

OFFICIAL



Half-year Performance Report

April-October 2020

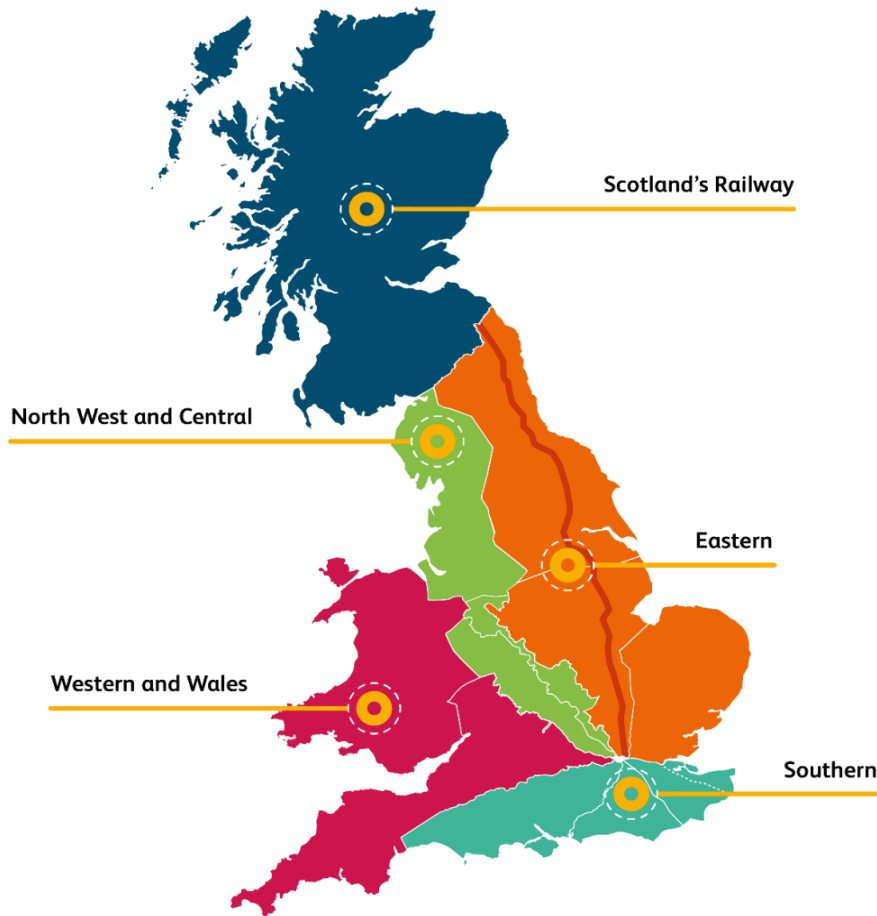
Welcome to our half-year report

This report covers the first half of 2020/21, from April to October 2020 (periods one to seven).

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About Us



Our vision

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

Our purpose

Connecting people to places and goods, driving economic growth.

Our structure

Our five regions are Eastern; North West & Central; Scotland's Railway; Southern; and Wales & Western. They support 14 routes responsible for train performance, maintenance and renewals. Our Putting Passengers First programme introduced this structure to bring us closer to passengers and the communities we serve.

Our Network Services team supports our routes and regions by providing network operational, freight telecoms and technical expertise and co-ordinating national programmes and initiatives that help the regions to deliver for passengers and freight users.

Our Route Services team provides services to our routes and regions including supply chain operations; sourcing and managing contracts; IT services; business services; asset information services; and engineering services.

System Operator provides a long-term view of the railway informed by planning and timetabling the network, and from industry-wide interfaces.

Overview

We are living through a uniquely challenging period in our history. In March 2020, the coronavirus pandemic forced a sudden shift in the way that we all live and work, and this period of uncertainty will likely continue for some time yet. Despite the recent good news that a vaccine has now been approved for use in the UK, we don't yet know how long this will last, or what the long-term impacts on our society or economy will be.

Throughout these uncertain times, tens of thousands of people across the rail industry have worked harder and faster than ever to support the people we serve. It is thanks to the commitment of everyone in the rail industry that those who need to travel by rail can and freight services have continued to carry food, fuel, medicine and NHS supplies to where they are most needed.

By adjusting our approach to enable colleagues to maintain social distancing we have also been able to continue planned maintenance and renewals work throughout the pandemic. With fewer passengers using the railway, lockdown allowed us to accelerate maintenance and renewals work in some areas, bringing real benefits for passengers when they return. At one point during the first lockdown Network Rail represented a quarter of all UK infrastructure spend, making vital improvements for passengers and freight. So, we are immensely proud of our people and of the critical role they have and continue to play in supporting Britain through this crisis.

Despite these achievements in the face of unprecedented challenges, we are ending 2020 with a heavy heart. We have experienced the loss of a number of colleagues due to the pandemic, workforce fatalities and the loss of a passenger

following the tragic incident in Stonehaven earlier this year.

On 8 April, Aden Ashurst, a colleague working for AmcoGiffen, was fatally struck by a train in Roade, Northamptonshire. [Investigations](#) into the accident continue and we will learn everything we can from the accident to help keep people safe on the network. Aden's death follows the tragic deaths of Gareth Delbridge and Michael 'Spike' Lewis in July 2019 at Margam. Our Track Worker Safety Task Force has been making changes to improve the safety of our front line colleagues and so far we have reduced open line working by over 50 per cent, but there is still much more to do. In November, the Rail Accident Investigation Branch also published its [findings](#) about the accident at Margam.

On 12 August, a passenger train derailed after hitting a landslip near Stonehaven, resulting in the tragic deaths of Donald Dinnie, Brett McCullough and Christopher Stuchbury and injuries to six other people on the train. The line has now been repaired and was reopened in November, but [investigations](#) are ongoing. Following the derailment, we were asked for an assessment of the impact of extreme weather on the resilience and safe performance of the network. Our [interim report](#) to the Secretary of State looks at how we manage the risk of landslips and the immediate action we are taking. Two task forces, led by independent experts of international renown, were established in August 2020. One led by Lord Robert Mair, is reviewing our management of earthworks. The other led by Dame Julia Slingo is helping us make best use of weather data in our operational arrangements. We also set up our own earthworks sprint programme to quickly identify and strengthen areas of the

railway that could be vulnerable to heavy rainfall. Britain's railway may be one of the safest networks in Europe, but with exceptional weather events becoming more frequent, there is an ongoing challenge to safety and reliability that means we must work faster to protect the railway.

On 30 November a tragic accident at our long-welded rail facility in Eastleigh resulted in the death of Kevin Mauger, a rail loading operative. Investigations are ongoing into exactly what happened, and we are providing support to family and colleagues as they come to terms with Kevin's loss.

Our thoughts remain with everyone that has been affected by these terrible incidents. It has been a painful reminder of the dangers that the railway can pose if we are not constantly vigilant. We will learn everything we can about what happened so that we can prevent similar incidents from happening again in the future. It is our responsibility to make the railway as safe as is possible for passengers, our workforce and the public.

As we continue to navigate through this pandemic, we must continue to be agile and keep a sharp focus on the best outcomes for passengers and freight. Since March 2020 we have delivered four coordinated major timetable changes as we responded to the needs of passengers and freight users. As a result, over the last eight months we have seen the best train performance on our railway for many years.

