

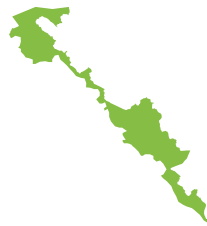
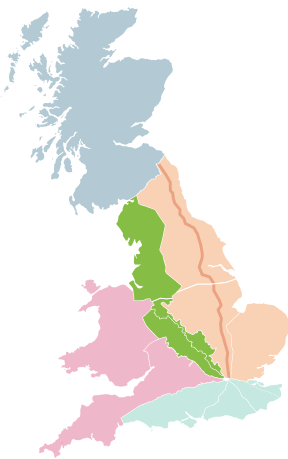


North West & Central

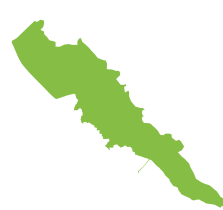


Tim Shoveller,
managing director, North West & Central

16 July 2020



West Coast Mainline
South route



Central route



North West
route

The North West & Central (NW&C) region is the backbone of Britain - the economic spine linking England's main cities of London, Birmingham, Manchester and Liverpool. We connect workers with jobs, people with loved ones and goods to market.

We serve people in many different market segments, including long-distance business travellers, urban commuters, leisure and freight-users. We are home to the West Coast Main Line, the busiest mixed-use railway (passengers and freight) in Europe.

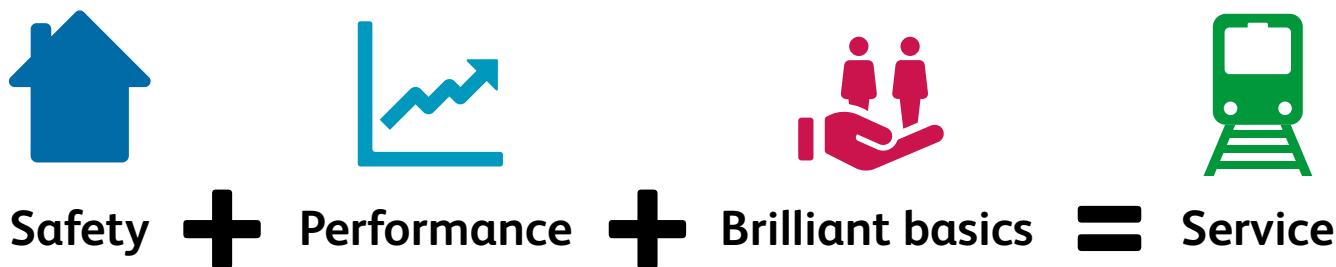
In 2019/20, the railway industry did not work well for many people. Passengers did not get the reliable service they expect and deserve, particularly in the North and Midlands. This was unacceptable and, consequently, we are changing

our business structurally and culturally to bring lasting improvements.

NW&C's three routes – North West, Central, and West Coast Mainline South – were launched in September 2019, devolving our key decision-making closer to the markets we serve, in line with Network Rail's 'putting passengers first' (PPF) transformation.

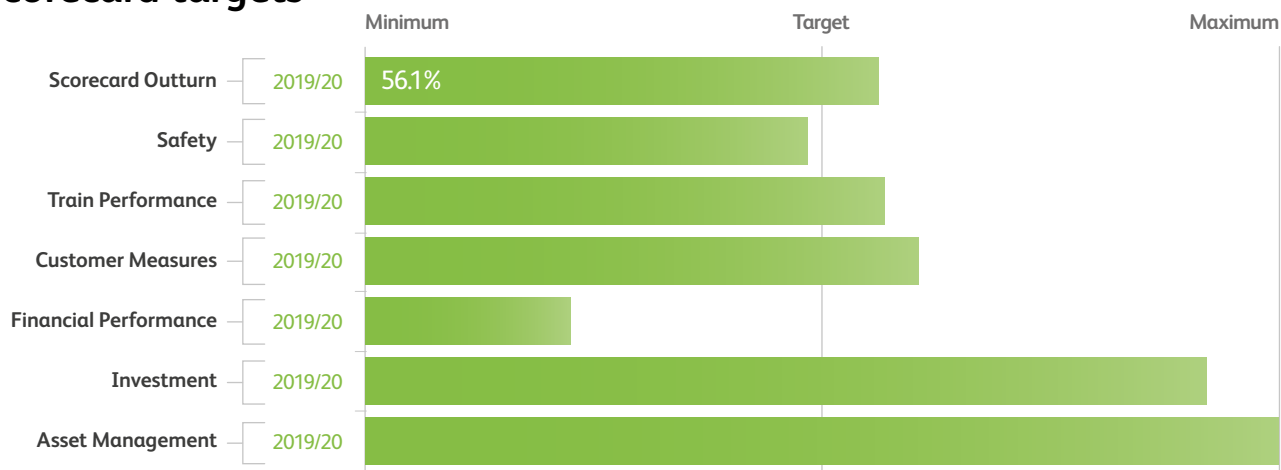
But organisational structure alone will not deliver consistently reliable services for passengers. The key to us achieving this is by focusing on putting passengers first and providing a reliable service. This is outlined by our 'service equation,' based on Transport Focus research data that shows what matters most to passengers.

