



CP7 Delivery Plan update: Year 2 update

Southern Region

1. Foreword

I am pleased to provide an update on our Southern Region delivery plan for CP7, highlighting our commitments to our customers. Our plan is designed to benefit everyone who uses the railway, while supporting revenue recovery, economic growth, and connectivity across the Region.

We understand the importance of reliable train performance to our customers. Although we faced challenges in delivering consistent performance this year, we are working diligently with our train operating partners to develop and implement insight-based improvement plans for a clear step-change in industry performance. Leading this initiative, we have been rapidly mobilising and deepening track and train integration across the South East Alliance between Network Rail and Southeastern, leveraging the public railway fully. We are also advancing similar activities with South Western Railway and Govia Thameslink Railway, aiming for a more integrated future.



Financial Environment and Expenditure

In a challenging financial environment, our proposed expenditure for CP7 is £7.7 billion, 9 % less than CP6 in comparative terms. While we recognise this is a significant funding settlement, we have made difficult choices to provide the best value and deliver reliable train performance, all while protecting the safety of everyone who uses or interacts with our railway. I am confident we have found the right balance to maximise outputs while committing to significant opex and capital spend efficiencies. We have kept a sharp focus on our spending, delivering our targeted efficiencies of £42 million in this first year.

Southern Renewals Enterprise and Capital Spend Efficiencies

Our capital spend efficiencies are being delivered through a radical approach to renewals delivery: the Southern Renewals Enterprise. Launched in April 2024, we are working in an integrated partnership with four carefully chosen railway partners, combining our strengths to deliver the whole renewals portfolio. Instead of being restricted by traditional contracting models, we are building long-term relationships with our supply chain partners. Everyone is truly incentivised to create better outcomes for our passengers and freight users across cost, safety, performance, and the environment. Strong and stable plans are now in place to continue delivering efficiencies across the control period.

Environmental Responsibility

We recognise our responsibility to positively influence the environment and have committed to reducing our carbon emissions by 20 %. This will be achieved through a transition to electric vehicles across our road fleet and collaboration with the supply chain to make our construction activities more sustainable. We produce thousands of tonnes of waste every year at our big London stations, and in October launched a new partnership with The Green Block to use their innovative waste separating technology which has boosted our recycling rates to over 90 %. But we're committed to doing even more and are aiming to reach 95 %, as well as eradicating the

waste we send to landfill. We're absolutely committed to being cleaner, greener and more socially responsible.

Team Culture

Our business plan will only be achieved with the full support of our dedicated teams. Our ambition is for the Southern Region to be a great place to work, where everyone feels engaged, valued, and cared for. We are continuing our efforts to ensure everyone has the training and skills they need to be safe, competent, and able to deliver excellent service. We are committed to having the right people in the right roles and to embedding our cultural principles and safety ethos so we can get everyone home safe and well every day.

Looking Ahead

This control period marks an exciting chapter in the history of the rail industry and the Southern Region. As a vital part of the UK economy, our railway serves millions of people for both work and leisure. Our CP7 plan sets out a clear path for how we will deliver for the communities we serve. We have made a good start but have more to do. Crucially, our plan is helping to put the railway on a long-term sustainable footing, building on the trust of our customers and stakeholders, and embracing change to ensure that rail remains relevant in a post-Covid landscape.

I've enjoyed leading the Southern Region through the transition into CP7 and am proud of the progress we've made so far. As we move forward, the Region will continue building on this momentum, making Southern an even better place to live, work, and travel.

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2. Our 2024-29 plan on a page

Our Better Together Southern flag presents our Region commitments in one place, the table summarises how our 5-year business plan contributes to Network Rail's strategic themes, and the tiles pull out some of the key outcomes our investments will deliver for our customers.



	Train Service Delivery: We will sustain good levels of performance throughout CP7. We will continue to work with the wider industry to improve value for money and deliver a safe railway for all.
	Health, Safety and Wellbeing: We will work relentlessly to ensure everyone who works for, uses, or interacts with our railway returns home safe and well every day. Our vision is simple; 'Everyone home safe and well everyday'.
	Sustainable Growth: We will embed sustainability at every level. We will focus on being brilliant at the basics and creating the enablers that are needed to truly integrate sustainability into the way we design, build, operate, and maintain the Southern region railway.
	People: We want to make the Southern Region a great place for everyone, where employees feel engaged, valued, and cared for. To support this, we will work together to deliver our shared goals and embed our culture principles.
	Efficiency: We will work with industry partners to develop a whole-industry approach to decide where and how money is spent with a focus on delivering our efficiencies of 15 % Capital expenditure and 10 % Operational expenditure.
	Passengers, Communities and Stakeholders: We will deliver leading customer service, focused on high quality engagement with our lineside neighbours, customers, and broader communities. We will create inclusive, welcoming station environments, accessible to everyone.

Over £3bn investment in infrastructure	Over £610m efficiencies by the end of CP7	Maximise efficiencies through a new integrated delivery model with supply chain
Continued planning and preparation for ETCS	66.0-68.9 % on time performance	Support 2.9 % Freight growth
Delivering 20 % Carbon reduction including 100 % transformation of our road fleet to zero-emission vehicles	Renewal of 1960s Electrification and Plant Assets	A market-led approach to optimise our efficiency outcomes

3. Introduction to this document

3.1 Purpose and background

In March 2024, we published our Control Period 7 (CP7) delivery plan which set out our planned activities, outputs and expenditure for operating, maintaining and renewing the mainline railway infrastructure within Southern Region between 1 April 2024 and 31 March 2029.

This document provides an update on our progress in delivering our CP7 delivery plan and provides an overview of our updated plan for years 2-5 of CP7, clearly identifying any key changes compared to our March 2024 delivery plan.

Financial values expressed in this document are in cash prices (using the Office for Budget Responsibility's (OBR) November 2024 inflation forecast unless otherwise stated.

3.2 Who we are

The Southern Region is made up of the Wessex, Sussex, and Kent routes. It also includes Network Rail High Speed (NRHS), but this subsidiary business is subject to a separate regulatory funding process.

We link major towns and cities, including Bournemouth, Southampton, Portsmouth, Brighton, Canterbury, Ashford and Dover to each other and the capital.



We support key freight flows from the Channel Tunnel and Folkstone to, and through, London and from Southampton to the Midlands. We operate the busiest and most congested rail lines in the country. Our performance impacts the lives of millions of passengers, our lineside neighbours and the freight companies that depend upon us. We are responsible for managing large London stations, including Waterloo, London Bridge and Victoria, and every day carry large numbers of commuters to, and from, the capital as well as serving Gatwick and Southampton air and seaports. Waterloo, London Bridge and Victoria are among the five busiest stations in the UK; and Clapham Junction, London Bridge and Waterloo are the three

busiest interchange stations. Clapham Junction has nearly three times the number of interchanges as the second busiest, London Bridge.

Our Region is structured to support our four operational routes, delivering for passengers and freight users. Other functions within the Region provide vital services to support these routes. This allows close alignment with Train Operating Companies (TOC) and Freight Operating Companies (FOC) with decisions taken by empowered routes, which are as close to our end customers as possible.

In CP7 we have moved to a new delivery model for capital works - the Southern Renewals Enterprise. This is a fundamentally different way of working that allows us to work even more closely with our delivery partners and the supply chain to make sure that we are aligned and incentivised to deliver the outcomes in our Strategic Business Plan. We are confident that it will support us to deliver capital renewal plans more efficiently, safely and sustainably than before.

3.3 How we have updated our plan

A clear line of sight between outcomes, underpinning strategies, resources, and plans has been essential to our plan's development. This alignment allows for a better understanding of trade-offs between different outcomes and strategies.

The 2025 Spending Review, covering the final three years of CP7 (i.e. April 2026 – March 2029), included consideration of Network Rail's OMR budget. The primary outcome is that a relatively small part of our budget has been recategorised under government accounting rules. In addition, we have received a £165m stretch to our plan (covering operational expenditure and income) across England and Wales over the three years.

We will consider the implications of this on our plan and deliverables and will reflect them in next year's Delivery Plan update, noting we don't expect our plans for year 2 to be impacted. Therefore, at this stage, we have not adjusted our planned income, expenditure, activities or outcomes in this document to account for the 2025 Spending Review. Whilst the 2025 Spending Review covers up to March 2030 for capital spend, capital spend in April 2029 – March 2030 will be determined through the Periodic Review process.

3.4 Stakeholder engagement

We are committed to continuous improvement across all our engagement activities and maintaining productive relationships with partners across the rail industry, local communities, as well as our Regional elected and political representatives. Our engagement is both proactive and reactive, covering day-to-day operational issues and strategic themes. This approach includes sustainability and long-term planning, where feedback and collaboration helps us to shape, refine and iterate our emerging plans.

Year 1 of CP7 has been a significant change politically, with more than half of the MPs in our Region being new to Parliament. Constituencies in the Region are well represented in ministerial and shadow ministerial roles. It's therefore critical that we continue to ensure our plans are aligned to those of the new Government both regionally and locally.

We delivered a comprehensive engagement plan before and after the election, including writing to every Parliamentary Candidate before the election, to offer support if they wanted to understand more about our work. Following the election, we refreshed our stakeholder mapping

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and wrote to every MP to introduce ourselves and share our plans in more detail. This generated a series of meetings and ongoing engagements both in the community, at our conferences and at Parliamentary events and drop-in sessions.

