency of our efficiency plans
- generating ideas and allowing functions to work together to meet our efficiency target, including stretch
- understanding the maturity of our plans, as well as any risks and how these can be reduced
- allowing for joined-up delivery
- providing challenge and holding functions to deliver targeted efficiency.

Efficiency workshops

We held workshops with our programmes and functions. These were a chance to review the details behind our efficiency plans and share best practices from other areas. We developed a questionnaire for the organisation to gather new ways of generating efficiency to add to our plans.

Efficiency targets

	2023/24*	2024/25	2025/26	2026/27	2027/28	2028/29
Opex (£m)	89	13	26	41	36	33
Capex exc. Reach (£m)	26	28	47	40	41	37
Reach (£m)	0	2	20	32	30	31

*CP6 exit positions are based on a forecast as at February 2024.

Table 1: Internal efficiency summary

Efficiency area	£m
Information Technology (IT) Opex efficiencies of c.£33m will be delivered via activity to replace, retire, reduce, and renegotiate services/contracts. Capex efficiencies of c.£31m will be achieved by utilising approaches such as evergreening, virtualisation, hybrid delivery, and enhanced supply chain management.	64
Infrastructure Monitoring (IM) Moving to a data as a service model instead of replacing the current fleet on a like for like basis reduces the cash requirement for Network Rail in CP7.	49
Telecom Services Extending asset life and targeting essential renewals through a risk based approach alongside standardising design, deployment and migration of network to reduce costs and deliver more.	53
Electrical Safety Delivery (ESD) Efficient deployment of process, standards and culture change to regions and the supply chain.	22
Intelligent Infrastructure (II) Changing internal resources to a more efficient model.	12
Supply Chain Operations (SCO) Asset Information Services (AIS) – Standardisation and improved interoperability of systems will increase data sharing with decision support tools. This will give decision makers the data they need to make better business choices. Rail Innovation and Development Centre (RIDC) – A variety of improvements are planned to our sites which will create opportunities for more efficient delivery and increased income.	5
Business Services Enhancing sponsorship capability, digitising manual processes using technology already available and establishing a robust procurement activity lookahead with active engagement.	2
Engineering Services Remodelled organisation is more flexible and provides better alignment and synergies.	2
Additional efficiency to be identified within CP7 Over the course of the control period Route Services will work closely with our key stakeholders to generate further opportunity within our delivery plan to achieve the efficiency stretch target.	134
Total	**343**
Project Reach As part of our initiative to create a safer, more modern and digitally-connected rail network, our Reach programme aims to secure significant private sector funding towards upgrading trackside fibre cable and wireless infrastructure along the rail network, thus reducing reliance on subsidies from government or passengers.	113
Total including Reach	**456**

Enabling efficiency for our customers

As well as making Route Services more efficient, we'll also be helping regions make cost savings of up to £0.8bn in their plans. We are working closely with our customers to realise this efficiency and embed it.

We believe that more than £0.2bn of this can be reported as direct operational or capital expenditure savings with the remainder making improvement to performance, safety and compliance. We will continue to work with our route and regional customers so they can maximise the benefits from the work we do.

How we'll deliver this

Commercial and Procurement (C&P): We'll achieve further efficiency through procurement and commercial activities throughout CP7. We'll use approaches such as volume aggregation, increasing innovation and optimising specifications to increase competitive advantage.

Intelligent Infrastructure (II): We'll use data from across the railway to provide tools for front line colleagues that are:
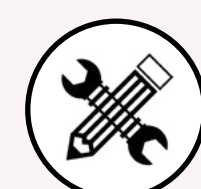
passenger-focused: predictive technology will minimise the impact of disruption on passengers
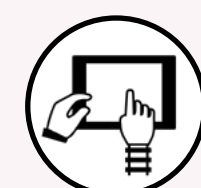
safer: we'll make the railway safer by minimising unplanned work and spending less time trackside

timely: we'll use driving predict and prevent technology to minimise failures that cause delays or cancellations

smart and seamless: we'll optimise maintenance and renewal schedules and prioritise work where it's needed most

accessible: we'll make data accessible from anywhere on the railway and our work locations, at any time, through handheld devices.