Our 'On Time' measure of train performance was 71.8 per cent at the end of Period 7 compared to 65.2 per cent at the same point in 2019/20. Similarly, Public Performance Measure at the end of Period 7, was 88.9 per cent compared to 87.3 per cent at the same point in 2019/20. And our Freight Delivery Metric tells a similar story, with a 1.9 per

cent improvement compared to the same time last year. This is certainly a positive step, but we know we cannot be complacent. As we build back the timetable and more passengers return to the railway, we will have to work hard to maintain these levels of performance. That means learning lessons now, so that in the future we can better balance the trade-off between maximising capacity and delivering a high performance railway for passengers and freight users.

The last National Rail Passenger Satisfaction survey was undertaken before the first lockdown in March. This showed that overall, 82 per cent of passengers were satisfied with the railway, which is below target. Despite fewer passengers travelling, we have not lost our focus on passenger satisfaction. Instead, we have adjusted our focus to address increased concern around cleanliness and safety. Our Welcome Back campaign, launched in September 2020, aimed to increase passenger confidence in travelling by train. By communicating about the additional cleaning at our managed stations, use of anti-viral treatments and free sanitising stations, 63 per cent of passengers said they felt reassured that our stations are safe. But while this campaign has gone some way to rebuild passenger confidence, passenger numbers remain at just a third of pre-pandemic levels and we know that there is a long way to go.

In 2019/20 we reorganised under our Putting Passengers First programme, significantly changing the way we are structured to help us put the people we serve first. We now get the best of a local approach by allowing the people who are closest to our passengers and customers, and have the best understanding of what they want, to deliver for them. Our 14 route businesses now sit within five regions, each

of which has its own managing director who sits on our executive leadership team. This year, we took the next step in this process as our regions implemented their new operating models. This means devolving further responsibilities to regions and routes, including capital delivery.

But we must remember that these structural changes are just an enabler. Real change will only come from relentlessly focusing on what is right for passengers and embedding a customer service mindset at every level of the business.

The coronavirus pandemic brings with it added scrutiny, not just around how well we deliver for passengers, but how efficiently we do so. With the railway receiving huge levels of public subsidy, it has never been more important that we demonstrate financial rigour and efficiency. It is right that we should continue to invest in creating a reliable and sustainable network for the future. But as we do so, we must make sure that we are building better value railways.

We exceeded our efficiencies target in year one of Control Period 6, and so far this year we have declared efficiencies of £377m, which is ahead of target. But the pandemic has also resulted in additional costs in areas such as personal protective equipment (PPE) and vehicle hire costs to enable colleagues to travel separately. These factors have contributed to financial underperformance on renewals for the year to date.

An important part of investing well for the future will be investing in a sustainable railway. Rail is on a journey to a cleaner, greener future. Sustainability is important to our passengers and it's important to us. It's an integral part of putting passengers first and making sure our railway is resilient, efficient and provides a great service in

years to come. In September our Environmental Sustainability Strategy was launched focusing on four key priorities to maximise the positive contribution rail can make to the lives of our passengers, our society and our economy while minimising any negative impact on the natural environment. Since launching the ambitious strategy, we have already completed significant milestones, including becoming the first railway organisation in the world to set science-based targets for reducing carbon emissions so that we help limit global warming to no more than 1.5°C.

As we work to build a railway that is fit for the future, it is critical that we continue to invest in our people and in building a strong and diverse workforce to operate, maintain and enhance it. We must inspire those new to the job market to join us to create a more diverse workforce and offer a range of highly skilled careers. In October, we were included in the top 20 of apprenticeship employers, thanks to the growing number of schemes available, the support offered by our coaches and the volume of apprentices that emerge qualified to undertake a broad spectrum of roles across the industry. This year we also launched Ready 4 Rail, a new virtual work experience programme, which gives students aged 16 to 18 the opportunity to do their work experience remotely during the pandemic.

Eastern

Eastern Region has risen to the challenge of the COVID-19 pandemic – maintaining freight services, enabling excellent train performance and delivering huge investment and enhancement work despite the impact of the public health crisis.

To do this, we placed a relentless focus upon doing the right thing for passengers and freight customers through the first wave of the pandemic.

In partnership with our train operating colleagues, we have successfully implemented changes to the timetable to reflect the changing needs of passengers and stakeholders. Excellent levels of train service punctuality have been maintained throughout. We have also taken the opportunity, with our train operator colleagues, to seek improvements to the timetable which support improved train performance in the long term.

Despite the unprecedented impact of the pandemic, we were also able to deliver, at pace, large volumes of engineering work to deliver on behalf of our passengers and the wider industry. After a brief pause in order to establish COVID-safe working environments, our investment programme delivered the new turnback facility and platform at Stevenage, a new station at Horden in the north east, capacity improvements at Kings Lynn and completion of the Midland Main Line electrification to Corby. Passengers will experience the benefits of the Midland Main Line upgrade when the new timetable starts in May 2021 and the East Coast Upgrade from May 2022. Development of the Transpennine upgrade programme has continued, with the first interventions now planned for summer 2021.

I could not be prouder of the response of my teams to the impact of the pandemic and their contribution to keeping the country moving at a time of crisis.

Rob McIntosh, managing director

Safety

The measure of how safe we are keeping our workforce (Fatality Weighted Index or FWI, which measures the number and severity of injuries to our workforce) remains ahead of target. We are seeing some negative trends in specific areas, such as traffic speeding offences, and we are taking immediate steps to address them such as safety briefings for employees. As part of our drive to reduce risk to our workforce, Eastern continues to make great progress in reducing the levels of maintenance carried out under red zone conditions. They are now at their lowest ever levels across the whole of the region.

Following the tragic events at Stonehaven, our engineers inspected nearly 300 different locations of a similar nature and conducted specialist surveys at 117 locations. All immediate actions have been completed. Fewer than 20 minor actions are remaining and are being actively managed by the relevant maintenance teams.

Train service delivery

Freight was a key priority at the start of the year, as we worked to keep goods moving, as well as people. Freight performance is significantly better than last year, with the second quarter of the year seeing three consecutive periods of FDM over 95 per cent.

All of our passenger operators are recording significantly improved reliability and timeliness compared to last year. As part of our programme to improve weather resilience for the future, our work to prepare the network for increasing variations of extreme weather reaped benefits in the summer, as performance remained good through prolonged periods of hot weather. This is also illustrated by the number of service affecting failures of our assets, which is under target.

Efficiency

The region is facing some tough financial challenges, as operating costs have increased by four per cent due to COVID-19. Efficiencies made so far are tracking in line with targets and forecast to achieve the £144 million planned by the end of the financial year. As part of our process of devolution, Eastern has become responsible for our region's property portfolio. While the impact of the spring lockdown had been factored in, we are still working through the implications of the current restrictions in place across England and the localised restrictions that preceded them. The region is challenging costs across the board, as well as looking for further efficiency opportunities.

Sustainable growth

We completed the biggest enhancement programme on the Midland Main Line since its construction when we finalised the London to Corby electrification this autumn. From May 2021, this will deliver an extra-long distance train each hour, as well as up to 22 trains per hour through the Thameslink core, reduced journey times along the line, and enable the introduction of bi-mode trains, that will reduce the carbon footprint of the line and improve the quality of air breathed by passengers and railway workers alike.

Some of our enhancement programmes have been delayed because of the unprecedented impact of the pandemic. We acted at pace to create COVID-secure working practices for our teams and suppliers and have been operating to the absolute maximum of our capacity throughout the public health crisis.