In developing our CP7 submission we supplemented our understanding with customer research commissioned through Transport Focus. This reaffirmed that the key priorities of customers are:

- Reliability and punctuality
- Price of tickets and value for money
- Sufficient frequency of trains

Our freight stakeholders have clear priorities around safety and supporting rail freight growth. For the Southern Region this is mainly focused on heavier and longer loads and enhancing gauge on routes to the channel tunnel.

Our stakeholders have helped us identify other priorities and opportunities including:

- Rebuilding passenger trust and confidence to encourage a return to the railway post covid
- Improved accessibility and inclusivity
- Improved orbital and cross-regional connectivity
- Accurate and timely customer information
- Safety of customers, neighbours, and colleagues alike
- Flexibility and capacity to respond to new service demands and freight flows
- Retail and commercial opportunities
- Improved community investment – stakeholders value the legacy we can leave in communities through volunteering, community engagement and by working closely with local groups and community rail partnerships
- Focus on sustainability and the environment.

These are reflected throughout our CP7 plan and our delivery progress over the first year is set out in the relevant sections of this updated plan.

Some priorities and opportunities, such as enhancements to the network, are subject to a separate process and are therefore outside the scope of this plan. These have however, been kept in mind, so that we do not inadvertently inhibit future opportunities.

We recognise that trade-offs between stakeholder priorities become more challenging where there are funding pressures across the plan. Mitigating train accident risk and maintaining an acceptable level of service and performance for freight and passengers is fundamental to rebuild trust and confidence in the railway.

Throughout Year 1 of CP7 we've continued to work closely with stakeholders at all levels from Government and Local Authorities, through community rail and directly with lineside neighbours and local communities. The ORR endorses our approach and, for the second year running, assessed that Southern has the strongest performance on stakeholder engagement out of all Network Rail business units. We will continue our focus and activities to remain best in class.

We continue to effectively communicate with customers and stakeholders about extended line closures to raise awareness and encourage changes in travel behaviour. This helps ensure that closures proceed smoothly without overwhelming the railway and roads. We have successfully

managed planned disruptive engineering works and will continue to do so through early, coordinated communication.

By listening to stakeholder feedback on timings and coordinating with other transport operators, such as the relevant Highways authority, we enhance our planning and execution. Additionally, we give back to the community through various activities, including upgrading local community gardens, donating surplus materials to local schools, and organising careers and skills events for pupils.

4. Governance and assurance

The production of the initial plan during PR23 was overseen by a periodic CP7 steering board, chaired by the Regional Finance Director and DEAM. This board reported into an overarching Regional change board on a periodic basis. Our plan was signed off by the Regional Managing Director and the Regional Executive prior to publication in March 2024.

Now that we have moved into delivering our plan, governance is provided through existing business structures, including the Rolling Forecast process, Periodic and Quarterly Business Reviews and the strategic theme programme boards. These are set out in the Southern Region Business Management System (BMS).

The Southern Region is certified by an external Certification Body, BSi, in three management system standards: ISO 9001 - Quality, ISO14001 - Environmental, and ISO55001- Asset Management. Being certified to International Standards in these disciplines, allows Southern to follow international best practice and to continually improve in the management of our assets, the environment and our processes and ways of working. Our external certification is a key element of our Governance in Southern.

5. Our vision and strategy

In this section we provide an overview of our vision, strategy and outcomes and highlight any changes since our March 2024 CP7 delivery plan.

Our vision: simpler, better and greener

Simpler. We will play our part in improving the service we give to 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 transport more goods by rail, enable 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, help rebuild the railway with our partners and play our part in rail reform.

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.

Our strategic themes

Our plans for CP7 are aligned to the six national strategic themes that underpin our Network Rail vision. Under the devolved structure we have been able to adapt our strategies to meet local circumstances and the stakeholder priorities for this Region, while contributing to the network-wide objectives.

5.1 Southern strategy and outcomes

Our funding for CP7 needs to go further than previous control periods. We are working within a challenging and uncertain inflationary context. Rail industry revenue is significantly lower than forecast pre-pandemic, there are pressures on wider Government financing alongside ageing assets, and we're facing the impacts of climate change. We have therefore focused our strategy on using the funds available to deliver the best outcomes possible in the 2024-29 timeframe. This means some of the choices we have taken may not reflect optimal whole life cost over a long-term basis. Rather, our plan has taken a market-led approach. By this, we mean **that we have prioritised spend on Operations, Maintenance and Renewals, beyond a minimum standard of safety, by actual, or potential, net revenue.**

The primary markets in the Southern Region are the radial and arterial railway lines into London. Our plan, therefore, prioritises these lines. It also recognises that there is a core level of work for all lines to ensure their safe operation both now, and in the longer term. We have assumed that all existing lines will remain in operation for the duration of the control period.

These market-led lines:

- Support both passenger and freight markets
- Are vital to the London and South East economy
- Provide the predominant connectivity for the deprived coastal areas in the South East

83% of people use rail to travel from the wider SE Region into London, compared with only 4% for other journeys. Rail has a clear advantage over other methods of transport when travelling into London. Before the Covid-19 pandemic, the mainline routes into London generated an

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operating surplus, which was greater than the operating costs of the rest of the Region. This is forecast to be recovered by the end of CP7.

We will continue to review and refine our market-led approach throughout CP7. Demand patterns are still evolving post-Covid-19, and we will remain agile to adapt to, and exploit, the opportunities that industry reform generates.



Our plan is structured around Network Rail's six strategic themes:

Safety and Wellbeing

- People
- Train Service Delivery
- Passengers, Communities and Stakeholders
- Efficiency
- Sustainable Growth

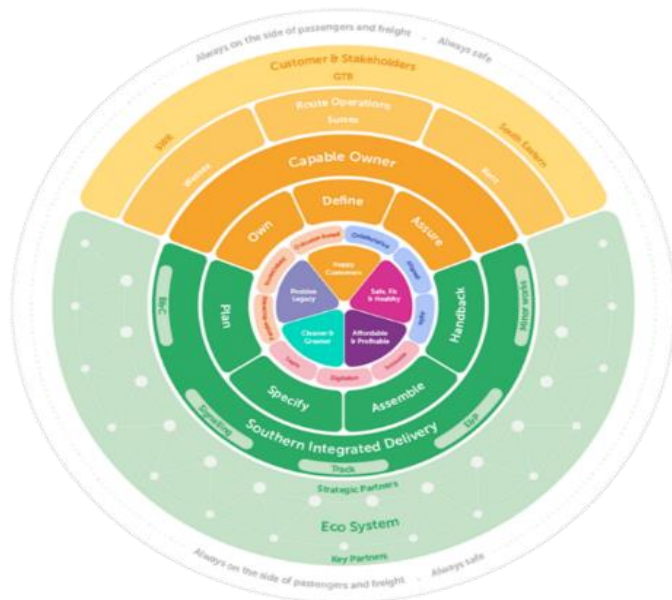
We will continue to embed the three culture principles, which we established in CP6 to keep it simple; listen, learn, improve; and show you care.

Since the publication of our CP7 plan there have been significant steps taken towards Rail Reform, the creation of GBR and closer track/train integration. We recognise that our plan will need to be carefully reviewed to exploit the opportunities this will offer as detailed legislation to establish GBR progresses. At the end of March, the appointments of the Alliance Managing Director for Southeastern and the Managing Director for SWR were confirmed. This exciting announcement provides the opportunity to further the work underway to formally mobilise Alliances with Southeastern and SWR within Southern Region.

Southeastern and Network Rail identified an opportunity to build on shared geography and public sector ownership and set out to improve the passenger experience, drive revenue recovery, and enhance efficiency. We embarked on a transformative journey and formally established the Alliance in October 2023. Since then, we have delivered efficiency, safety, and performance improvements as well as establishing a Governance structure and joint Profit and Loss that supports the Alliance Managing Director and the Joint Executive team to deliver improvements for our customers. In 2024/25, Southeastern and Network Rail accelerated our plans to further integration and have jointly presented three strategy papers to Shadow Great British Railways (SGBR) outlining plans that would support our North Starts of improving performance and reducing subsidy. There are many benefits to our plans, which can be summarised against the principles for integration as follows:

<i>Principles of Industry Integration</i>	<i>How have we applied our thinking to our plans?</i>
Before embarking on integration, a leadership team with accountability for track and train must be established.	The South East Alliance is currently led by the Alliance MD with a 'joint' executive in place to support the alliance. We also have a joint P&L and an integrated business plan which are critical foundations. The proposed organisation design sees a fully integrated leadership team under the Alliance Managing Director with each direct report being accountable for delivery of both track and train as appropriate to their portfolio. Southeastern and Network Rail will retain separate safety cases and TOC and network licences respectively. This will go live from the 9 th June 2025.
Establish a 'common purpose' across track and train leadership to drive one agenda and focus on integration, the organisational design, and the culture and behaviours we need within GBR.	As part of the Joint Business Plan, we have locally agreed two 'North Stars' (Performance and Subsidy) against which we will assess our business plan and proposals. These link to Southern Region's ambitions for CP7 to delight passenger and freight users: <ul style="list-style-type: none"> a) Improve Performance - Ambition of delivering 90 % T-3 passenger performance, less than 2 % cancellations and less than 10 % FCaL for freight. b) Reduce our Subsidy - Our Railway pays for itself. <p>An integrated alliance is better for customers, colleagues and taxpayers supporting our current shared purpose which is that "we work together to secure a thriving future for the railway and the communities we serve."</p> <p>The North Stars are key to any narrative that the Alliance puts forward to stakeholders and employees.</p>
Remove the causes of friction, duplication, and unnecessary costs through misaligned incentives, performance measures, and targets.	Evaluation of our current respective separate organisation designs, and an identification of areas that are already closely aligned, has enabled us to propose options for further integrated working where there are significant benefits for bringing two teams together under one leader. An enabler to this is that we simplify governance to reduce duplication and support more agile decision making for the Alliance – by 22nd June.

