



# Annual Business Plan 2023-24

Executive Summary



EAST MIDLANDS RAILWAY

# EXECUTIVE SUMMARY

## Introduction

This Annual Business Plan (ABP) sets out our proposals for East Midlands Railway (EMR) over the next five years to meet the Department for Transport's (DfT) objectives for the railway, most notably in ensuring long-term financial sustainability by protecting and driving revenue, and robustly controlling costs and delivering efficiencies.

### Our approach to meeting the Department for Transport's Objectives

Our approach builds on the submission recently agreed as part of the National Rail Contract between EMR and the DfT in October 2022, that will run for up to 8 years, and has been guided by the DfT's seven wider industry objectives:

- 1. Cost** - Reduce the cost of the railway by improving efficiency to enable rail to provide better value for money for passengers, freight customers and taxpayers.
- 2. Revenue** - Drive revenue recovery and growth across the rail industry.
- 3. Customers and Communities** - Provide safe, accessible and good quality connected rail services and stations that are designed and delivered around the emerging demand picture, the needs of passengers, communities and businesses and support the levelling up agenda.
- 4. Performance** - Maintain and improve train service performance and operational efficiency by working together on all aspects of planning, operational delivery, maintenance and enhancements, whilst prioritising safety.
- 5. Environment/Sustainability** - Improve the environmental sustainability of the railway, prioritising decarbonisation, biodiversity, air quality initiatives and modal shift.
- 6. People** - Deliver an engaged, diverse and efficient workforce who will provide excellent, safe services to passengers and enable the benefits set out the Williams-Shapps White Paper to be realised.
- 7. One Industry** - Embed a "one railway culture" by working collaboratively with stakeholders, suppliers and communities to drive innovation, safety and cross industry efficiency.

### Transformation Plan

EMR's ongoing transformation plan will deliver a step change in customer experience for passengers, as well as being a key enabler of the business's cost efficiency plan. It will complete the new-for-old cascade of rolling stock, providing a more modern train fleet, in particular, the brand new Class 810 bi-mode 'Aurora' trains. These high-speed trains will deliver a step up in passenger comfort at a lower cost for both the taxpayer and the planet, as they will be able to run in electric mode under the overhead wires. This will ensure EMR delivers significant savings to the Treasury by the second half of the ABP five-year period whilst protecting services which drive significant economic and societal benefits to the communities we serve.

The year 2023-24 will see several key milestones in the delivery of this transformation.

- Completion of the Class 170 cascade to EMR, removing older Class 156 trains from service on the East Midlands.
- Delivery with our partners, Hitachi, of key milestones in the transformational Class 810 programme, including the start of on-track testing and training.

- Commencement of refurbishments across the EMR fleet, paid for by third party funding, to ensure value for the taxpayer. This will see a programme of change for our Class 360 electric fleet, together with our Class 170 diesel fleet, plus our Class 158 diesel fleet, which has now been secured for the long term to deliver certainty and value for money (vfm) rail services.
- Removal of our 4 Class 180 trainsets. With changing travel patterns, removal of our Class 180s will enable us to better match demand and supply whilst ensuring value for money for the taxpayer.

### New ways of working

With the railways not immune from the current economic situation and the need to find immediate savings, EMR will introduce more efficient processes and reduce costs to help meet the Government's financial targets. EMR is also committed to working with Network Rail through both Route and Regional Efficiency Boards to identify further opportunities for joint savings and more efficient working, for example identifying ways EMR can help in the more efficient delivery of engineering access.

We will also continue to work closely with the industry, led by our colleagues at Transport UK Group Ltd, as the wider industry looks to deliver more modern ways of working, by harnessing new technology and systems which will make the railway easier to use, safer to travel on and more affordable for our customers.

Most importantly, we will help and support our people, ensuring they have the training and the knowledge to do their jobs, and that they feel highly valued and well rewarded by the business they work so hard for and represent.

### Focus on Revenue

EMR and Transport UK Group believe that the key to driving further efficiencies in the railway is to return to focusing on driving revenue growth and growing the rail market. Separately, EMR welcomes the move to introduce Quantified Targets for managing ticketless travel. The plan details further opportunities for the reduction of ticketless travel and ticket fraud, protecting the Department and the Taxpayer's investment in the rail industry.

### Focus on Cost

We are happy to note that our final proposed business plan for 2023-24 is able to meet the Government's cost target. Delivering to the cost allocations is not easy and will continue to require trade-offs as we confront significant transition costs in the next two years as the new Class 810 Aurora bi-mode fleet is delivered into service, but the long term financial sustainability of the railway remains a priority.

### EMR's Vision and Priorities

To deliver the transformation programme and secure the financial sustainability of the railway, it is crucial that we are all aligned on a clear vision. EMR's vision is our shared purpose for the future and provides a clear line of sight such that everyone can understand the individual role that they play. The vision for our railway was developed as part of our 2021/22 ABP has been further updated annually ever since. The vision is disseminated to our staff via our 'The Plan' graphic (see the following page) which summarises and links the vision and behaviours needed to deliver our ABP.

Our vision for the future is:

**Customers at the heart of our sustainable railway for the East Midlands**

## "The Plan"

Our vision, priorities, programmes, and values are embodied in 'The Plan 2022/23' shown below. This will be deployed at all locations across EMR and is applicable from the mess room to the boardroom. This is the plan that we refer to and the framework that we speak to, with the ambition that everyone understands our plan for the year ahead and the role that they play. The plan has been updated to reflect the NRC and the associated key performance measures and ultimately links back to the DfT's seven wider industry objectives.





The information in this booklet was correct at the time of creation in April 2023, but may be subject to change without prior notice. East Midlands Railway does not accept liability for any inaccuracy of this information.