We recognise the need to develop COVID secure methodology, and robust delivery plans are in place. Major work at King's Cross and Werrington, as part of the East Coast Upgrade to deliver better reliability and support increased services, will be carried out in Spring 2021. A cross-industry group has meticulously planned this work to minimise disruption to passengers by delivering a comprehensive passenger communications campaign to give rail users advance notice of planned work and advice on alternative travel options. We are also working with our train operator partners to ensure we provide a robust train service during the three-month partial closure of King's Cross from March to early June in 2021. They are on schedule to the revised programme following disruption due to the pandemic. In Anglia, we continue the Crossrail works required for passenger services and are progressing the Ely area capacity

enhancement programme, which aims to build the capability to increase the number of trains from an average of 7.5 to 10 per hour in each direction.

Eastern is implementing an ambitious new environmental strategy focused on reducing emissions and waste, managing and promoting biodiversity and planning on making the infrastructure resilient to adverse weather. By November 2020 our environmental sustainability index was 78.5 per cent. This is made up of four measures: waste diverted from landfill, recycling of non-hazardous waste, energy reduction, and carbon emissions reductions and means that we are currently achieving the KPIs for them ahead of the target for the year. Energy consumption is better than target, partly prompted by the installation of energy-efficient LEDs in various key buildings. While waste volumes remain similar to last year, the overall recycling rate for the region on target at 70 per cent and 96 per cent of non-hazardous waste is being diverted from landfill. Energy audits are taking place across the region to identify further opportunities to reduce our energy use.

People

We have successfully introduced our new operating model, giving each of our routes the resource and support they need to better respond to the needs of the customers and communities they serve. Our people have responded with incredible professionalism to the challenge of COVID-19, working with us to implement safe ways of working and keep the railway running at a time of unprecedented national crisis. The first “pulse” internal employee survey showed we have an Employee Engagement Index of 67 per cent, this is an improvement from the 60 per cent score at the last full survey in 2019.

Customers & communities

With such a large investment programme, our complaints handling target was a known challenge, particularly in relation to lineside neighbours. We are focusing on prevention, with good notification and different ways of communicating with our communities. We have also created a new campaign aimed at tackling isolated incidents of poor behaviours among our workforce when working within communities. The campaign reinforces positive manners and conduct and being good neighbours.

The spring National Rail Passenger Survey showed 83 per cent of passengers were satisfied with their journey, although footfall remains very suppressed.

North West & Central

We have worked to recover from the very poor train service performance, reported last year, with significant improvements in punctuality and infrastructure performance. However, the death of Aden Ashurst at Roade, Northamptonshire, on 8 April, was a tragic start to 2020/21. Aden was a railway family colleague working for AmcoGiffen, our contractor, when he was struck by a train. Investigations continue and we will learn everything we can from this.

Train service punctuality and reliability have improved significantly over this time. The COVID-related drop in passenger volumes and train services, correcting timetables that were impossible to operate reliably, are among the reasons for this, along with our Project Alpha improvement programme, activated in November 2019.

In January our regulator, the Office for Rail and Road (ORR), announced it was conducting a review of longstanding poor performance on NW&C. In April, ORR concluded that, particularly through Project Alpha, NW&C was taking every practicable step to identify and fix causes of poor performance. In its six-month progress report in December, ORR said NW&C was making “reasonably good progress” against the most of the 25 improvement recommendations it had made. However, ORR noted slow progress on two specific areas: firstly, developing a consistent approach to regulating services through signalling operations, and secondly, facilitating joint contingency planning with train operators for the introduction of new trains. We will focus strongly on these two areas as we seek to improve our service for passengers and freight customers.

We have seized opportunities to carry out must-do railway upgrade jobs while passenger volumes are reduced. For example, in late May we agreed a plan with our train operating partners to shut the West Coast main line for two weeks, near Daventry in Northamptonshire, to replace tracks and improve drainage at this known flooding hotspot. Access to this busy stretch of line had previously proved impossible. This enabled us to lift longstanding speed restrictions, imposed for safety reasons, improving journey times and service reliability for many years to come.

The regional service equation - safety + performance + brilliant basics = service - is the lens through which we view all we do. We must hit each of the three component parts of this equation if we are to deliver the service passengers and freight-users expect. Safety is always a non-negotiable. Performance (on-time trains) is similar. Our brilliant basics programme, launched in October, aims to cut waste, improve process and drive value. This is the right thing to do in current circumstances – for our customers, our industry and our country.

Finally, we were all thrilled to learn Chris Conway, a relief signaller at Bamber Bridge near Preston, has been named an MBE in the Queen’s belated summer honours list. Chris receives this honour for his remarkable work to help re-house and comfort homeless people in his native Blackpool, where he is known as “the big lad with the big heart”.

Be safe. Be patient. Be kind.

Tim Shoveller – managing director for North West & Central

Safety

The death of Aden Ashurst at Roade on 8 April was heart-breaking. A painful reminder of how dangerous the railway can be. Investigations continue and we will learn every available lesson. In May, following Aden's death, we ran a 'Take 5 for safety' campaign. Every colleague was asked to take part in a conversation about personal safety, health and wellbeing. Lost-time injuries to colleagues have increased (The number of injuries resulting in absence from work among our employees and contractors). We are reviewing our strategy to reduce slips, trips and falls. Take 5 (five seconds, five minutes, however long you need) is more relevant than ever.

In response to a worrying trend of speeding by some employees, we issued a hard-hitting video featuring two colleagues who have lost people close to them to speeding. Led by our MD, we continue to place a heavy emphasis on personal responsibility. If you speed, you are breaking the law and you will be held accountable. This is non-negotiable.

Train service delivery

The punctuality measures for passenger train service operators were strong for the first two quarters of 2020/21. A key driver of this performance was low passenger numbers compared to normal. It also reflects successful timetable changes to incrementally increase services from a reduced train plan back in April, to 90 per cent of pre-COVID norms.

Freight performance across North West & Central in the first two quarters of 2020/21 has been strong overall. Regionally we have exceeded target in every period except period 6 (September) when performance was significantly disrupted by a signalling failure at Manchester South. Regional FDM has been steadily improving throughout the year, standing at 93.7 per cent at the end of Period 7. We have also set up a quarterly regional freight board to help better understand, and deliver, freight customers' priorities.

Project Alpha, our performance-improvement programme, has helped to remove longstanding timetable frailties and improve asset reliability. In November 2019 Project Alpha was activated to diagnose and remedy causes of poor performance. In early 2020 the ORR investigated longstanding poor performance in the region. With the findings and action plan developed under Project Alpha, we are taking every practicable step to remedy poor performance for passengers and freight customers. Setting aside the performance impacts of COVID, analysis shows that Network Rail-caused delays have reduced since Project Alpha started. Two years of project delivery are ahead for Project Alpha. This will leave a lasting legacy.

Efficiency

At the midpoint of 2020/21 we are £8.9 million overspent on operating expenditure, largely due to additional COVID-related spending including additional cleaning, PPE, and vehicle costs to enable colleagues to travel to site separately. It also includes the loss of station car parking income due to fewer passengers using the network.

Under the 'brilliant basics' programme, we are asking colleagues for ideas on what we can stop, start and do differently. The starting point is: is what you are doing driving the service equation? If not, don't do it. Brilliant basics include doing things less wastefully, more efficiently and in ways that drive greater value for end-users. Already we have had more than 100 'Brilliant Basics

Brainwaves' from colleagues across the business, from major changes to small tweaks. Work is ongoing to turn these 'brainwaves' into real cost-saving, value-adding schemes.