We recognise that we also need to bring the rest of the region on the journey of the South East Alliance, and in preparation for further integration between SWR and Wessex at an appropriate



point after SWR are in public ownership. Therefore, communication plans are in development to share the plans transparently with the rest of the region.

We have continued to share learning and early opportunities, including the refreshed Alliance framework handbook for a pre-reform Alliance, with other Network Rail routes, GTR, SWR and c2c. This is to support the transition of the next Operators who will transfer into DfT Operator. We are actively preparing for transfer of SWR into public ownership in May and from the work we are undertaking with Southeastern, we will seek to implement a similar model of mobilisation for when the Alliance is ready

to be mobilised. We will work closely with the SWR Managing Director as well as Wessex route to prepare for this change.

5.2 Southern Renewals Enterprise

Key to our CP7 strategy is a different approach to capital delivery. We believe that we can deliver greater efficiency by adopting a more progressive, value-based model seen in other client infrastructure organisations. We are creating long-term relationships with our supply chain partners and are jointly incentivised to deliver better outcomes for our passengers and freight partners.

Our new operating model for capital renewals is drawn from the Institution of Civil Engineers' Project 13 principles, as well as lessons learnt from other client organisations across numerous sectors and was developed openly with the supply-chain market. It merges the capabilities of Network Rail, and our supply chain partners, to get the best from each. We have done this by creating three distinct entities: the Capable Owner, Southern Integrated Delivery (SID) and the Eco-System. Together these form the Southern Renewals Enterprise (SRE). This model replaces the CP6 Regional Asset Management (RAM) and Capital Delivery operating structure.

At the end of the first year of CP7, the SRE has successfully taken over core renewals delivery across all disciplines and is continuing to develop and establish the collaborative delivery model. Over 20,000 worksites have been delivered to date, including critical renewals at Lymington and Sherrington Viaducts, Horley Subway, Thameslink Core, Kingsferry Bridge and Crystal Palace. The SRE has also responded to reactive renewals work, including landslips at Honiton and most recently Clandon embankment. The SRE has full visibility of the workbank for the Control Period, which is at a high level of maturity. This has been integral to our efficiencies planning process, where a stable workbank and greater integration allows us to deliver the volumes in the most efficient way.

Our new renewals delivery model has been a crucial part of our capital efficiency delivery this year, which has contributed £17m of savings across the portfolio.



6. Safety

6.1 Our ambition

In the Southern Region we have a relentless focus on ensuring that everyone who works for, uses, or interacts with our railway returns home safe and well every day. Furthermore, our ambition for health and wellbeing remains unwavering as we near the end of year 1 of CP7.

6.2 Our key 2024-2029 safety objectives and targets

Our strategic objectives for Health & Safety are:

- **Workforce** - Create a safer working environment, reduce accidents and injuries, and ensure compliance with safety regulations
- **Health & Wellbeing** – promote our colleagues physical and mental health and prevent workplace hazards by fostering safe conditions
- **Passenger** – Actively monitor, review, and improve our safety strategies to minimise train accident risk
- **Public** – Implement measures and protocols to ensure the safety of the general public in and around the railway system and infrastructure
- **Assurance** – Provide systematic and proactive management of risk to prevent accidents, injuries, illness and other adverse events

6.3 Key initiatives

6.3.1 Workforce safety

Our long-term safety strategy builds upon the national safety framework, which we've used to guide our safety framework improvement plan.



Our strategy includes:

- We aim to reduce the number of serious injuries and fatalities among our workforce, measured by the Fatalities Weighted Injuries (FWI) index, to 0.053 by the end of Control Period 7 (CP7). Currently, in the first year of CP7, we are performing better than this target and are committed to maintaining this positive trend throughout the period (0.051).
- Our ambition is to deliver no near misses throughout CP7. Unfortunately, there was a near miss in year 1 and so we will not achieve this goal. We will learn from this incident and prevent further events occurring.
- We aim to reduce Operational Close Calls, which are situations that could cause harm but are avoided just in time, like spotting and reporting a trip hazard before anyone trips. Although we saw an increase in these incidents in year 1, we plan to get better in year 2 with new improvement plans.
- Increasing the number of work safe procedures raised year-on-year as a Region. This is the mechanism we use to allow colleagues to stop work if they believe it is unsafe.
- We are embedding cultural safety change by making sure colleagues in key roles across the Region attend bespoke behavioural safety training.

Our key initiatives, in support of our strategy, are:

- Delivering a behavioural safety programme in line with our wider Regional Culture programme
- Separation of our workforce from trains, machinery, and electricity: including Electrical Safety Delivery (ESD), Safe Access and Technology
- Robust front-line assurance
- Improved leadership capability and communication
- Supporting our colleagues to reduce assaults on our workforce

6.4 Health and Wellbeing

Our CP7 strategy and framework set the standard for the Southern Region to support workforce health and help our people to live a healthier lifestyle. It provides guidance on colleague Health Protection programmes, ensuring that the health risks are properly recognised, evaluated, and controlled.

To achieve this, we will:

- Reduce work related mental health related absence days by 25 %
- Reduce MSK (Musculo-skeletal) related absence days by 25 %
- We aim to reduce the number of occupational diseases that must be reported to the Health and Safety Executive (HSE) under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations), such as cases of Hand Arm Vibration Syndrome (HAVS).
- 100 % compliance with annual health surveillance
- All safety critical colleagues attend a three-yearly Health, Safety & Wellbeing Medical.
- Continue the activities started in CP6 with the aim to eliminate workplace exposure to Asbestos, Silica dust, Welding Fumes, COSHH (how we store hazardous chemicals safely), UV Exposure and physical damage from vibration or strains
- Increase our engagement with health programmes with the intention of improving healthy lifestyle choices, e.g. proactive management of fatigue and type 2 Diabetes

6.5 Passenger safety

The whole CP7 plan underpins the way we manage the risks of train accidents. Our strategic objective is to maintain the current accident risk profile throughout CP7. Our plans deliver:

- We aim for a 10 % reduction in significant events at level crossings from the planned exit position of Control Period 6 (CP6).
- We will reduce train accident risk through our annual passenger safety milestones. This includes reducing pre-cursor indicators like SPADs (Signals Passed at Danger), adhesion issues (when train wheels lose grip on the tracks), objects on the line, and earthworks (construction or maintenance of embankments and cuttings).
- We will continue exploring technology to detect and mitigate objects on the line, including using engineering equipment.
- We have established a joint safety board with our Freight Operating Companies (FOCs) to improve safety performance and deliver targeted safety improvements.

6.6 Public safety

We will protect members of the public interacting with railway infrastructure by maintaining current risk profiles at level crossings.

Level crossing plans will:

- Replace five AHB upgrades with five like-for-like renewals and upgrade 21 passive crossings with train detection and warning systems
- Obtain legal closure of 15 public crossings to reduce risk
- Work to close private crossings, reducing risk and reducing operational cost to maintain
- Upgrading our level crossing signage across the network to the infographic signage. This was an unfunded additional requirement from an ORR investigation and therefore is predicated on funding being identified

We will also ensure that our stations safety improvements continue through CP7, including focusing on Escalator Safety, Platform Train Interface risk management and working to reduce slips, trips and falls.

6.7 Security

We will implement a Security, Crime, and Resilience Strategy to protect our passengers, freight users, and railway workers, while ensuring continuous business operations, safeguarding assets, and maintaining Network Rail's reputation.

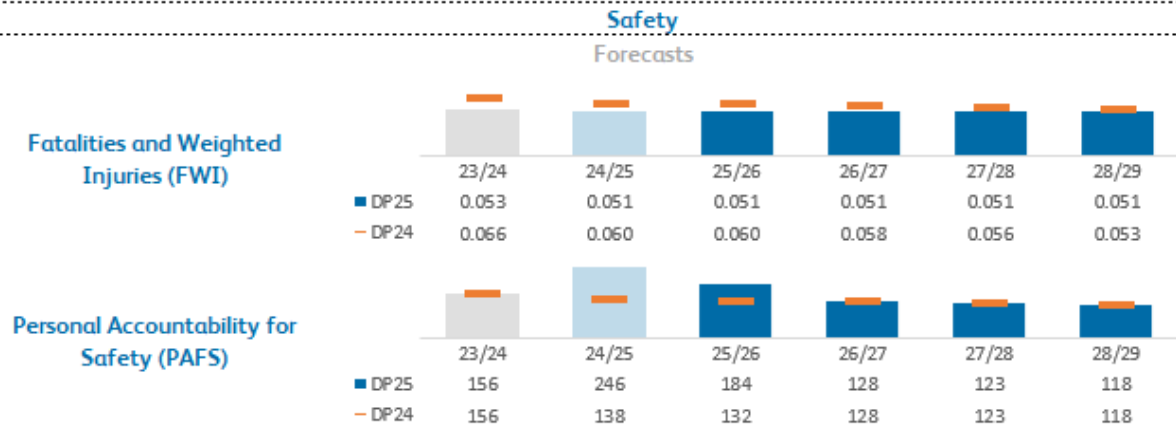
We aim to reduce the risk of hostile threats to the public and our workforce, keeping serious deficiencies at critical national infrastructure (CNI) sites and stations below 5 %, and achieving a 90 % pass rate in covert security tests. At the end of year 1, our Serious Deficiency rate is 1 %, and our covert testing pass rate is 79 %, with 3 failures out of 14 tests.