Infrastructure Monitoring (IM): Our customers can reduce costs associated with Maintenance Standard Tasks (MSTs) and Service Affecting Failures (SAFs) using our data. This will allow greater efficiency for regional Modernising Maintenance (MM).

Electrical Safety Delivery (ESD): This programme will bring the industry the safest possible technology, culture, tools and processes. It will reduce the electrical safety risk to our colleagues to the lowest practical level, as well as allowing us to improve track colleagues safety and productivity.

Engineering Services: This is made up of a wide range of engineering teams who work on everything from systems analysis to product design, installation and commissioning. Their insight and recommendations improve our customers' performance and reliability and reduces cost, risk and time in their capital projects.

Supply Chain Operations (SCO): Savings in our unit rate drive efficiency through the supply chain, including reducing costs through the operational improvement programme, service rationalisation, introducing robotic data inputting and better contract management.

Digital, Data and Technology Services (DDaT): Digital factory offers a range of digital services that can solve business problems and transform processes, as well as build apps, integrations, automation and other smart solutions that bring real benefits to Network Rail and the wider rail industry.

Sustainable growth

Route Services plays a key role in Network Rail's sustainability efforts, and our strategic sustainability framework is an important part of the overall Route Services Safe Service strategy. In this, we've set out the priorities, strategy and guiding principles we'll need to make our services more sustainable.

Our strategy aligns with Network Rail's environmental sustainability strategy and our **simpler**, **better** and **greener** vision. This will help us become an environmentally sustainable, socially responsible and low-carbon business.

Route Services key priorities

Low emissions ***decarbonise to become Net Zero by 2050***	Environmental and social stewardship ***operate to the highest environmental and social standards***	Circular economy ***minimise waste and use natural resources efficiently***
We'll achieve net zero carbon emissions by 2050 (2045 in Scotland) and deliver continual improvements to air quality so that our passengers, people who live near the railway and colleagues breathe healthier air.	We'll prepare the railway infrastructure to minimise the impacts of climate change by 2050. We'll continue to look after nature and protect, maintain and enhance biodiversity across the railway. We'll ensure the railway is socially responsible.	We'll reuse, repurpose or redeploy all surplus resources, minimise use of resources, design out waste and embed waste lifecycle/circular economy thinking into the rail industry by 2035.

Sustainable growth cont'd

The Route Services Sustainability Delivery Plans (SDPs) outline how we'll put this ambition into action. They provide clear deliverables tied to our top priorities, putting activity in motion to achieve results that will extend into CP7 and beyond.

Circular economy workstreams

Route Services function	Key Route Services workstreams	CP7 outcome
Supply Chain Operations (SCO)	Regional distribution centre initiatives	20 % of 'end of life' track materials and aggregates are redeployed for high value re-use (internally or externally) by 2029
	SMART depot	Seasonal treatment water consumption reduced by 25 % by 2029
	Waste reporting	Material reuse and redeploy systems embedded into procurement by end of 2024/25
	Track materials dashboard	
Commercial & Procurement (C&P)	Supplier engagement	Main concrete and steel suppliers obtain BES 6001 certification and provide an Environmental Production Declaration (EPD) or Life Cycle Assessment (LCA) as standard by 2025
	Sustainable procurement programme	
	'Green steel' tender	Re-used materials embedded in design cycle by 2027
Engineering services	Resource efficiency in design	

Low energy and carbon workstreams

Route Services function	Key Route Services workstreams	CP7 outcome
Supply Chain Operations (SCO)	Road fleet transformation programme	100 % of car and van fleet to be electric
	SCO emissions baselining and action plans	Route Services emissions baselined by end of 2024/25
	Depot metering and upgrades	46 % reduction in carbon emissions by 2029
Commercial & Procurement (C&P)	Low carbon assets and components	
	Renewable energy procurement	Carbon pricing influences sourcing decision by 2027
	Supplier carbon engagement	
Engineering services	Investigate hydrogen as a power source for railway applications	46 % reduction in carbon emissions by 2029
	Whole life carbon design integration	Whole life carbon embedded into design process by 2027