Sustainable growth

We have initiated our Engineering 10-point plan following a series of deep-dive reviews into asset maintenance and engineering activities. The outcomes will be measurable improvements in safety, performance, compliance, and delivery.

Strengthening our railway to withstand the increasing extremes of weather is ongoing. In summer 2019 extreme heat led to our overhead wires sagging, causing widespread delays for passengers. Since then we have improved our overhead wires to reduce the risk of problems occurring again. When extreme heat hit us in August, our railway performed better. Following the Stonehaven tragedy, we have learnt valuable lessons and accelerated our inspection programme of drainage and earthworks to identify high-risk locations. Recent heavy rain has led to parts of our railway, flooding. Our earthworks experts continue to identify and secure landslip risk spots.

We have continued to invest in improving our infrastructure. We renewed sections of the railway along the Coventry corridor to help keep the railway reliable for passengers and freight users for years to come, and transferred signalling control from Ditton, Cheshire, to the Manchester Rail Operating Centre, enabling signallers to respond more quickly to disruption and minimise delays.

While the network was quieter than usual, we seized the opportunity to carry out important engineering work. We renewed 370 metres of track through Melling tunnel, enabling us to lift temporary speed limit that had been in place since January 2019. Work has progressed on East West Rail, which aims to reinstate connectivity between Oxford and Cambridge. Our HS2 enabling work continues to pave the way for the new Euston-Birmingham railway to bring much-needed extra capacity to the West Coast main line.

People

Our new organisational structure is now live. All key safety posts are filled or mitigated across our routes – North West, Central and West Coast South – with the singular aim of bringing our service equation to life for our passengers and freight-users. Recognition of our hardworking people has never been more important. Our monthly Backbone of Britain recognition scheme continues. We are adding to this with handwritten letters of thanks from our executive team.

With an increasing demand for COVID-19 support, caring for our colleagues through the COVID-19 pandemic has been a top priority this year. The region supported the Network Rail-led, industry-wide Rail Wellbeing Live event on 4 and 5 November. This is encapsulated in our motto: 'Be safe. Be patient. Be kind.'

Customers & communities

We are working with frontline teams to improve the two major complaint categories from lineside neighbours (no advance notice of railway work and worker behaviour). At the midpoint for 2020/21, our average age for dealing with customer contacts was 23 days against a target of 29. This is good but we can do better. We are developing an interactive online map where neighbours can see all our planned maintenance and upgrades by entering their post code.

Scotland's Railway

On 12 August, Scotland's Railway suffered the devastating loss of a customer and two colleagues when a ScotRail passenger train derailed after hitting a landslip near Stonehaven. Driver Brett McCullough, conductor Donald Dinnie, and passenger Christopher Stuchbury died in the accident, while six other people on board the train suffered injuries.

While the line reopened on 3 November, this incident has had a profound effect on our industry, and we have been working to support the investigation into what happened and support all those affected by the tragedy.

Our Public Performance Measure (PPM) reached 90 per cent MAA (Moving Annual Average) in September 2020, for the first time since January 2018. Good performance is key to customer satisfaction. Achieving this milestone shows the strong progress we have made to remain on the side of passengers and give them a punctual and reliable train service. While achieving 90 per cent is an important milestone, our target remains at 92.5 per cent MAA, so we still have work to do to deliver further improvements.

Despite the challenges associated with COVID-19, we continue to deliver our Control Period 6 High Level Output Specifications (HLOS) requirements. One example of this is in relation to rail freight growth and our work with the industry on a six-week timber haulage trial from Georgemas to Inverness. Our focus on the freight opportunity will help to deliver a greener Scotland.

Alex Hynes, managing director, Scotland's Railway

Safety

We have seen a reduction in the number of pedestrian near-miss events in the past year. This has been delivered through a combination of education, enabling, enforcement and engineering. The first two Level Crossing risk reduction milestones were achieved early, and improved crossing surface and gate alignment at Dalnaspidal level crossing. The next two milestones for level crossings at Bunchrew and Cults Mill are on schedule for delivery in the next quarter. We are recording fewer injuries each period, however, our FWI and Lost Time Injuries Frequency Rate (LTIFR) performance is still dominated by injuries resulting from slips, trips and falls. Throughout November we ran a 'Sure Footed' campaign designed to reduce the number of slips, trip and fall incidents across Scotland's Railway.

Train service delivery

Our Public Performance Measure (PPM) has performed well throughout the year to date, with strong underlying infrastructure performance, reduced passenger numbers and a lower number of train services all contributing to improvement to 90.3 per cent – the first time it has been greater than 90 per cent since 2017/18. In preparation for the increase in services in August, the Scotland Region performance sub-group was asked to 'Build Back Better', which will bring more resilience to the timetable in the longer term. The sub-group has achieved 27 timetable interventions and PPM for these services has improved by 20 per cent from pre-COVID 19

performance. Measures underway to improve future performance include, platform extension works at Milngavie station, proposed further interventions in the December 2020 timetable change to improve performance and fitting of Global Positioning System (GPS) equipment to High Speed Trains, which will provide insight into poorly performing services.

Efficiency

Our Financial Performance Measure (FPM) is trending negatively year-to-date, mainly due to the impact of COVID-19 including additional staff costs, vehicle costs, fogging costs (to disinfect premises) and reduced income through property and variable track access charges. COVID-19 has also resulted in delays to works at Queen Street and Kintore stations and track renewals, particularly high output where specialist colleagues were unavailable during the early part of the pandemic. In addition, project prolongation and mobilisation have impacted costs. As a result, overall FPM for 2019/20 is forecast to be worse than target for Profit and Loss, Renewals and Enhancements and we are forecasting a 15 per cent underspend to the Transport Scotland target. Discussions are ongoing as we continue to work with Transport Scotland to reduce this forecast underspend. Efficiencies of £50 million are forecast to be delivered by the end of the financial year, which is slightly behind target.

Sustainable growth

The delivery of our asset renewal programme was showing an improving trend from the start of the year but has been impacted by the cancellation of significant West Coast Mainline renewals projects because of COVID-19. Due to planning timescales these projects cannot be recovered this financial year, however, additional maintenance works have been completed to sustain asset reliability in the short to medium term, minimising the risk of train service affecting failures.

Infrastructure reliability is forecast to meet target. However, the impact of climate change on our assets cannot be understated. Extreme weather in August saw heavy rainfall over a short time that significantly impacted the resilience of Scotland's Railway's network particularly around the earthworks, drainage and structures assets. This included an earthworks failure near Stonehaven which resulted in the derailment of a passenger train and the tragic loss of three lives, and the destruction of a section of the Edinburgh-Glasgow line at Whitecross, which was washed away when prolonged heavy rain caused a breach of the adjacent Union canal. Whilst investigations are ongoing, plans are being implemented to help prevent similar incidents in future.

Building on the announcement from the Cabinet Secretary for Transport, Infrastructure and Connectivity in July 2020 about the decarbonisation of Scotland's Railway by 2035, a rolling programme has been developed to create a greener Scotland. This will include considering electrification, rolling stock, gauge, depots and stabling and enabling works to decarbonise Scotland's Railway and encourage passengers and freight users to switch from road to rail.