We will fully comply with the National Railway Security Programme (NRSP) at CNI sites by implementing technical security controls, enhancing CCTV and AI at key stations, and developing a remote access control strategy for Regional hubs. We will also upgrade physical

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protections like fencing, gates, doors, and windows, and implement Hostile Vehicle Mitigation measures at key stations.

Across our wider operational estate, we will focus on improving basic security measures such as fencing, lighting, and locks, where security risks significantly impact railway operations.



Note: Grey columns are confirmed outturn for past years. Lighter coloured columns are forecasts for the current year.



7. Train Service Delivery

7.1 Our ambition

To deliver a railway that people can rely on, with trains that turn up and arrive at their destination on time, and to accommodate changing requirements for the railway without sacrificing performance.

7.2 Our key 2024-2029 train service objectives and targets

Our strategic objectives for train service delivery are:

- To meet and exceed applicable targets as determined by the ORR, during a period of systemic change in the railway industry
- Deliver a safe and reliable railway
- Continue to work with the wider industry to improve value for money

7.3 Key initiatives

The majority of the spend within our plan contributes directly to maintaining the safe and reliable operation of the railway infrastructure, now, and in the future. Decline in the performance of aging assets is broadly offset by improvements elsewhere from asset renewals and improvements in the management of external events.

Our key initiatives in CP7 are:

- Delivery of our Strategic Asset Management Plan
- Implementation of our Security Strategy including trespass reduction, security patrols and provision of welfare officers
- Delivery of our Regional Ops Strategy including new Automatic Route Setting provided by resignalling schemes, state of railway compiler and improved timetable resilience from TRENO modelling
- Delivering improvements to railway performance with our partner TOCs within our available funding limits

While we faced significant challenges this year in meeting our performance targets, we have successfully delivered:

- The Blackheath Tunnel and Kingsferry Bridge blockades to remove significant risks in these areas.
- A Mobile Operations Manager depot at Robertsbridge to improve our response to incidents on the Hastings Line.
- The installation of Thermal Imaging Trainborne technology with Govia Thameslink Railway and Southeastern, monitored by our teams, which scans railway infrastructure so we can prevent and fix potential asset failures before they occur.
- A new process to get trains moving more quickly after striking an object on the line, without waiting for fitters to arrive on site.
- A cross-functional East Croydon Working Group to reduce operational complexity and delays in the East Croydon area, involving all disciplines across both Train Operating Companies (TOC) and Route.

- We're using intelligent timetable modelling software called Treno and a signalling data solution called SORC (State of the Railway Compiler) to identify specific problem areas within our operating plans, including unexplained delay minutes, so we can find solutions and make the railway even more reliable for our passengers.
- **Milbrook Switches & Crossings (S&C) Renewal:** We're replacing the S&C, which are the movable sections of track that guide trains from one track to another and allow them to cross paths. Replacing these life-expired assets will reduce delays for passengers.
- **Brookwood S&C Renewal:** We'll be carrying out another S&C renewal, plus important drainage works, to enhance the reliability of these operationally critical assets.
- **Portcreek Junction Double Junction Track Renewal:** This project to replace life expired assets on wooden timbers that have much reduced reliability and higher failure rates was deferred from CP5.

7.4 Passenger

We understand that passengers care most about:

- **Reliability and Punctuality:** Trains running on time.
- **Ticket Prices and Value for Money:** Affordable fares.
- **Frequency of Trains:** Enough trains to meet demand.

While security is important to passengers, safety is assumed to be a given.

The Office of Rail and Road (ORR) has set performance targets for the first two years of CP7. They will review and adjust these targets for years 3-5 due to the uncertainty in forecasting and setting targets for train performance.

Currently, our performance is slightly below the ORR targets for CP7 year 1:

- **On-Time Performance** (trains arriving at their destination in under a minute of their scheduled time): Forecasted at 67.7 % (target is 68.2 %).
- **Passenger Cancellations:** Forecasted at 3.9 % (target is 3.5 %).

We are focusing on the main areas affecting performance:

- **Traincrew:** Working with operators to improve staffing and reduce absences
- **Assets:** Enhancing reliability through maintenance and new technologies
- **Service Recovery:** Improving how we handle disruptions to minimise delays
- **External Incidents:** Addressing issues like trespassing and vandalism.

These are covered within our Regional recovery plan which is being tracked and monitored. This is a proactive measure to showcase the positive action we are taking to improve all measures of passenger performance across the Region, and also in response to being placed at L1 on the escalator for passenger cancellations.

Common across the routes is a strong emphasis on improving asset reliability through targeted maintenance and innovative technologies, and all our recovery plan actions are on target. There has been a worsening trend in points failures across the year, and therefore we are focusing on reducing these particularly in key and critical locations. We're achieving this through additional inspection, training workshops and targeted component replacements.

We are also focusing on improving service recovery to address the increase in primary to reactionary delay. The proportion of reactionary delay has increased marginally from 67.3 % to 67.5 % as a moving annual average. To address this, routes are ensuring consistent service recovery principles are applied and learning from past incidents to make necessary adjustments. Upskilling of control teams is also underway to ensure consistent application and understanding of incident management processes.

For traincrew, the Region is working alongside our Operators to enhance operational resilience and performance through proactive resource management and continuous improvement. Key initiatives include strengthening driver recruitment plans, focusing on absence management, and implementing tools to understand root causes.

For trespass, Southern routes are committed to improving decision-making, implementing safety measures, and driving collaborative approaches to tackle route crime and ensure operational resilience. This includes trials of drones and AI CCTV to detect and track trespassers, and target hardening at key hotspots along the route.

7.5 Freight

Freight stakeholders have been clear that their priorities are:

- Greater certainty of availability of the rail network for Heavy Axle Weight (HAW) loads
- Additional freight paths to support growth
- Enhanced gauge clearance on the classic routes to the channel tunnel

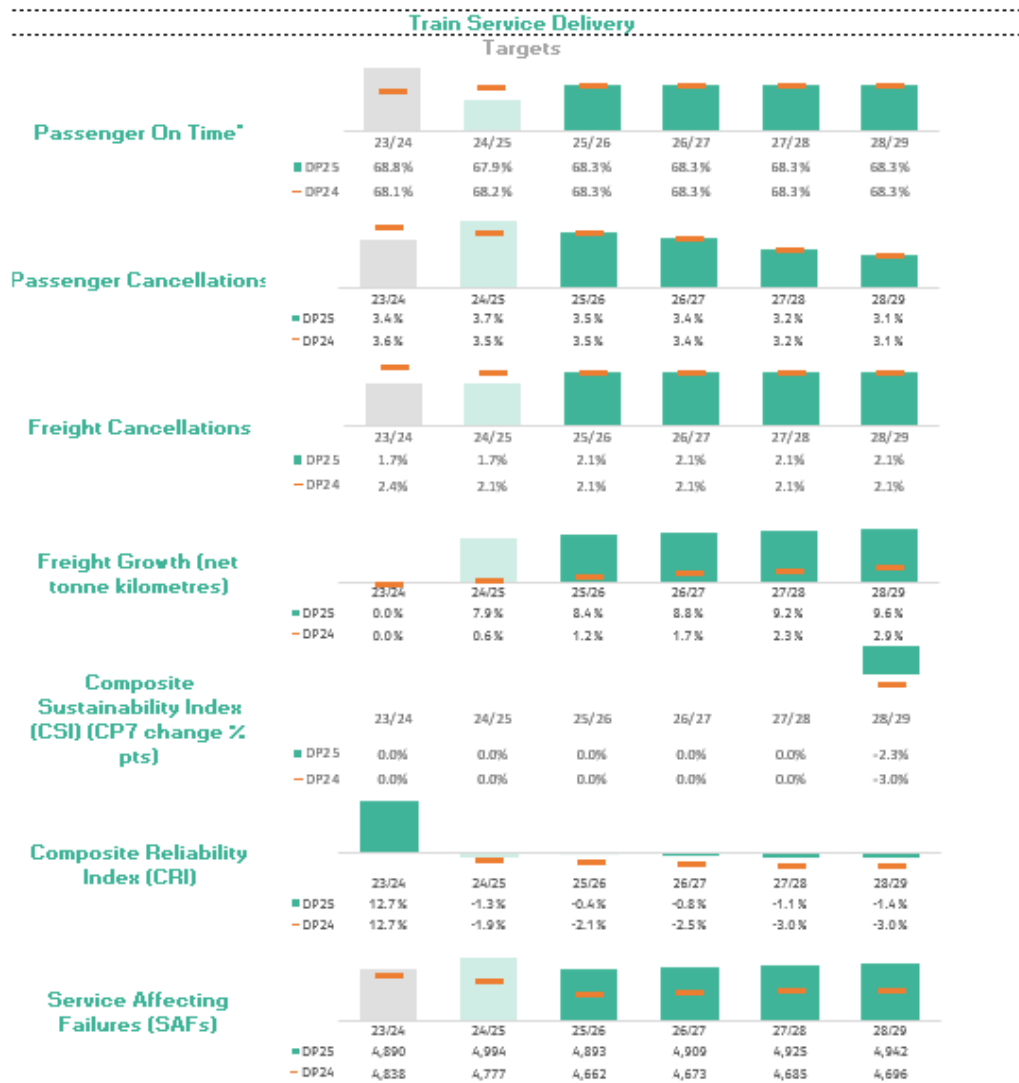
Our strategic objectives are to:

- Support freight growth of 2.9 % over the control period
- Enable continued HAW dispensations as we have committed to in CP6
- Support aspirations for gauge enhancement to the channel tunnel freight routes on Southern Region

Timetable paths on congested routes such as the Brighton Mainline and across London are challenging. Capacity is limited at Southgate junction with Western and junctions at Clapham and Ludgate in London. It is unlikely that many more additional paths will be available in CP7. We'll improve utilisation of existing freight paths from 59 % and achieve our Freight growth target by working together. We have launched an event steering group to review timetable aspirations and opportunities on the South and West London lines.