Sustainable growth cont'd

Environment and social stewardship workstreams

Route Services function	Key Route Services workstreams	CP7 outcome
All functions	Volunteering	At least 1,000 volunteer days every year
Intelligent infrastructure (II)	Science, Technology, Engineering, Arts and Mathematics (STEAM)	New entrants represent at least 3 % of headcount
	Weather services platform	Facilities adapted to climate change by 2029
Supply Chain Operations (SCO)	Biodiversity depot enhancements	No net loss of biodiversity by end of 2024/25
Engineering services	Climate adaption studies and designing in climate resilience	Rail assets designed for weather resilience by end of 2024/25

Sustainable growth measures and scorecard

- We're in the early stages of our sustainable growth journey, so we're still discussing which scorecard metrics are the best way to measure it.
- We will be supporting delivery against the national targets and we have made a commitment to understanding our carbon baseline.
- We're also considering including metrics such as training, business travel emissions, environmental incidents and volunteer leave.

People

During CP6 we worked hard at improving Equity, Diversity and Inclusion, enabling better recruitment and development and building our approach to workforce planning to allow us to build a high quality diverse and committed workforce.

In CP7 we will build on that progress, focusing on five key strategic themes that will underpin creating a **Great Culture** in Route Services.

Delivering on our people plan will make Route Services a better place to work for our colleagues, a simpler and more agile organisation to interact with for our colleagues and customers and will ensure that we provide a greener service to our customers and passengers.

We'll have five important focus areas:

Equity, Diversity and Inclusion (ED&I): ensuring representation and increasing inclusion for colleagues from every background.

We'll deliver our commitment to the **Everyone Matters strategy** and measure our progress to increase representation and inclusion for gender, ethnicity and disability making the working environment better so that colleagues can fulfil their potential. We'll be embedding ED&I measures in how we review business effectiveness, including employee networks in our day to day operating environment and working hard to attract and retain diverse apprentices and graduates to protect our future.

Engagement: developing a caring environment where colleagues feel supported and valued.

We'll create a safe and inclusive culture by fostering collaboration, ensuring simple, fair and equitable reward and recognition and building mature relationships with our trade union colleagues at local and functional levels to deliver the business agenda effectively. We'll make sure our onboarding and communication is simple and engaging and we'll measure engagement regularly through regular pulse surveys so we know if we're getting it right.

Talent: releasing the potential of all our colleagues and enabling outstanding leadership.

Focusing on **what it takes** to be a great leader across all areas of the business will make sure we have great leadership in Route Services. We'll know we've succeeded when we've improved leadership diversity across senior/middle management, our people have the tools to work safely and effectively and we can be agile to get the right people, in the right place, at the right time.
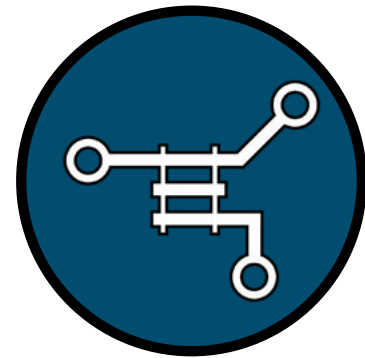
Change: designing and implementing a modernised, efficient and sustainable Route Services business that's on the side of passengers and freight users.

Some of our key CP7 deliverables involve embedding business change. We'll adopt a simple, efficient, modernised approach to delivering change that will mean we can bring to life the Safe Service vision in support of everyone home safe every day. We'll use technology effectively to empower our people to innovate and make sure the role of culture is understood and our leaders are skilled in the principles needed to design **Better Work**.

Health and wellbeing: creating an open and trusting environment where everyone can bring their whole selves to work.