People

Our new structure is now in place. On 9 November, further accountability transferred to the region, with recruitment progressing for key roles. Talent and succession mapping updates and leadership training requirements are ongoing, as well as selection of candidates for leadership development programmes.

Customers & communities

The spring National Rail Passenger Survey showed that passenger satisfaction at our managed stations continues to be strong with Glasgow Central increasing to an overall score of 90 per cent and Edinburgh Waverley improving to 88.5 per cent.

In the first half of the year, Scotland's Railway received 3,943 public enquiries. Over 94 per cent of these enquiries were dealt with and closed within the 29-day target. This was an improvement of almost three per cent on the previous year.

The total number of enquiries received is lower this year, in particular due to the lack of station-related enquiries, especially during the lockdown restrictions in April, May and June.

Southern

Unsurprisingly, the year has been dominated by the effects of the global coronavirus pandemic. I am proud of how the Southern region has responded to that threat. Our response has been centred around two key objectives; to keep our people and their families safe and to keep the railway running to ensure that key workers are able to get to work and that freight companies can deliver vital goods and services across the region and the country. The challenge to our industry has really galvanised how we work together with train and freight operator colleagues and the supply chain.

Throughout the pandemic we have delivered great train performance, kept on track with our investment programme to renew infrastructure, and taken advantage of the lower passenger numbers to identify opportunities for additional or more efficient work. We have also maintained our good safety record throughout. And yet we recognise that whilst our five-year business plan was predicated on future passenger growth, we have witnessed a huge change in the economics of the industry with passengers' travel and work patterns radically different. We need to be agile in our response to this change to support the economic recovery of the industry and the country, to adapt quickly to change and ensure that we continue to provide value for money. This is a major challenge but one the Southern region relishes.

John Halsall, managing director

Safety

Getting our people and passengers 'Home Safe Every Day' remains a priority and safety performance has been reasonable with the Fatality Weighted Index (which measures the number of fatalities and injuries on the network) tracking close to target. Wessex route is slightly behind but an improvement plan is in place that includes promoting personal accountability, safety conversations and an assurance and learning programme. In Kent route, the focus is on reducing lost time injuries, which are relatively high compared to other routes. We are also paying close attention to speeding offences with campaigns continuing across the region. Social distancing measures mean that we require more operational vehicles and over half of all speeding offences have occurred in hire vehicles. These have been the biggest factor behind breaches for personal accountability for safety.

Train service delivery

For the first seven periods of the year, train service delivery has been excellent. Our on-time measure across the region stands at 71.5 per cent, some 6.4 percentage points better than target. Whilst we are very proud to have delivered such a good service to our passengers through the pandemic, we recognise that the timetables that we have been operating, with fewer train services to reflect the fall in passenger demand, are much more resilient and easier to recover when things do go wrong. However, the period has really highlighted the trade-off between performance and capacity and we have taken the opportunity to better understand the capabilities of the network and how we can build back a better and more robust timetable with our train operators. A highlight of the good collaborative work with our operators is the on-time performance of South Western Railway on the Wessex route achieving 84.5 per cent

as at Period 7. Freight cancellations are worse than target but this includes cancelled test running of new passenger trains which distorts the true impact on freight customers and underlying performance has been reasonable.

Efficiency

Despite the challenge of COVID-19, the portfolio of efficiency initiatives is on track to deliver the target of £104 million this year.

Retail and property income at managed stations has suffered with the drop in passenger numbers and our full year projections are nearly 80 per cent down on expected levels. We have also incurred substantial costs in mitigating COVID-19. This includes additional PPE and stricter cleaning regimes, additional vehicles and staffing to ensure that tasks can be undertaken safely and signage and posters at managed stations.

While delivery of renewals has been strong with few projects deferred due to the pandemic, we have seen increases in the cost of delivering track renewals and, following very wet weather, there has been a high number of emergency repairs to earthworks. These are more expensive than planned works. We are investing in additional remote condition monitoring and have reviewed our processes for dealing with extreme weather to help mitigate this risk. This means that Financial Performance for renewals is likely to underperform this year.

A notable project impact of the pandemic was the loss of Hither Green signalling renewal at Easter. We worked with Southeastern to reinstate the work in July when we also took the opportunity to complete extensive platform improvement works. The signalling was successfully commissioned on 3 August and although re-planning at short notice was a great collaborative effort, additional costs were inevitably incurred. The works will mean fewer delays and better journeys for passengers travelling through this critical area of the Kent route.

Sustainable growth

Some land access issues, now resolved, have delayed some earthwork renewals whilst we have also had to re-plan some bridge works that were deferred due to COVID-19.

Delivery of enhancements milestones is ahead of target. The £150 million project to increase capacity and improve the passenger experience at Gatwick Airport station is in the construction phase whilst the public consultation into the Croydon Area Remodelling project has closed; the proposals were supported by 90 per cent of respondents to the consultation. We have applied new principles for all our major enhancement projects with the objective of identifying opportunities to accelerate work and reduce time and therefore costs.

Our environmental sustainability index is tracking ahead of forecast, driven by lower energy usage. This is largely a result of many of the retail units at our managed stations being closed through the pandemic and has been in part offset by additional diesel consumption as more vehicles are required by our operatives to maintain social distancing. Waste diverted from landfill and recycled is performing ahead of targets. A trial at Victoria for refuse sorting is working well and will be rolled out across our managed stations if successful.

People

As well as ensuring that we kept our people safe through the pandemic, the first half of the year was dominated by the Putting Passenger First initiative and establishing the new

Southern operating model. The final organisational changes were implemented in September and accompanied by a programme of virtual events exploring how we can work better together for our passenger and freight users and create the Southern Putting Passenger First movement. This service culture is at the heart of the new Southern Operating model. Employee engagement is strong, but we recognise that there is much more work to do to make Southern region a truly inclusive employee that reflects the rich diversity of our passengers. This will be a key focus for the second half of the year.

Customers & communities

The impact of COVID has meant our lineside neighbours are at home more than ever. As a result, they are being exposed to more work and we have seen a rise in the number of complaints. This is an issue being felt across the network. We are proactively working to increase notifications and respond to complaints accurately and quickly. We are focused on reducing the causes and number of complaints and committed to improving our relationship with lineside neighbours.

We are improving passenger information with projects including push notifications, alternative route maps, bus management, GSMR and station information champions. These will all deliver tangible benefits before year end. These projects combined with the physical installation of prominent new customer information screens and information pods at Victoria, digital information totems in all stations and passenger wi-fi at Victoria and London Bridge all underline our commitment to delivering high quality information to passengers.

We were proud that satisfaction scores for our managed stations achieved their highest ever score but recognise that we are only part of wider system and National Rail Passenger Survey scores for overall satisfaction for the spring 20 survey missed targets. A new forum with the Department for Transport (DfT) and operators has been established and its inaugural meeting in December will discuss the whole railway system. We have also created the London Transport Alliance which includes senior representatives from Transport for London, which seeks to coordinate, at a high level, our internal and external response to COVID-19 across London.

Wales & Western

COVID-19 has had a significant impact across our region, workforce, industry and wider economy. In collaboration with our industry partners we have been able to deliver a number of revised timetables throughout this pandemic to keep passengers and vital freight supplies moving. Our priority through continued collaboration is sustaining our strong timetable delivery, encouraging passengers back to the railway as Government guidance allows and helping Britain rebuild the economy.