We want to avoid restrictions of use on structures, and we'll target maintenance and renewals investment to allow the continuation of our asset management approach to grant temporary dispensations beyond the published capability. We are funded to maintain current capability of the railway however we do and will continue to seek opportunities to improve railway performance with our TOC and FOC partners. Enhancements are outside the scope of this plan and funded separately. Where we undertake renewals and it is economic to do so, we will provide passive provision for future gauge improvements.

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Note: Grey columns are confirmed outturn for past years. CSI and CRI targets are set against a CP6 baseline. Lighter coloured columns are forecasts for the current year.

* Performance on Network Rail Network only



8. Customers & Communities

8.1 Our ambition

We will deliver leading customer service, focused on high quality engagement with our lineside neighbours, customers, and broader communities. We will create inclusive, welcoming station environments, accessible to everyone.

8.2 Our key 2024-2029 customers & communities' objectives and targets

Our Southern Region vision for Passengers, Communities and Stakeholders is made up of several elements:



8.3 Becoming a more accessible and inclusive railway

We want to deliver inclusive and accessible services and facilities, making the best of our available infrastructure. Our plans include:

- 95 % of booked assistance met
- 100 % of our people trained as part of induction to the Region and refreshed at least every two years on disability equality awareness
- Consistent managed station experience, with people in the right place, at the right time meeting the needs of our older and disabled passengers and encouraging travel on the railway
- Accessible stations with step-free access
- 100 % Turn up and go passenger assistance at all managed stations
- 100 % Tactile tiles fitted to all platforms
- Changing places toilets in all Category A stations
- 95 % satisfaction for disabled passenger journeys

In year one we have:

- Improved usage of the Passenger Assist app.
- Developed plans to install 'Changing Places' facilities where needed
- Maintained focus to deliver above target on the Passenger Assist 5-star ratings

8.4 Becoming a customer service organisation

We are committed to being a service organisation, and we'll continue to equip our people with the skills and expertise to deliver great service, safely. We want to attract and retain talented colleagues who are focused on service and encouraging customers to return again and again.

Our plans include:

- Providing a better passenger experience and achieving passenger satisfaction of 85 %
- Increased punctuality across our three routes
- A more consistent managed station experience, measured through customer satisfaction during periods of disruption (overall satisfaction and satisfaction with information provided – 85 %)
- Improving satisfaction scores in key areas such as environment, safety, security, service and information – 85 %.

In year one we have focus on several areas to improve customer satisfaction including:

- Launch of a 'Service' programme, upskilling key teams to benefit our customers
- Opening new station toilets at Waterloo
- Conducting a review enabling better insights to be gained from our customer satisfaction survey

8.5 Giving passengers better information

We still struggle to give passengers the information they need when they want it and how they want it. We are committed to improving this in CP7.

To improve, our plans include:

- Replacement of display technology for CIS main boards in managed stations
- Way finding review and improvement plans, streamlining the look and feel of our stations based on customer feedback and research
- Review innovative systems to provide colleagues with the tools and information required to share accurate information on alternative routes and options available during disruption.

In year one we have delivered the following activities:

- Increased information provision at gate lines, 28 new totem screens, increased content in Whoosh, new information desks, introduction of British sign language via dedicated and scrolling totems.
- Our joint ambitions workstream with SWR sees a Service Recovery Taskforce at Waterloo to improve travel information during disruption.
- Working group with the national stations team to implement their guidance documents, created to improve customer service during disruption.

8.6 Creating great station environment

Our vision is for Britain's stations to be places that are inclusive and welcoming, and which encourage everyone to travel by rail.

Our plans include:

- Maintaining lift and escalator availability performance
- Maintaining positive audit outcomes
- Achieving the CP7 recycling commitment of 95 % recycled waste

In year one we have:

- Represented stations on a national lift and escalator steering group
- Fully employed cleaning robots and have implemented multiple initiatives in station toilets contributing to cleanliness and sustainability targets
- Successfully installed mobile sorting units to manage the recycling of waste putting us above our recycling target at 83.3 %

8.7 Supporting TOC service quality regimes

We are still developing plans alongside the Public Ownership Service Contracts and Annual Business Planning process.

In Year One we have supported Train Operators' aims by working with them to deliver against their relevant Service Quality Regime requirements. This has taken the form of:

- A focus on graffiti removal via the use of a new cleaning product aimed at removing graffiti more swiftly
- Ensuring posters on display are legible, in date and displayed in a professional manner
- Prioritising the cleanliness of our stations through weekly cleaning audits with MITIE, our cleaning contractor alongside responding to customer insight in a timely manner
- Focusing on correct and up to date customer information, particularly at times of disruption

8.8 Lineside

Our vision is to develop the drainage assets and the lineside so that they deliver improved railway safety and performance by reducing delays from flooding and vegetation encroachment, bettering residential amenity and delivering a net gain in biodiversity.

Our plans include:

- Reducing the risk of trees falling on the railway or lineside neighbours' property through our Lineside Strategy
- Embedding a vegetation management plan and sustainability strategy to form the Land Management Strategy for the Region
- Expanding CP6 Kent trial to implement the Varley (Biodiversity) initiatives across the Region . Instead of trees lining the tracks, mixtures of wildflowers, hedgerows and grassland are being trialled, which is helping us strike a balance between creating rich and diverse habitats and reducing the delays caused by leaves on the line and fallen trees
- Deploying Digital Lineside and hyperspectral vegetation tools to aid in inspection and risk identification

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During CP7 year 1 we have:

- Completed our drainage inventory which is improving our understanding of the flood risk to our neighbours and to the service we provide.
- We have delivered over 3,000m of drainage refurbishment and investigations and completed several drainage renewals.
- We have established new frameworks with suppliers within the Southern Renewals Enterprise for the delivery of land management.

8.9 Community relations

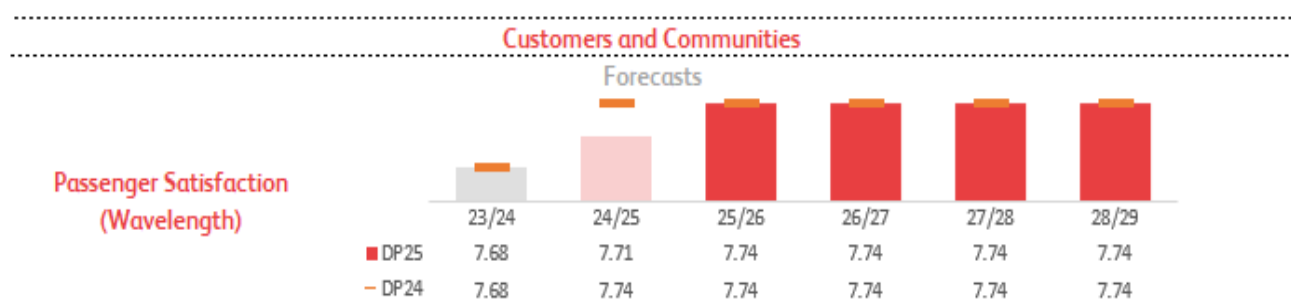
We want to provide leading customer service, focused on high-quality engagement with our lineside neighbours, customers, stakeholders and broader communities.

Our plans include:

- Proactive community engagement as part of projects, blockades, and engineering rather than a reactive response to complaints
- Our lineside neighbour improvement plan is reflected in the wider Lineside strategy
- A community relations strategy that aligns with our security strategy for graffiti and crime-related complaints
- Delivery of local customer service training with our community relations team and a programme of education across the business on working responsibly in the community
- Continued review through Stakeholder Engagement Strategy and 'our listening programme'

In Year One of CP7 we've delivered the following activities in support of our objectives.

- We have enhanced proactive engagement in the community including working with Community Rail Partnerships. Those living close to Access for All projects receive regular updates and for emergency works. We have also issued timely information using community drop-ins, letters and stakeholder updates
- The Digital Lineside Notification system launched providing instant, cost-effective and sustainable email updates to neighbours and we've seen over 3,000 sign-ups so far
- We've ensured cover for key maintenance roles supporting the delivery of service requests made by lineside neighbours to prevent disruption of service
- We've installed over 35 murals in deprived areas suffering from high graffiti tagging
- We delivered training on our 'RESPECT' guidelines to new colleagues following the launch of the SRE to ensure everyone knows what is expected
- Following a survey, we reduced correspondence handling times and redesigned stakeholder newsletters.



Note: Grey columns are confirmed outturn for past years. Lighter coloured columns are forecasts for the current year.