Wellbeing and health contribute to better colleague safety and business performance. We'll use training to build line manager confidence, design work and processes to support wellbeing and strengthen our community of wellbeing ambassadors to create an environment where everyone cares for one another in line with **Route Services Safe Service programme.** Creating better ways to monitor health and wellbeing will mean everyone can speak out and challenge in the interest of safety – both physical and psychological.

Measuring performance

Employee engagement is our key measure of performance, telling us whether our people are committed to the organisation.

People forecasts

	2023/24*	2024/25	2025/26	2026/27	2027/28	2028/29
Employee engagement	46 %	47 %	48 %	49 %	49 %	49 %

*CP6 exit positions are based on a forecast as at February 2024.

How we've developed our plans

Our iterative planning approach

With a challenging and uncertain inflationary context, rail industry revenue significantly lower than forecast pre-pandemic, pressures on wider Government finances, alongside ageing assets and the impacts of climate change, our funding for CP7 needs to go further than previous control periods.

Our plan reflects the opportunities open to us, taking into account available funding and our current customer base and scope. At times, we've had to make trade-offs between our core plan and national programmes, and between different priorities within them. This was helped by deep dive reviews, discussion with our customers and considerations of corporate priorities for both the next five years and the longer term.

Our plans go through a series of rounds to keep improving them. We work closely with our route and region customers to agree investment priorities.

We aim to:

- prioritise safety
- choose investments that mean we can provide a better passenger and customer experience
- create plans and pick investments that bring overall economic value or lower business risk
- enable good asset management decisions
- prioritise initiatives that make the railway more sustainable and reduce our overall carbon footprint.

We will need to remain agile to respond to the challenges and opportunities ahead of us over the control period, which will also require flexibility in the way we are regulated.

CP7 asset management

Developing and implementing Network Rail's Asset Management System (AMS) is central to our plans to improve performance and safety in CP7. We'll do this by developing systems and processes to support and inform asset management planning and future investment. This will keep asset decisions clearly aligned with Network Rail's strategic objectives.

Asset management is complex for us. It involves collecting and distributing data across the entire industry, while running Network Rail's fleet of trains and the country's second largest telecommunications team. We've therefore segregated our asset management structure by asset type, with three core types of asset management strategy:

Commercial strategy: driving asset choices and outcomes, for example road fleet.

Category strategy: establishing the long-term requirements for the association between assets and the outcomes, for example, tamping and regulating.
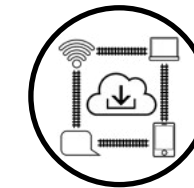
Asset management plan: a traditional method for assets like those found within manufacturing, such as our long welded rail depot.

All our individual asset management plans and strategies align with the overall Strategic Asset Management Plan (SAMP). This sets out our objectives and how we'll make them happen, supported by our new quarterly asset management steering group.

How we've developed our plans cont'd

Our approach to asset data

Information is one of Network Rail's most valuable assets. We know we need the right data, at the right time, interpreted in the right way and that it needs to be reliable.

In Route Services we deliver key services that provide information about our route and regional assets essential to them delivering efficiently and safely. Our Intelligent Infrastructure (II) programme is one of Network Rail's key asset data initiatives our Asset Information Services (AIS) team and Infrastructure Monitoring (IM) programme collect information about railway asset condition and our Digital Data and Technology (DDaT) services teams provide the infrastructure and systems needed to store and use the data we have.

Asset data quality was a key focus for us in CP6. For example our II programme has created a way of aligning and validating run on run track geometry data. This programme also aligns and validates the same for rail management parameters and overhead line data from our IM and our Unattended Geometry Measurement System (UGMS) trains. This gives us more reliable data about the railway and the ability to predict deteriorations and identify quality issues within the measurement data. We've also developed an automated way to manage the quality of the remote condition monitoring data from point operating equipment that helps us quickly remove bad data from our models.

Building on our successes and our learning, in CP7 our approach will complement Technical Authority's (TA's) asset data and information management strategy, particularly focusing on making sure there is appropriate governance, clarity of accountabilities and accessibility.