Despite the pandemic we have continued with the successful devolution of teams into the region and implemented our new organisation to ensure we can deliver further improvements for passengers and users of freight. In addition, we have commenced the creation of our 15-year strategy, launching our 11 strategic ambitions across the region. Our strategic ambitions are aligned to the four Network Rail values. Throughout the remainder of 2020/21 we will use our strategic ambitions to create delivery plans which will support our investment and activity going forward.

Mike Gallop, interim managing director

Safety

Our continued focus is on the delivery of the regional safety improvement plan. Our improvement plan focuses on the role of personal responsibility for safety. This plan has been developed in collaboration with colleagues, industry partners and unions, focusing on all aspects of health, safety and environment. We are currently developing our 15-year Health, Safety and Environment strategy which will be completed by the end of March 2021.

Train Service Delivery

Our main priority is increasing the number of passengers using our services, including the MTR Elizabeth Line, which Western route took lead responsibility for during the first half of 2020/21. During the pandemic we have delivered outstanding train performance, with reduced passenger numbers contributing to this. At the beginning of April 2020 passenger numbers fell as much as 95 per cent compared to the pre COVID-19 levels. Passenger numbers at the end of period 7 vary from 45 – 50 per cent pre-COVID in Devon and Cornwall to 10 – 20 per cent on commuter services in the Inner Thames Valley.

During period 6 the implementation of the September timetable changes took place, with further passenger services introduced across the region. Except for MTR, train services are yet to return to pre-COVID levels. The timetable changes have enabled an uplift of Great Western Railway, Transport for Wales and Heathrow Express services to 92 per cent, 85 per cent and 50 per cent respectively. Freight volumes in the Region have now recovered to pre-COVID levels. We are using the lessons learnt during the first half of 2020/21 to ensure we can continue to deliver a high performing railway when more people return to travelling across Wales and Western.

Efficiency

COVID-19 has created significant cost increases and added complexity to the delivery of our efficiency plans in control period 6. Our costs and financial performance measure have been

impacted in areas such as increased purchases of personal protection equipment and additional road vehicles to maintain social distancing. Despite this our efficiency plans remain on target and we continually identify new opportunities to close any shortfalls in our plans.

Sustainable growth

The region continues to deliver our ambitious portfolio of renewals and enhancement projects with ongoing works at Bristol East, Barmouth Viaduct and Gipsy Patch. The South West Rail Resilience project delivered phased one works and gained planning consent for the next phase of works around Dawlish Station, and project development activity continues with the Department for Transport and regional economic bodies. The next stage of works will also deliver passenger benefits at Dawlish station with the installation of lifts to each platform.

In June 2020 we commenced the development of our Control Period 7 (CP7) plans. We will be seeking substantial stakeholder engagement through the development of our plans. We are currently drafting our environmental strategy as part of CP7 planning. Part of this plan will use the key learning from the freight train derailment and diesel fuel spillage at Llangennech in West Wales to formulate our future approach to protecting the environment. Following extensive ground investigations our recovery works at Llangennech will include the substantial removal of track, ballast and substructure to minimise the environmental impact for future generations.

People

The professionalism, dedication and care all our colleagues in the industry have shown, especially those in front line roles during these unprecedented times has been outstanding. On 14 September 2020 we launched our new organisation structure following the creation of the region in June 2019. Our new structure will help ensure we can take on future challenges, turn these into opportunities and deliver for passengers.

Customers & communities

To improve the passenger experience throughout the Control Period, we have plans in place to deliver further improvements at our managed stations in addition to those already delivered at the start of Control Period 6.

We have commenced the implementation of our joint delivery team consisting of ourselves, Homes England, West of England Combined Authority and Bristol City Council for the Temple Quarter Enterprise Zone in Bristol. This will allow the co-ordination of plans and funding from all organisations going forward.

Network Services

Network Services continues to support the requirements of the regions, routes, our passengers and freight customers. We sit within Network Rail's service directorate to provide operational strategic leadership, network oversight, and technical and telecoms expertise.

We are focusing on delivering the Network Operating Strategy, providing a robust and reliable telecoms network that underpins the operational railway, sustaining freight and delivering customer service excellence.

We align the outputs of our programmes and teams to Network Rail's six key strategic themes. In the future we will further streamline our service offering as we continually look to deliver greater efficiency and value for money. We continue to adapt to make sure that we are providing a service that really makes a difference to our stakeholders.

We've also been at the forefront of the industry's response to the COVID-19 pandemic by leading Network Rail's Strategic Crisis Management Team response and supporting the wider industry response through the Joint Executive Oversight Team. We have championed our freight customers to keep critical goods and services moving across the network during these exceptional circumstances.

Nick King, Group Director, Network Services

Safety

Safety is at the heart of everything we do and over the past seven periods we have taken the step to establish a Network Services Area Safety Council. Our four areas of focus for safety are passenger safety, public safety, level crossing safety and workforce safety. The forecast for Fatality Weighted Injuries, a key workforce safety measure, remains better than target.

Trespass is a key priority for Government, Network Rail and the wider industry. We are focussed on reducing railway trespass fatalities with our Trespass Improvement Programme and our 10-point fatality prevention plan.

The Electrical Safety Delivery Programme continues to improve workforce safety and deliver more efficient track maintenance processes. We are enabling better quality maintenance work; improving asset reliability; and making more time available to keep the network open to trains for longer.

Network Services has launched two independent taskforces in the wake of Stonehaven tragedy. Guided by world renowned experts, we are increasing our resilience to extreme weather events, and better managing our massive earthworks portfolio.

Train Service Delivery

Network Services leads the development of a Network Rail and rail industry Train Service Delivery strategy. This will deliver more capacity and improved performance for our passengers and freight users. The strategy, which is called the Network Operating Strategy, incorporates activities that are being delivered across the business by routes, the System Operator and

network functions. We deliver some of these programmes on behalf of the regions and support the specification and integration of others to deliver the best performance outcomes. We are progressing the supporting System Utilisation Definition document (how we want the system to operate) which will sit alongside the strategy.

The 21st Century Operations (how we want to operate the system) programme continues to progress on staff competence and operational staff structures. In conjunction with Human Resources, we are prioritising online staff training for operations colleagues. The response to the COVID-19 crisis has driven the requirement for contingent staff, but there remains the underlying need to address operational staff shortfalls in the regions with a structured resourcing plan.

Efficiency

As a national service, Network Services brings together various programmes, services and activities across the business into a single customer and passenger focused team. We drive efficiencies across the rail network, through our work on incident management, performance analysis and event planning. We also generate efficiencies for the whole of Network Rail through our major national programmes. For example, Intelligent Infrastructure, which will drive ‘predict and prevent’ maintenance and renewals; and increase understanding of asset ‘remaining life’ and ‘whole life’ cost.

Another example is Network Rail Telecom’s Asset Reuse Plan. We are working with DfT to see if some of our railway telecoms equipment can be reused to give passengers a better signal, and to better connect railway neighbours and nearby communities. By reusing railway telecoms equipment already in place along the railway, we can help bring better connectivity to many more people and parts of the UK. This activity is underway and has already produced a fully populated list of telecoms assets at over 2,500 railway sites; together with full technical guidelines for external telecoms operators to work safely on the railway. Trials are also supported by our Rail Innovation and Development Centre, part of Network Services.