9. Efficiency

9.1 Our ambition:

We have challenged ourselves to run a railway that pays for itself. It is our ambition to get to a position where we don't need a subsidy to run the railway.

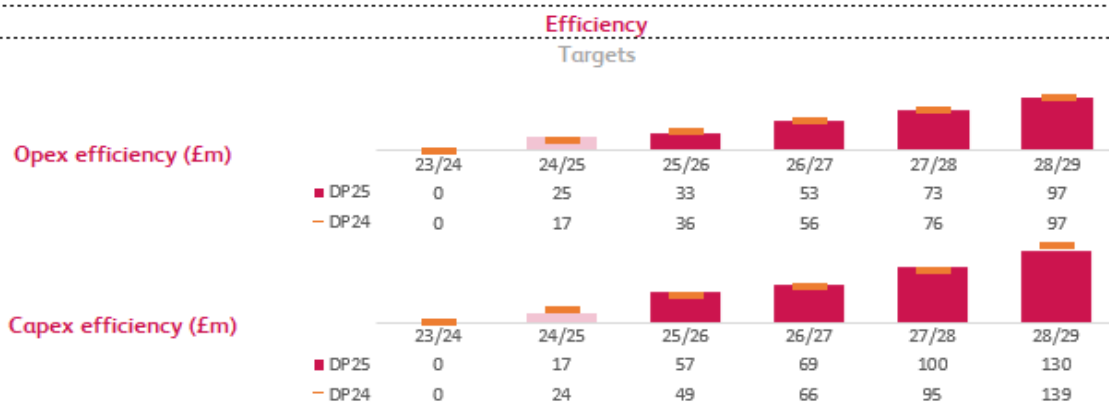
9.2 Our key 2024-2029 efficiency objectives and targets

- Delivery of our efficiency plans for next year which currently total £42m (cash prices). This is comprised of £17m of operating cost savings and £24m of renewals efficiency
- Further our proposals for closer integration between the Region and our lead operators, to drive customer benefit and maximise our collective efficiencies and revenue
- Keep driving towards our ambition to eliminate the need for subsidy to run the railway – by delivering on our efficiency commitments, increasing our third-party investment funding, and creating new sources of funding from revenue and returning customers

We are on track to deliver our Regional 2024/25 efficiency target of £42m (across renewals and operating costs). In CP7 we have moved to a new capital delivery model, the Southern Renewals Enterprise, which is driving an expected £17m of savings across our renewals portfolio.

However, this is less than our 2024/25 renewals efficiency target of £24m. The main reason for this is the impact of historic 'CP6 tail' schemes, not delivered by the Southern Renewals Enterprise, which have experienced cost pressures. For these schemes, largely in our signalling portfolio, the delivery of post-efficient CP7 business plan unit rates has not been possible. Whilst we continue to strive to meet our renewals efficiency target this year, we are currently planning to mitigate the shortfall in renewals savings with increased savings in operating costs.

Our efficiency forecast at the time of writing is shown, below. This reflects the rebalancing between operating cost and renewals efficiency in 2024/25 described, above. Overall, we are continuing to forecast meeting our CP7 renewals (£373m) and operating cost (£282m) efficiency targets respectively.



Note: These targets are from a CP6 exit baseline. Lighter coloured columns are forecasts for the current year.

Following the announcement of the creation of Shadow GBR, we have furthered our proposals for closer integration between the Region and our lead operators, to drive customer benefit and

maximise our collective efficiencies and revenue. We have made progress on identifying and delivering broader alliance schemes to deliver additional daytime access, further integration within stations, and commenced systems thinking workstreams within Control and for Timetable Planning.

9.3 Key initiatives

As we approach the end of year one, key areas that we have seen deliver savings this year include:

- **Operating costs:** more targeted seasonal treatment, front-line pay reform, and realisation of a full-year of benefit from maintenance modernisation versus the part-year saving achieved in 2023/24
- **Renewals:** adopting a risk-based approach to Design, introducing a singular controlling mind for access (one coordinating access Team), and the removal of the requirement for option selection. We have also realised staff cost savings from redesigning our organisation. There has also been a focus on integrated work bank planning from which savings will predominantly be realised in years 2–5, although some small-scale integration efficiencies have already been realised in Year 1 such as, sharing welfare facilities and site surveys.



10. Sustainable Growth

10.1 Our ambition

Our ambition is to create a cleaner, greener, more socially responsible Region that is resilient to climate change. We will deliver net zero by 2050, biodiversity net gain by 2035, as well as improvements in air quality, circular economy practices, social value and climate resilience. We are committed to integrating sustainability into our culture and behaviours so it is part of the way we design, build and maintain our railway.

10.2 Our key 2024-2029 sustainable growth objectives and targets

In CP6, our Southern sustainability plan began our journey towards a more sustainable future. The programmes in our plan, detailed below, not only align to our regulated targets and national objectives, but also address Regional priorities and the needs of our local stakeholders.

In the first year of CP7, we have delivered a 1.7% point reduction YTD in Scope 1 and 2 carbon emissions against our CP6 exit baseline through implementing energy efficiencies at our buildings and the continued rollout of our zero emission vehicles. We have remained focused on our commitments to biodiversity net gain through the ongoing management of our dedicated Railway Nature Sites. We continue to identify new ways of improving habitat management alongside delivering vegetation compliance through our integrated land management strategy. We are also embedding the culture and behaviours needed to integrate sustainability at every level. This year we trained 196 people who completed 230 courses on embedding sustainability priorities into their roles.

10.3 Key initiatives

Our Regional sustainability plan comprises five core programmes:

- Reducing carbon and consumption
- Protecting the natural environment
- Increasing social value
- Improving climate resilience
- Being brilliant at the basic

Our CP7 plan is directly aligned to the Tier 1 and 2 regulated targets below.

Tier 1 Measures	2024/25	2025/26	2026/27	2027/28	2028/29
Carbon emissions - Scope 1 & 2 (% reduction in carbon against CP6 exit baseline)	2%	5%	9%	14%	20%
Biodiversity units (% increase in biodiversity units)	0%	1%	2%	3%	4%

Tier 2 Measures	2024/25	2025/26	2026/27	2027/28	2028/29
Air quality at stations (% reduction in air pollution at managed stations)	1%	2%	3%	4%	5%

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The regulated target for Year 2 is changing but hasn't formally been change controlled yet.

Our carbon reduction programme focuses on:

- Improving energy efficiency and reducing gas, electricity, and water consumption at our highest consuming sites
- Rolling out a zero-emission vehicle road fleet and charging infrastructure
- Transitioning to renewable sources of power
- Driving down our scope 3 carbon emissions through the supply chain with a particular focus on low-carbon design and the circular use of materials

Our natural environment programme focuses on:

- Improving air quality at our managed stations and depots, through collaborating with our train operating partners and working closely with the RSSB
- Reducing negative impacts on the natural environment through improvements to waste management, pollution prevention and managing noise and nuisance
- Protecting wildlife and habitats and enhancing our biodiversity value
- Creating dedicated Railway Nature Sites on our land and building nature-based partnerships with third parties to promote nature connectivity along the railway
- Integrating biodiversity into the Southern Land Management strategy and implementing Habitat Management Plans across our network

Our social value programme is focused on breaking down barriers, addressing inequality in our Region and driving socio-economic growth and social value through our railway. It focuses on:

- Increasing social mobility and employability by working with charity partners to provide work and training opportunities for under-represented groups
- Investing in our colleagues and communities to deliver social benefits through community rail partnerships and improved accessibility
- Improving socio-economic growth through our sustainable procurement work to ensure we increase social value in each of our contracts
- Creating social value in stations by addressing homelessness and rough sleeping, and using our station space to raise awareness of our social commitments.

Our climate resilience programme is predicated on building and maintaining a railway resilient to severe weather events and climate change. It includes:

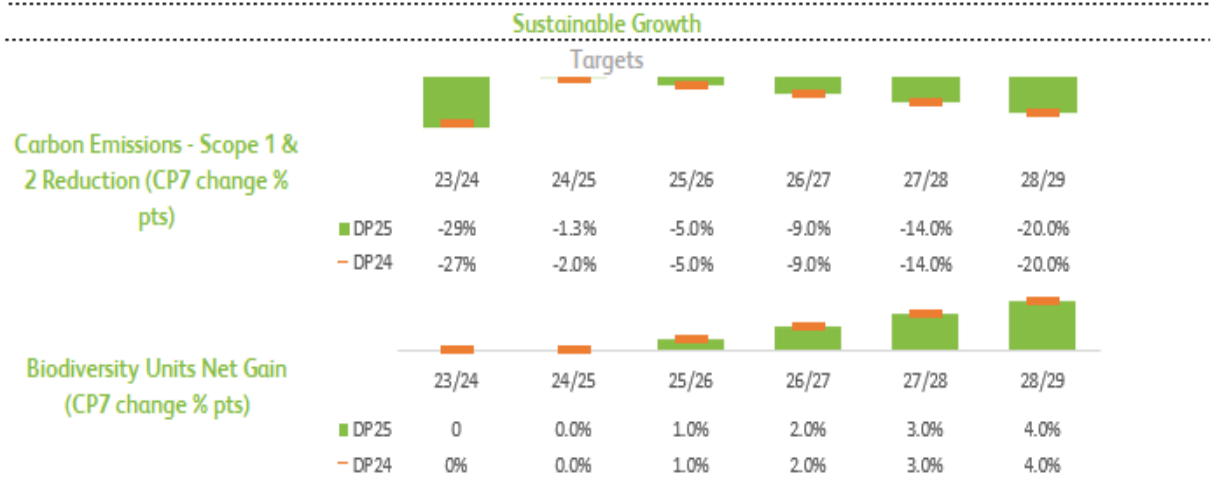
- Working collaboratively across the industry to reduce weather-related risk to the safety and performance of our railway
- Improving asset resilience during severe weather events through long-term planning and climate-focused investment decisions
- Delivering our CP7 WRCCA Plan and creating long-term climate adaptation pathways for vulnerable locations across the network

Our brilliant at the basics programme continues to integrate and embed sustainability at every level. It includes:

- Maintaining our ISO 14001 certified Environmental Management System
- Rolling out our training plan, communications plan, and robust framework for assurance which drives improvements in compliance and data validation

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- Continuing our Green Fund which helps teams across the Region to deliver their own sustainability initiatives by funding their bright ideas



Note: These targets are from a CP6 exit baseline. Lighter coloured columns are forecasts for the current year.