Our Electrical Safety Delivery (ESD) programme will embed data in core governance processes. We'll do this by developing leading indicators aligned to commitments in the ESD strategy and producing cost and volume definitions as technology matures to lay the foundation for CP8 planning. Our II programme will be working with AIS to roll out run on run comparison as a tool to identify and fix suspect data across the service. We've also completed proof of concept for tools to support improved data accuracy in maintenance planning, rail profile reporting and Remote Condition Monitoring (RCM) which will be rolled out in CP7, delivering safety and productivity benefits to our customers.

CP7 financial summary

Our approach

Operational expenditure

In CP7, we're planning to spend £1.5bn a year to deliver our service.

We'll charge £1.1bn a year of this directly to Network Rail regions based on their needs. The remaining expenditure will fund country-wide corporate services, such as Digital Data and Technology (DDaT)services, Commercial and Procurement (C&P) and Infrastructure Monitoring (IM).

Capital expenditure

In CP7 we will spend £1.6bn on renewing our assets.

This is a reduction of nearly 30 % compared to CP6 reflecting the tough decisions we've had to make to prioritise our plan.

Operational expenditure

Our operational expenditure (opex) is mainly split between maintenance and support. We're the only railway-wide function with operational expenditure outside support costs.

Excluding recharges to regions, we expect operational expenditure to rise in CP7 due to increases in areas such as Intelligent Infrastructure (II) and Digital, Data and Technology Services (DDaT).

Infrastructure monitoring is one of the largest increases, because the service needs improving and will move from capex to opex because it will be delivered differently. Large increases in information technology (IT) costs are due to a combination of digitising more services and specific cost pressures within the IT industry, as well as the growth of our IT estate.

Capital expenditure

Our capital expenditure includes renewals of assets for our core services. For example IT and telecom assets and the supply chain trains that provide critical services to the railway as well as our decarbonisation programme. We will also fund national improvement programmes like Electrical Safety Delivery (ESD), Intelligent Infrastructure (II) and project reach.

CP7 financial summary

£m in cash prices	CP6 exit	CP7 baseline					
	2023/24*	2024/25	2025/26	2026/27	2027/28	2028/29	CP7 Total
Support and operations	235	299	301	329	345	350	1,624
Maintenance	88	112	114	124	130	132	612
Renewals	373	373	365	327	281	268	1,614
Risk funding	–	–	16	21	25	32	94
Allocated expenditure	(696)	(783)	(797)	(802)	(782)	(781)	(3,945)

*CP6 exit positions are based on a forecast as at February 2024.

Note: Route Services do not incur industry costs and rates or electricity for traction costs and these are therefore excluded from the table above.

As part of finalising this delivery plan, as agreed with ORR, there has been a reclassification of some expenditure between operations, maintenance and support which means that these categories cannot directly be compared to our Draft Determination response or our CP7 Strategic Business Plan.

Risks and opportunities

Risk management

The risk landscape is constantly changing and this will create challenges impacting our ability to deliver our plan. During our planning process we have sought to assess and quantify the likely impact of these risks to identify the level of funding required with a degree of flexibility to manage unforeseeable risks.

We ensure we have effective risk management strategies in place to identify, assess and manage risks in accordance with the Network Rail's enterprise risk management standard and policy. Our risks are reviewed regularly and managed at all levels, from operational level to strategic corporate level, with appropriate mitigations and control.

We routinely undertake horizon scanning and monitor the external environment to identify risks which may impact upon delivering our services.

As well as risks, we continue to explore opportunities whereby we can realise greater performance and efficiencies. We will continue to be flexible and agile throughout CP7 to allow us to adapt to changing conditions.

Risk portfolio

The main drivers of risk and uncertainty that have the potential to impact delivering our CP7 strategic themes are:

Safety

Effectively managing safety risk is at the heart of Safe Service. Through risk management we proactively identify safety risks to make sure we deliver safe and reliable services that meet our customers' needs and protect our workforce from safety incidents.