Sustainable growth

Network Services leads and supports Network Rail to achieve its vision to be a ‘responsible and environmentally sustainable company’. We’re delivering the company’s decarbonisation programme and our RIDC provides testing for hybrid and electric rolling stock for introduction onto the network. We own large parts of the telecoms network, and we continue to migrate towards agile, scalable networks that are more sustainable and provide options for growth.

The COVID-19 pandemic accelerated closer working with our freight customers to adapt to fluctuating demands. It also provided an opportunity for us to introduce longer, faster and heavier freight trains onto the network. Our customers wanted us to help them increase productivity whilst reducing carbon emissions by taking Heavy Goods Vehicles off the road network. We worked with operators including DB Cargo and Freightliner to increase loads on trains at key freight locations, such as Southampton. We continue to champion the need to plan these services into the timetable to increase efficiency for our freight customers who play a vital role in supporting the economy.

People

Network Services has gone through significant change and growth over the past six months. Our most recent employee engagement survey - Your Voice Pulse - puts our engagement levels at 64 per cent against a national figure of 65 per cent. We have established a taskforce to bring together a Your Voice Plan to address areas of concern or issues identified by the survey.

We are also developing and articulating our Diversity and Inclusion Strategy. We currently stand at 37 per cent women and 19 per cent of colleagues from a BAME background. Of those women, 32 per cent are currently in a leadership role, which is on target, while 11 per cent of our BAME workforce are in a leadership role. We recognise there is further work to be done.

Customers & communities

Network Services leads stakeholder and customer relationship management for Network Rail. We do this by working closely with routes, regions and other functions. We manage relationships directly with National Passenger Operators and Freight customers, supporting across regional boundaries. We work to improve the experience for our customers through our managed stations, and provide passengers with the information they want, when they want it and how they want it.

We are in the process of defining our Customer Proposition, which will look at how we interact with our passengers and customers. Work on the 5 Stations Priorities is progressing well and is on track to complete in 2021. The priorities include work around:

- People and Organisation structures
- Passenger Insights and Metrics
- Passenger Management Capability (next generation station controls)
- Minimum / core services and facilities (including creating a 'station toolkit' to maintain a consistent approach and standards for passengers across our 22 managed stations)
- Business Model

The National Passenger Operators team continue to support CrossCountry. We are focused on stakeholder engagement and performance to increase awareness of CrossCountry's core business across the regions.

The Transpennine initiative continues to improve WiFi services for communities along the railway from Manchester to Leeds. This is driven by Network Rail Telecoms team. The high capacity fibre has now been installed in Tameside and Kirklees and we have handed over the cable with training completed for our partner telecoms providers.

Telecoms has also played a vital role in supporting the roll out and continued improvement of WiFi across the Network Rail corporate estate. The joint programme with Route Services IT has seen 521 out of a scope of 617 network circuits increased, further lifting current total capacity of 15GB across the network to 46GB.

Route Services

Route Services works closely with our customers (the regions and routes) and supply chain to deliver better outcomes for passengers and freight users. We provide our customers with critical services including IT, rail logistics, training, and procurement, as well as payroll and accounts payable.

The first half of this financial year has been an unprecedented time for passengers and operators as well as our customers and colleagues. In response to the COVID-19 pandemic, we have had to enact our business continuity plans and quickly adopt new ways of working whilst delivering services to the high safety and performance standards we maintain for our customers. As the UK entered a national lockdown in March 2020, the Route Services IT team worked at pace to enable home-working for the majority of colleagues across the business. The capacity of our Virtual Private Network (VPN) grew rapidly to provide access for 30,000 users whilst additional security measures were introduced to protect our people, data and devices.

Throughout this time, our teams have worked closely with customers and suppliers to understand and effectively mitigate the risks inherent in this new environment. We have hosted weekly supply chain webinars and within seven days of the initial national lockdown measures, we introduced immediate payment terms for suppliers. We have also procured and distributed thousands of sanitising products across the business and supply base; accelerated the deployment of new collaborative tools; and extended our support to the NHS by managing logistics operations during the construction of the Manchester Nightingale Hospital. Although a significant amount of work has gone into responding to the crisis, we have continued to focus on our business performance measures and consequently these have remained stable over the past six months.

Susan Cooklin, managing director

On the side of passengers and freight users

As part of our commitment to Putting Passengers First, we have increased our focus on services that directly impact train performance, passenger experience and safety. We have seven key measures to help us monitor our progress in this space and currently we are projecting to meet or exceed target for six of these. We are pleased to report 43 per cent fewer minutes of delay to passenger and freight services than at this stage last year. This represents a tangible and impactful improvement, but the lower number of train services operating due to the pandemic has also influenced this figure. We also recognise that there is further work to do, especially with regards to the provision of lift and escalator services at stations which has not always met passenger expectations. A dedicated improvement programme, which receives broad input from industry stakeholders, is now well underway and we expect to see a reduction in the downtime of these key assets in the coming months.

Proud to work for Network Rail

Our safety performance as measured by the Fatality Weighted Index (the number and severity of injuries to our workforce) and Personal Accountability For Safety metric (the number of

breaches to our life-saving rules) has not met the challenging targets we set ourselves at the start of the year.

We are currently implementing structural changes to enable us to better support our functions' safety practices and behaviours and have established a new safety strategy. We are piloting a safety culture programme on behalf of Network Rail in partnership with the external safety consultancy group, JMJ Associates. Our safety programme will initially focus on our high hazard work within Supply Chain Operations before rolling out further across other functions.

For several years, we have set ourselves challenging targets in the representation of female staff and those from a Black, Asian and Minority Ethnic background. We are making steady progress in this space, however, whilst the metrics may be improving, we still have much work to do in creating an inclusive and safe environment for everyone. Indeed, a recent Railway Accident Investigation Board report on a safety incident in Rochford, Essex, highlighted that racial tensions among staff were a contributing factor. As a directorate we will not tolerate discriminatory behaviours of any kind and we have taken immediate actions to address the issues raised. We are committed to delivering our Route Services Diversity & Inclusion improvement plan and we expect that this, in conjunction with the successful implementation of our safety strategy, will result in a significantly improved position by March 2021.

Easy to engage with, an efficient and dependable partner

The pandemic has resulted in some significant challenges to how we manage the finances of Route Services. We have had to invest in additional PPE for our teams and implement new methods of service delivery to accommodate the social distancing measures that protect our customers and staff. Where possible, we have mitigated cost increases and limited our overspend to one per cent of gross operational expenditure. So far this year, our initiatives and programmes have delivered greater efficiencies than targeted (£32 million vs. £27.5 million) and our Contracts & Procurement (C&P) function has generated 40 per cent greater efficiencies than projected through the sourcing of new contracts. A large proportion of these savings will continue into future years of Control Periods 6 and 7.

To assist the business in achieving our commercial aims within the current economic climate, recruitment has been paused in Route Services for all but the most essential roles. To support this, our resourcing team have been introducing new governance standards and approval criteria for all recruitment including agency contractors and internal secondments. The latest headcount figures for Period 7 show that within Route Services we have halted further increases in staff numbers.

Although the vast majority of our services continued without significant disruption during the initial national lockdown period, our High Output track renewals service was suspended during April and May and this has meant we have not delivered the volume of renewals we had planned for this stage of the year. As well as the disruption to works, this pause has driven up our track renewal cost per unit. High Output services were restarted at the end of Period 2 and we are engaging with regional customers to revise plans and keep shortfalls to a minimum.