11. People

11.1 Our ambition:

Our ambition is to make the Southern Region a great place to work, where colleagues feel engaged, valued, and cared for. Guided by our ethos, "Act today to change the future," and underpinned by our cultural principles, behaviours, and Simpler, Better approach, we are on a journey to create a positive and thriving workplace. At the heart of this journey is our People Strategy, built around four strategic themes:

- Rebuilding trust through meaningful engagement
- Developing great leaders who inspire and guide us toward success
- Ensuring we have the right people, with the right skills, in the right place, at the right time, and at the right cost
- Becoming the employer of choice by providing an exceptional experience where talent is nurtured, contributions are celebrated, and diversity is embraced

11.2 Our key 2024-2029 people objectives and targets

Key Initiatives

Rebuilding trust

- "You Said, We Did" campaign running from September to December, which underscores our commitment to responding to employee feedback in the Your Voice survey by highlighting the changes implemented across teams in direct response to survey insights. By showcasing these efforts, we aim to demonstrate that we value our colleagues' opinions and build momentum for the next survey in 2025.
- In line with the launch of the new national induction in September, we have reshaped the Southern Region induction for new starters. Two in person events have been delivered thus far with good engagement from delegates. We are in the process of shaping an annual induction delivery plan to boost engagement and retention of all our new starters.

Developing great leaders

- Southern Leadership Development Programme (LDP): To enhance leadership capabilities, the LDP has now become a standard offering for all Band 1-4 managers.
- Section Manager & Team Leader Development Programme: Our integrated approach to developing frontline managers (through Discovery Centres, the Team Leader Development Programme, and the Section Manager Development Programme) continues to strengthen our pipeline of frontline leaders, fully aligning with our Maintenance Modernisation (MM) agenda. Having piloted and refined these initiatives within Maintenance, we are now extending this proven approach to our Operations and Control functions from CP7 Year 3 onwards, ensuring we embed a consistent standard of frontline leadership excellence.

The right people, with the right skills, in the right place, at the right time, at the right cost

- Filling and skilling: The insights gained from MM will be incorporated into our standard business practices. Within operations, the productivity pipeline will continue to guide our efforts.

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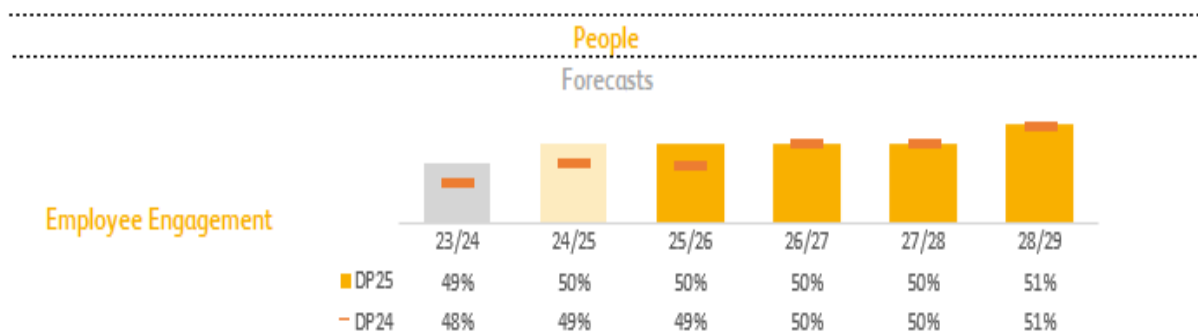
- **Strategic Workforce planning:** We will develop a comprehensive workforce plan for key roles and functions that supports both demand and supply for each area, enabling informed decisions about what skills are needed and when they are needed.

Employer of choice

- **EDI Strategy:** Our strategy aligns with the national initiative "Everyone Belongs" and our internal culture programme, demonstrating our commitment to our team. We aim to enhance diversity, foster an inclusive culture, develop leadership, and promote transparency. Each aspect is backed by a detailed action plan and jointly managed by Regional and route HR teams.
- **Southern Recognition Scheme:** Since its launch in 2020, our Southern Region recognition scheme has issued over 14,000 instant recognition vouchers to boost engagement. We celebrated our bi-annual awards this year, with winners invited to the annual Going the Extra Mile Awards in November 2024. Planning is already underway for the 2025 awards.

New Initiatives for FY 2025/2026

- **Learning and Development:** Our framework will focus on management and professional skills training. We are working to establish a national plan and understand existing routes to maximise current efforts and reduce duplication. The framework aims to enhance our approach to apprentices and graduates and will be in place in Q1 2025.
- **A Regional reverse mentoring plan** has been created to address some of the challenges faced by minority groups in the business and help colleagues learn more about this. This is due to launch in the first quarter of 2025.
- **New Equality, Diversity and Inclusion strategy** is being launched in quarter one of 2025. The new strategy will provide a clear framework to create more inclusive environments where diverse talents are valued and supported.



Note: Grey columns are confirmed outturn for past years. Lighter coloured columns are forecasts for the current year.

12. Our income and expenditure

12.1 Introduction

In this section we provide an overview of our CP7 income and expenditure (based on a forecast in February 2025).

12.2 Operations and support

Southern Region Operations Approach

Our approach aims to modernise and transform railway operations through people, process, and systems, leveraging data, digital technology, and business change.

Three Strands of Professionalising Operations:

- **Signaller Resource Pool:** We've recruited signallers into roles across the Southern Routes. We're working with the System Operator to implement improvements in the recruitment, training, and promotion lifecycle for signallers to optimise efficiency.
- **Management Structure:** New roles of Professional Development Manager (PDM) and Professional Development Supervisors (PDS) have been filled. We're enhancing signaller competency assurance by adopting the Risk Management Maturity model. A post-implementation review of PDM/PDS arrangements is underway, with Southern Region actively participating.
- **Signalling Simulators:** New simulators have been provided in four locations, improving local training, particularly at Wimbledon ASC and Three Bridges ASC. Learnings have been shared with Kent Route, and modular simulators are being deployed with support from the System Operator and Route teams.

Other Initiatives:

- We're now focusing on supporting Standard Operating Procedures within controls to simplify incident management. Amendments are being made to the control room logging system (CCIL) to trial embedding SOPs into workflows for common incidents.
- The State of the Railway Compiler (SORC) trial on the Kent Route with Southeastern colleagues provides accurate insights into train movements and timetable adherence. The trial shows potential for understanding sub-threshold delay and improving the feedback loop into timetable planning.

European Train Control System (ETCS) long-term deployment plan

Progress has been made in developing our ETCS plans, securing Train Operator Business Plan commitment.

Electric Control Rooms

We will continue with our existing strategy to migrate Electrical Controls rooms to our Route Operation Centres, as enabled by the Supervisory Control and Data Acquisition replacement programme.

Fatigue Management

In line with the comments above on Pool recruitment we have increased resource levels in signalling and are working to better understand our baseline resource requirements as well as optimise the processes associated with signaller turnover (recruitment, training, promotion). Improvements in operations assurance will also assist in understanding and mitigation of fatigue risks.

12.3 Maintaining and renewing our railway (incl. other capital expenditure)

Throughout the first year of CP7, we have maintained alignment between our renewals and maintenance plans to achieve Regional safety and performance outcomes. This year marked the launch of the Southern Renewals Enterprise (SRE), based on the Project 13 model with integrated delivery (SID) for renewals. Following the modernisation of maintenance at the end of CP6, the maintenance organisation has increased its resources and capabilities, focusing particularly on offtrack capability, and this will be sustained for the remainder of the control period.

We are on target to meet or slightly exceed the FY25 effective volume targets. We have worked extensively with stakeholders to address the business plan overlay, minimising the impact on volume delivery. We are working to mitigate any impact the small reduction in renewals volumes might have on train performance over the remainder of CP7, in particular by protecting the assets that have the greatest impact on how the railway performs for its customers and undertaking additional maintenance where needed.

Our renewals delivery through the SRE involves sharing a five-year workbank with our delivery partners early and continuously, ensuring alignment between the needs of the Capable Owner (NR) and the SID (delivery partners). Over the next year, we will focus on streamlining this process for all parties.

12.4 Safety bow ties

Our safety risk assessment framework for CP7 assesses the impact of a shift in the risk profile resulting from lower planned level of renewals and identifies mitigations. Over the past year, we have embedded the safety risk assessments into national and regional assurance processes and have used these to assess changes to our asset management plans throughout the year. We will continue to iterate and develop the safety risk assessments, initially focused on Electrical and Plant assets over the next year.