North West & Central continued



We must look at the system as a whole and understand how we can improve what we do to put passengers first. A service-led NW&C region, and its three routes, capital delivery and support functions, will deliver the consistently reliable service passengers and freight customers expect and deserve. Another key to success is cross-industry teamwork. For lasting improvements for passengers, the whole industry – track and train – must work seamlessly together.

Key scorecard targets



➤ Safety

Our safety vision is ‘Everyone home safe every day.’ By 2024, we aim to have achieved world-class safety levels, reducing the number of colleagues seriously injured at work by two thirds against 2019 levels.

In 2019/20, our safety performance was moving in a positive direction. At our four managed stations (Liverpool Lime Street, Manchester Piccadilly, Birmingham New Street, London Euston) we had 53 passenger-train interface (PTI) accidents compared to 48 the previous year. Meanwhile, we had 106 lost-time injuries among our workforce compared to 102 in 2018/19. Expressed as LTIFR (lost-time injury frequency rate), our result for 2019/20 was 0.328, down from 0.444 the previous year.

In 2019/20, we had more people undertaking more work, which is why the LTIFR reduced. We remain focussed on improving so we can hit our 2024 goal. Our daily tactic ‘Take 5 For Safety’ remains essential. And our long-term

strategy is to drive health, safety and environmental performance in line with our company values (teamwork, safety, empowerment, care).

While it took place after the end of the financial year, we must mention the death on 8 April 2020 of AmcoGiffen contractor Aden Ashurst, after he was struck by a train at Roade, Northamptonshire. Investigations are under way to establish the facts. We will learn all we can from this tragic incident.

➤ Train Performance - reliability for passengers

During year one of CP6 (2019/20) Merseyrail and the London Overground lines that run through our region saw strong performance. In fact, up to period 12 (Feb 2020), Merseyrail was performing at its best-ever level. But Avanti West Coast, Chiltern Railways, West Midlands Trains, Transpennine Express (TPE) and Northern Trains all fell short.

Poor train punctuality is the key driver of passenger dissatisfaction. In Transport Focus’s autumn 2019 National

North West & Central continued

Rail Passenger Survey (NRPS), it led to drops in customer satisfaction scores for most of our lead train operators, notably Northern (bottom on 72 per cent), TPE (79 per cent) and West Midlands Trains (second from bottom on 73 per cent).

The NRPS scores for Northern reflect ORR criticism and the subsequent move to bring the operator under government control on 1 March. We are working with the operator of last resort to bring lasting improvements to service.

On a positive note, scores for Chiltern (90 per cent) and Merseyrail (91 per cent), whose punctuality performance were both strong, were well above the national average of 82 per cent. This proves we can deliver for passengers provided we have a workable timetable.

The root cause of our current performance challenges can be summarised as follows:

- Timetables in the West Midlands and the North which spread delay rather than contain it.
- Train operator traincrew availability - notably for Northern, TPE and WMT.
- Infrastructure reliability. This is within our control. We are working to improve (Project Alpha – see below).
- Capacity constraints on existing station space (Euston; Manchester Piccadilly) and infrastructure (Castlefield Corridor in Manchester), which can only be fully addressed by long-term capital investment.

Freight

Full-year freight performance was on budget for operating expenditure but £0.6m adverse on turnover. This was driven by continued outperformance on domestic intermodal, construction materials, biomass and automotive throughout the year, resulting in increased freight income. This was offset by more Schedule 8 costs than budgeted due to major performance incidents in the year.

Following the outbreak of Coronavirus in early 2020, an average 188,000 tonnes a day - or 1.13 million tonnes a week - of critical supplies, including food, fuel and medicine, continued to be moved by rail across the region on the West Coast Main Line and its key spurs.

Project Alpha performance-improvement programme

In November 2019, we kicked off the Project Alpha performance-improvement plan to bring:

- Quick wins in infrastructure reliability.
- Service-led cultural change ahead of NW&C's fully-resourced organisational structure going live in June 2020.
- Longer-term plans to remedy the timetable, train regulation and other strategic and structural issues.