Back in November 2019, C&P launched an action plan to improve working relationships with small and medium-sized enterprises (SMEs) following feedback from focus groups and industry associations. Newly released data shows that Network Rail spent 35.6 per cent of its total £7.1

billion expenditure with SMEs in 2019-2020, equating to more than £2.5 billion. Network Rail is therefore well on track to meet the Government's overall SME spend target of 33 per cent by 2022.

Instinctive Industry Leader

In October 2020, the Secretary of State for Education announced that Network Rail had been ranked at number 20 in a list of the top 100 apprenticeship employers, a scheme which is run by our Business Services function. This achievement recognises the growing number of schemes available, the support offered by our coaches and the volume of apprentices that emerge qualified to undertake a broad spectrum of roles across the industry.

In Route Services, we recognise that the diversity, health and wellbeing of our teams can significantly influence our performance. To mitigate an increased risk of stress and anxiety and to keep our colleagues informed about key issues, the Route Services Executive team have hosted a series of live events followed by Q&As on a range of topics since the first national lockdown measures were introduced. Engagement remains high with sessions routinely generating over 100 questions which are all followed up. This year, Route Services also launched our mental wellbeing campaign to better support our colleagues through the challenges they face and to date we have hit all our key milestones.

System Operator

Like all businesses the System Operator team has been significantly affected during the COVID-19 pandemic. Our primary concern is the physical and mental wellbeing of our people and their families whether they are working from home or in a COVID-secure office space. 2020 has been a testament to the flexibility, adaptability and dedication of our teams. In particular, we have progressively seen the return of key timetable planning teams to our Milton Keynes office since May to undertake work not possible from home.

In spite of the technical and logistical challenges posed early in the lockdown, with many of the team working from home, we were able to initiate the timetable change needed to significantly reduce the train service during the lockdown, and implement an emergency timetable, running roughly half as many trains as usual. Since then we have delivered three uplifts to the timetable, working collaboratively with the regions, operators and governments and other funders.

This year we have also undertaken a review of our operating model and purpose, and implemented a transformation programme. We have devolved accountability to the regions for regional strategic planning and programme integration. The System Operator maintains accountability for the overall strategic planning framework and for network integration, and will continue to deliver network-wide strategies in partnership with the regions and wider industry.

Following the transformation, our purpose is to make the railway greater than the sum of its parts. The nature of our role is to focus not only on delivering the timetable but also to ensure the integrity of the network as a whole. Our network-wide strategic planning activities have included delivery of strategies such as Traction Decarbonisation, and we are collaborating across the industry to lead the development of a Whole Industry Strategic Plan (WISP) which will provide a clear line of sight to key outcomes centred on passengers and freight customers, economic and social objectives and environmental sustainability.

The coming months hold more uncertainty, not only in our working practices but also to understand how the railway needs to evolve to meet whatever passenger and freight user demand may look like in the years ahead. The System Operator is well positioned to play a leading role in responding to these challenges, and I am delighted that we are working closely with the industry to agree an appropriate timetable change strategy for 2021

Paul McMahon, managing director

On the side of passengers and freight users

The COVID-19 pandemic took hold during March and the initial response required industry collaboration to develop and implement rapid changes to the timetable to reduce the train service during the lockdown, with the very short notice implementation of emergency timetables in line with passenger demand, and likely driver and crew availability. A series of step-up timetables were delivered after that in May, July and September bringing the timetable back to 90 per cent of pre-COVID levels.

The impact of reprioritising our teams to deliver these changes in quick succession resulted in us missing formal committed milestones associated with normal timetable delivery for December

2020 and May 2021. More importantly for passengers, the 12-week Informed Traveller advance booking timescale has been suspended. An Informed Traveller Industry Recovery Plan has been established which targets October 2021 for passengers to be able to make bookings for the timetable operating in December 2021.

At the end of period 7 our timetable performance (measured by the number of delay incidents attributed to defects within the timetable) was 18 per cent worse than target. The majority of the incident challenge arose during March and April when the requirement to implement emergency timetables in a constrained timescale meant that we uploaded timetables following safety assurance checks, but with no opportunity to undertake performance compliance checks. Since the start of the step-up timetables in May the position has been improving.

The industry planning community is currently working together to agree changes to the approach for timetable change in 2021/22, in order to create further flexibility in response to unknown pandemic impacts and changing passenger demand. There are impacts on the Informed Traveller process from the changes to the timetable process. We are working with industry to support passengers and freight.

Our Station Capacity Analysis team has provided daily station passenger footfall reports to enable regional teams to react dynamically to demand, and plan more effectively for each evening peak. Our Demand Forecasting team has established a cross-industry COVID-19 rail demand forecasting group and led the creation of rail passenger demand forecast ranges for the months ahead, updating this as the pandemic unfolded.

Looking to future timetable changes, we have continued our development and integration activities with East West Rail, Transport for the North and HS2. We have also worked in partnership with DfT to manage and support the Restoring Your Railway Programme to contribute to the government's 'levelling up' programme which will build or re-open lines and stations to re-connect communities to the rail network, regenerating local economies and improving access to jobs, homes and education.

Instinctive Industry Leader

The System Operator is leading the development of a long term (30 year) whole industry strategy for the railway. The team leading on this will bring together industry experts to collaboratively develop the strategy with a clear line of sight to key outcomes centred on passengers and freight customers, economic and social objectives and environmental sustainability. The strategy is being developed in partnership with Network Rail's regions, taking into account national and regional ambitions, and will provide analysis of the choices and trade-offs for funders in specifying the outputs and funding for the railway within a long term and whole industry context.

We have recently delivered the Interim Programme Business Case for Traction Decarbonisation to inform funders' decisions on how rail can support decarbonisation of surface transport and attainment of the UK legislative commitment to net zero carbon emissions by 2050.

Efficient & Dependable Partner

Our operational expenditure is 5.4 per cent favourable to our forecast year to date. We anticipate meeting our forecast spend by year end as we continue to mature our plans to strengthen our capability in areas such as the integration of railway system output changes.

We are leading a capital expenditure programme to deliver timetable system improvements incrementally over the course of Control Period 6 and beyond so that the rail industry will have an integrated system and data to support industry planners developing timetables to deliver passenger and freight end-user expectations. Capital spend in the System Operator is in line with forecasts at the year end.

Proud to work for Network Rail

The mental and physical well-being of our people continues to be a key focus for us this year, driven through our People Matters engagement group which is made up of a mix of colleagues from across our teams. We have already seen some great initiatives, such as 'mental health first aider' training and our 'Good Days at Work' campaign.

During the year, the accountability for short, medium and long term strategic planning has devolved to the regions. We are continuing to work with DfT, other funders and the railway industry to address the strategic questions that, at a network level, will shape the future of the rail network.

Contact us

Network Rail owns, operates and develops the railway infrastructure in Britain and manages 20 of the largest stations. Other stations are managed by Train Operating Companies, which sell tickets to passengers and operate passenger services. Freight Operating Companies operate freight services.

To contact us about a safety concern, general queries or to make a complaint about one of our managed stations, please visit our website or call our 24 hour national helpline: 03457 11 41 41. Our website provides guidance on activating Type Talk facilities and live chat.

More information about Network Rail is available on www.networkrail.co.uk

We also publish information on the [transparency](#) page of our website and we are subject to the [Freedom of Information Act 2000 and the Environmental Information Regulations 2004](#).

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