The Southern Region has supported the TA in automating the safety bow tie methodology, using track discipline as the pilot case. This will enable quicker assessment of business plan decisions on maintenance and operations.

12.5 CP7 income

We are forecasting to receive c. £5.3bn of income (cash prices) in CP7. This income is important and helps to fund the costs of operating, maintaining and renewing the Southern network. Our income comes from several sources but primarily:

- **Track Access Charges (£2.2bn):** Payable by our passenger and freight customers in return for using the Southern network. It comprises a mixture of 'variable' income where how much we receive depends on traffic levels. This funding is designed to cover the 'wear and tear' costs that we incur when trains run on the network. We also receive 'fixed' track access charges designed to contribute towards the overall cost of operating the railway, including corporate HQ costs, for example
- **Station and Depots (£1.3bn):** Mainly income from our passenger train operator customers in return for access to our managed and franchised stations. Most income is received through Long Term Charges which fund the maintenance, repair and renewal of our stations. Separately we also receive lease income from our depot estate
- **Property (£0.6bn):** Income from our commercial property estate including retail and advertising income at our managed stations, rental income, and sales income where we dispose of non-core assets reinvesting the benefits in the railway. Our CP7 sales target is ambitious and includes a further £28m challenge compared to our Draft Determination response. We will work with the new DevCo organisation with the aim of delivering this target, maximising revenue for customers and taxpayers
- **Electric Current for Traction (£1.2bn):** Recovers the cost of electricity supplied by Network Rail to power trains. The EC4T charge is paid by all operators who use electricity supplied by Network Rail to power their electrified trains (i.e. passenger operators on concession-style agreements, freight operators, open access operators and charter operators)

Since the publication of our original CP7 delivery plan in March 2024 the key areas of change from our initial CP7 forecast are:

- **Schedules 4 & 8:** Our original income forecast assumed performance regimes are neutral overall (Schedules 4 & 8) therefore, no net costs or benefits were assumed in our income forecast. In year one we have seen lower Schedule 4 costs than originally anticipated due to lower possession costs and the receipt of claims income, resulting in a financial benefit to the Region. However, we have also seen higher Schedule 8 costs and payments to train operators due to train performance being worse than anticipated
- **Electric Current for Traction (EC4T):** Was forecast centrally in our original business plan and therefore was not included in our Regional income projections. However, this income (and cost) has since been devolved to Regions and therefore is now included in our forecast and the values, above

13. Risks, uncertainty and opportunities

Our CP7 funding must stretch further than in previous control periods due to volatile inflation, lower industry revenue post-pandemic, and wider Government financial pressures. It's crucial to mitigate risks, exploit opportunities, and remain agile.

We identified several CP7 risks and opportunities in our original plan, which remain valid. However, new risks have emerged as we near the end of year one, including:

- Higher employer National Insurance costs from the November 2024 budget, impacting staff costs
- Above-inflation increases in supply chain costs for materials and equipment
- Schedule 8 payments to train operators due to worse-than-forecast train performance
- Cost pressures on our signalling portfolio

We have managed these issues by mitigating them, using local input price money, and accessing national risk funding. We will continue to monitor and manage risks and opportunities through BAU processes, including the Governance, Risk, Assurance, and Improvement (GRAI) framework and quarterly rolling forecast process.

13.1 Risks

- **Risk that Inflation exceeds current forecasts.**
Partially mitigated through headwinds provision in addition to input prices allowance.
- **Risk that we are unable to close out the Overlay within the plan without reduction in core asset renewals.**
Partially mitigated through continued development of additional efficiencies and market led opportunities.
- **Risk to performance outcomes and relationships from mismatch between demand and train service affordable under the ABP process.**
Engagement in ABP process with DfT
- **Risk that insufficient risk funding drives late change in workbank and therefore cost**
Provision for headwinds and Emergency earthworks; input price provisions aligned with inflations assumptions; identify year 4 & 5 schemes that could be slipped to CP8.
- **Risk that new unidentified systemic asset failure mode emerges.**
Ongoing analysis of reliability and failure data to adapt plan during CP7.
- **Risk that we do not maintain the commitment of our workforce to deliver the plan.**
Mitigated through cultural change programme and leadership.

13.2 Opportunities

- **Market Led**
Continue to review opportunities and develop thinking as demand patterns resolve post covid.
- **Southern Renewals Enterprises delivers super efficiencies**
SRE is heavily incentivised to over deliver efficiencies
- **Input prices lower than forecast**
Not within Region Control
- **Rail reform**
CP7 will see the creation of Great British Railways (GBR), bringing DfT procured operators back into public ownership and providing a single guiding mind for track and train. We welcome Government's commitment to establish GBR and are working closely with train operators to deliver early benefits from integration (e.g. as part of the Southeastern Trains Alliance on the Southern Region).

14. Annex

A. CP7 outcomes

Table A1, below, sets out our planned key CP7 outcomes for each strategic theme, including our regulated CP7 success measures, as well as other key outcome measures. The table sets out our expected CP7 exit position compared to our forecast in our previous Delivery Plan publication.

CP7 outcomes by strategic theme.

Strategic theme	Measure	CP7 exit (March 2024 Delivery Plan)	CP7 exit (March 2025 Delivery Plan)
	Workforce Fatalities and Weighted injuries	0.053	0.051
	Personal Accountability for Safety (PAFS)	118	118
Train service delivery	Passenger On Time ^{1 2}	68.3 %	68.3 %
	Passenger Cancellations ^{1 2}	3.1 %	3.1 %
	Freight Cancellations ¹	2.1 %	2.1 %
	Freight Growth (net tonne km) ¹	2.9 %	9.6 %
	Composite Sustainability index (CSI) ¹	-3.0 %	-2.3 %
Efficiency	Operational Expenditure Efficiency ¹	97	97
	Capital Expenditure Efficiency ¹	139	130
	Financial Performance Measure (FPM) ¹	0	0
Customers & Communities	Passenger Satisfaction	7.74	7.74
Sustainable growth	Carbon Emissions - Scope 1 & 2 Reduction ¹	-20 %	-20 %
	Biodiversity Units Net Gain ¹	4 %	4 %
People	Employee Engagement	51 %	51 %

¹ Regulatory success measures with targets set in ORR's final determination. ² ORR's final determination sets firm passenger train performance targets for the first two years of CP7 and indicative trajectories for years 3-5. There will be a regulatory review to reset passenger train performance metrics (with the exception of the Scotland train performance measure) for years 3-5 of CP7.

CP7 Delivery Plan Update: 2025/26

B. CP7 financial summary

CP7 expenditure

CP7 expenditure (March 24 CP7 delivery plan and March 25 CP7 delivery plan update)

£m in cash prices	March 2025 (March 2024) Delivery Plan					
	2024-25	2025-26	2026-27	2027-28	2028-29	CP7 Total Expenditure
Operations & Support	334 (300)	303 (302)	332 (308)	331 (309)	331 (310)	1,631 (1,527)
Maintenance	535 (560)	575 (556)	564 (565)	562 (564)	563 (563)	2,799 (2,808)
Renewals	762 (762)	770 (747)	749 (742)	722 (728)	714 (724)	3,718 (3,704)
Input Price Risk Funding	0 (0)	0 (26)	18 (32)	31 (48)	35 (56)	85 (161)
Industry costs and rates (excl. BT Police) *	64 (75)	71 (76)	82 (86)	84 (88)	86 (89)	386 (414)
Electricity for traction (EC4T)	276 (280)	245 (258)	242 (280)	242 (281)	243 (282)	1,248 (1,382)
Allocated Expenditure	226 (321)	304 (363)	383 (367)	393 (372)	477 (373)	1,783 (1,796)
Total Expenditure (excl. EC4T)	1,921 (2,018)	2,024 (2,070)	2,128 (2,100)	2,123 (2,108)	2,206 (2,114)	10,402 (10,411)
Total Expenditure	2,198 (2,299)	2,269 (2,328)	2,370 (2,380)	2,364 (2,390)	2,450 (2,397)	11,651 (11,792)

* All numbers in brackets refer to March 2024 Delivery Plan Figures

CP7 income

CP7 income (March 24 CP7 delivery plan and March 25 CP7 delivery plan update)

£m in cash prices	March 2025 (March 2024) Delivery Plan					
	2024-25	2025-26	2026-27	2027-28	2028-29	CP7 Total Income
Access Charging Income **	423 (424)	444 (447)	441 (439)	473 (468)	447 (439)	2,228 (2,217)
Commercial and Other Income ***	358 (356)	370 (374)	377 (383)	388 (393)	424 (426)	1,918 (1,932)
Network grant	1,168 (1,230)	1,250 (1,219)	1,290 (1,249)	1,252 (1,217)	1,314 (1,220)	6,273 (6,135)
Net Schedule 4 & 8	-33 (-2)	-38 (-2)	-2 (-2)	-1 (-2)	-1 (-2)	-75 (-11)
Allocated Income	5 (10)	-3 (31)	22 (32)	11 (32)	23 (33)	58 (137)
Electricity for traction (EC4T)	276 (280)	245 (258)	242 (280)	242 (281)	243 (282)	1,248 (1,382)
Total Income (excl. EC4T)	1,922 (2,018)	2,024 (2,070)	2,128 (2,100)	2,123 (2,108)	2,206 (2,114)	10,402 (10,411)
Total Income	2,198 (2,299)	2,269 (2,328)	2,370 (2,380)	2,364 (2,390)	2,450 (2,397)	11,651 (11,792)