Supply chain

We are reliant on a large number of suppliers for critical goods, services, materials, plant or labour to allow us to deliver our services. We are closely monitoring risk to the disruption of supply through cost increases and supply chain failure to minimise disruption to train services and increased spend.

Customers and communities

We've identified risks impacting our ability to put our customers first throughout our operational portfolio of risks. Our focus is to provide agreed services to our route and regional customers and to deliver national programmes to plan.

Sustainable growth and the environment

We recognise climate change resilience and adaptation as a key risk to sustainable growth.

People

We've identified people risks mainly around recruiting and retaining key skills and industry knowledge and our ability to create and retain digital capability.

Financial risk

Our CP7 plan reflects our best estimate for the cost of achieving our objectives and the income we expect to receive.

We've gained confidence in our plan through several rounds of review, working alongside our region colleagues and members of Network Rail's executive leadership team.

Should risk materialise during CP7 to the extent that we can't manage within our existing budgets, or should significant financial opportunity arise, we'll discuss this with our regional customers and group finance to agree on the best approach to support Network Rail.

We've put the costs of the major parts of our plan through internal reviews with the regional teams to make sure we're allocating the right level of funding to these activities. We've also assessed the activities needed to ensure compliance with our legal and regulatory obligations to protect these.

The most significant financial risks we face are the impact of high general inflation, high commodity prices and increasing labour costs in the digital and construction sectors. We've embedded the overall impact of higher material prices within the regional plans based on the predicted unit costs we've provided. Within these, we've considered market pressures within specific commodities, such as steel, as well as a realistic efficiency assessment. For high-value, on-going goods and services requirements, we've put in place long-term framework contracts to limit our financial risks.

Governance and assurance

Assurance framework

Our assurance follows the widely recognised three-line model. The output of these activities feeds into our governance structure and helps us make smarter business decisions.

Network Rail manages its business as a system of processes. These form the foundation of our network operating model. There are 16 core process categories, and we're the owners of both the commercial and procurement and information technology core processes.

The processes within these categories are fully defined. We're working to align our entire service offering to the core process owners' process definitions. We'll work with them to ensure we map our controls and identify, capture, update, write and publish any gaps on the Network Rail Integrated Management System (IMS).

First line of defence

- Lies within the service offerings that Route Services provide
- Activities that create and/or manage the risks that can facilitate or prevent achieving objectives
- Owns the risk, and the design and execution of controls to respond to those risks.

Second line of defence

- Supports management with expertise, processes, and risk management
- Monitoring alongside the first line to help ensure that risk and control are effectively managed
- Separate from first line but under the direction of senior management in Route Services.

Third line of defence

- Provides assurance to Route Services executive team
- Separate from our services to protect objectivity and organisational independence
- The regulator will also carry out independent review of Route Services.

Governance

Every four weeks, we hold a periodic assurance review, which forms a key part of our governance reviewing what our assurance and risk activities are telling us about the organisation. It's an opportunity to highlight any findings with the right people. Each of our functions also have quarterly Business Assurance Committees (BACs) that meet to discuss, review and declare anything that needs escalating.

A functional scorecard, established investment panel and robust supervision of our key strategic programmes also underpin this. These periodic controls oversee delivery and compare action against the plan across our strategic themes, allowing us to report accurately to stakeholders and deliver **simpler**, **better**, **greener**.

Delivery for 2024 to 2025

Our plan for 2024/25 focuses on maintaining our core service offering and delivering the key components of our national programmes that will unlock benefits for our customers. Key activities include:

Core functions

Supply Chain Operations (SCO)

- Raynes Park version 5 Uplift: The first deployment of Traction Power Centralised Management System (TPCMS) – successful deployment improves certainty in the forward schedule and completion cost of the programme.

- Rugby version 5 Migration: The first migration of version 5 from a legacy Supervisory Control and Data Acquisition (SCADA) system and the first AC deployment to enable the remote securing trial for the Electrical Safety Delivery (ESD) programme and further improve schedule confidence.

- Decarbonisation: Sub-meter complex and high consumption Supply Chain Operation (SCO) sites to improve our energy consumption baseline.