There are some early signs of progress. For example, Network Rail-caused delays on NW&C are currently at their lowest level for three years. But there is still more to do.

Short-term wins - delivering brilliant basics

Initiative across the region to improve our basic service deliverables:

West Coast Mainline South route

- Project Stephenson - £2.5m of customer experience improvements at Euston, including seating, signage, toilets, information flow, platform passenger flows and much more.

Central route

- Improvements to wayfinding, signage and customer contact points at Birmingham New Street.

North West route

- Hiring of 17 additional station staff at Manchester Piccadilly to improve passenger flows on and off platforms 13 and 14. Treating these two platforms as a station in its own right.

Region-wide

- PPF information service - via our six NW&C twitter feeds, improved real-time info on journey-impacting track issues, augmenting efforts by train companies and National Rail Enquires.

Case study

Putting Passengers First

Weatherproof railway

One key aspect of our plan to improve performance for passengers is weather-proofing our railway so it is better able to cope with increasingly extreme weather. A great example of this is Caldew Junction, near Carlisle. In 2015 Storm Desmond flooded this location wrecking the signalling equipment. Repairs took 14 days during which time the West Coast Main Line to Scotland remained closed. We subsequently raised the signalling kit on 3m-high stilts. In 2020 when Storm Ciara flooded Caldew again, the kit remained intact and the line reopened in 24 hours, minimising the impact on passengers. We are delivering weather-proofing work like this across the network to improve passenger experience by reducing delays.

Financial performance

In 2019/20 we invested £1.5bn on renewals, operating expenditure (opex) and railway enhancements. By comparison, in 2020/21, our forecast spend is £2bn. A busy year awaits.

Poor train performance in 2019/20 resulted in high Schedule 8 (train delay compensation) payments to our train operators.

Opex for the year closed £1.4m under budget. We plan to spend this saving in 2020/21 on more performance-improving schemes.

Core Renewals closed the year delivering £455m of volume, just £11.7m below budget for the year. We plan further investment in our assets in 2020/21, with a 31 per cent year-on-year increase in spend forecast. Birmingham New Street and Crewe re-signalling projects are our two major renewals projects in the years to 2024 (CP6).

It has been a challenging year for our railway enhancements portfolio with vital projects, such as HS2 and East West Rail 2 (Bicester to Bedford), impacted by government reviews. However, following recent announcements, we now have greater certainty and are working with partners to deliver next year and beyond.

The year ahead (2020/21) and onwards

The year ahead will undoubtedly be greatly affected by Coronavirus, but we will continue to do whatever is needed to support our passengers, colleagues and the public. For now, that means making sure that key workers can safely get to their jobs and essential freight gets where it needs to be. For NW&C, it also means continuing to make vital repairs and enhancements to our railway, so that when Britain emerges from this crisis, we are ready to step up.

In addition to our need for immediate and lasting train performance improvements, detailed above, our challenges for 2020/21 and beyond include:

- Growing demand. Between 2019 and 2024 (CP6) demand for rail is forecast to grow dramatically – passengers +12 per cent and freight +18 per cent (data from pre-Coronavirus crisis). This includes on the West Coast Main Line, Europe's busiest mixed-use railway, which is completely full.
- To meet this demand, building a bigger railway to carry more passengers and produce in future - while continuing to run a reliable railway. It's similar to building a new Wembley stadium while continuing to stage events. HS2 has now received the Government's green light to proceed. This will add much-needed capacity on West Coast, freeing up space on chronically congested rail



arteries into the Midlands and the North. The Great North Rail Project, including upgrades to the Trans-Pennine route and, longer term, Northern Powerhouse Rail and Midlands Rail Hub, will bring more trains with more seats to carry more passengers, including connections to the new HS2 railway.

- Climate change. Britain's weather is becoming more extreme. An example was Storm Ciara, in February 2020, when a month and a half's rain fell in one day along with 90mph winds. We are developing plans to weather-proof our signals, overhead wires and other infrastructure.

Our funding has been set at £5.7bn (2018/19 prices) for our core maintenance, renewals and operations programme. This is a huge vote of confidence and a big responsibility. Together, as an industry, we will deliver for the communities we serve.

Case study

Efficiencies

Docker Garth viaduct

The Docker Garth viaduct in Cumbria underwent a structures renewal in 2019/20. It involved recasting defective masonry, managing vegetation surrounding it, and re-pointing and installing anchors to address cracks in the viaduct. Previously this would have required a full scaffold system to provide access to carry out the work. By engaging a specialist sub-contractor, an innovative solution enabled safe access - a suspended gantry, which moved vertically and horizontally. The total saving on this project was £600,000. While this is a one-off saving, we will apply what we have learnt in future.