- Complete 23 electric vehicle (EV) charge point site feasibility studies and 30 detailed designs to support the installation of EV Charge points. Install 40 EV charging sockets for operational vehicle use.

- Holgate: safety critical renewals including depot personnel protection system across all 12 working bays, which will offer a compliant system with Radio Frequency Identification (RFID), engineering controls and vice administration controls.

- Multi-purpose stoneblower fleet renewals: deliver the first new stoneblower machine with build starting on further machines in CP7.

- Seek Cabinet Office approval for rail delivery train ahead of contract award in December 2024. Interim design will begin in early 2025.

- Fit European Train Control System (ETCS) to on-track machines: Secure investment authority for contract awards for Network Rail owned machines and begin design on first-in-class vehicles.

Digital, Data and Technology services (DDaT)

- Begin the end user computer device refresh programme, which will replace expired desktops and laptops for all Network Rail colleagues.

- Deliver the 'Train Movement Viewer' service to replace an expired application used by signallers to see the location of trains.

- Commence further phases of the rostering solution, planning four remote condition monitoring programmes, which are all essential for the routes and regions.

- Start the build phase of our work to provide alternative communication at sites that currently rely on the Public Switched Telephone Network (PSTN). This is needed ahead of BT switching it off in 2025.

- Legacy migration and Fixed Telecom Network (FTN).

- Transformation of the existing corporate network across Network Rail sites to a new, highly secure, robust software defined network.

- Global System for Mobile Communications-Railway (GSM-R) – Progress core renewals programme and base station controller site enhancements with completion planned for Year 2 of CP7.

- Migration of customer data to allow focus on data centre network and refresh.

- Delivery of business tools application improvements such as Cramer, business tools network performance management and fibre cable consolidation.

Delivery for 2024 to 2025 _{cont'd}

Engineering Services

- We will continue on our path to take responsibility for the assets where Route Services is the sole occupier or user of and become the custodian of assets on behalf of our function. Investing in these to reduce risk at first principles by undertaking robust surveying and fixing issues.

- Having aligned our services in CP6, we will focus heavily on how we deliver solutions to complex industry challenges on behalf of our routes and regions, acting as an intelligent client, we will work to become bold innovators, demonstrating the value our teams can offer to transform the industry.

- Our early engagement in developing the railway for the future means we can make the railway simpler, better and greener. We are working to implement sustainable outcomes, enabling a circular economy whilst connecting communities through our intelligent use of system thinking, enabling design and delivery.

- To maximise the opportunities we create in designing the railway and refining what we have today, we will turn our developments in to delivery opportunities to maximise the industry benefit and do this whilst we respond to our regions specific needs in delivering the day to day requirements of the niche products which we look after on behalf of our network.

Business Services

- We'll reduce waste by replacing core learning systems, virtualising course and assessment renewals and digital training asset development to support future digital railway programmes.

Commercial & Procurement (C&P)

- We'll be supporting contracting of significant procurements across Network Rail.

- Requirements of the Procurement Act 2023 will be implemented from October 2024. The C&P function will facilitate roll out across Network Rail.

Significant national programmes

Intelligent Infrastructure (II)

- We'll carry on essential work to improve civil engineering assets, like earthworks and drainage systems, in response to safety recommendations from the Rail Accident Investigation Branch (RAIB).

- We'll build on the work we did to build predictive models in CP6 to provide insight and recommendations that deliver savings and safety improvements for our customers.

Infrastructure Monitoring (IM)

- We'll define the preferred delivery model for our infrastructure monitoring service and launch the tender process to the market.

- We will work with the supply chain to identify and implement short term solutions for getting the asset information we need to run the railway.

Electrical Safety Delivery (ESD)

- We will continue rolling out our single approach to isolations and remote securing solutions that mean we can turn off the power without going on the track.

- Early adopter route is ready to go live with planned improvements to electrical risk assessment in accordance with updated standards.

Project Reach

- We will sign the contract with the third party that will deliver the project and commence roll out of fibre.