

London **midland**

London Midland
Sustainability report 2015



**STRONGER
TOGETHER**

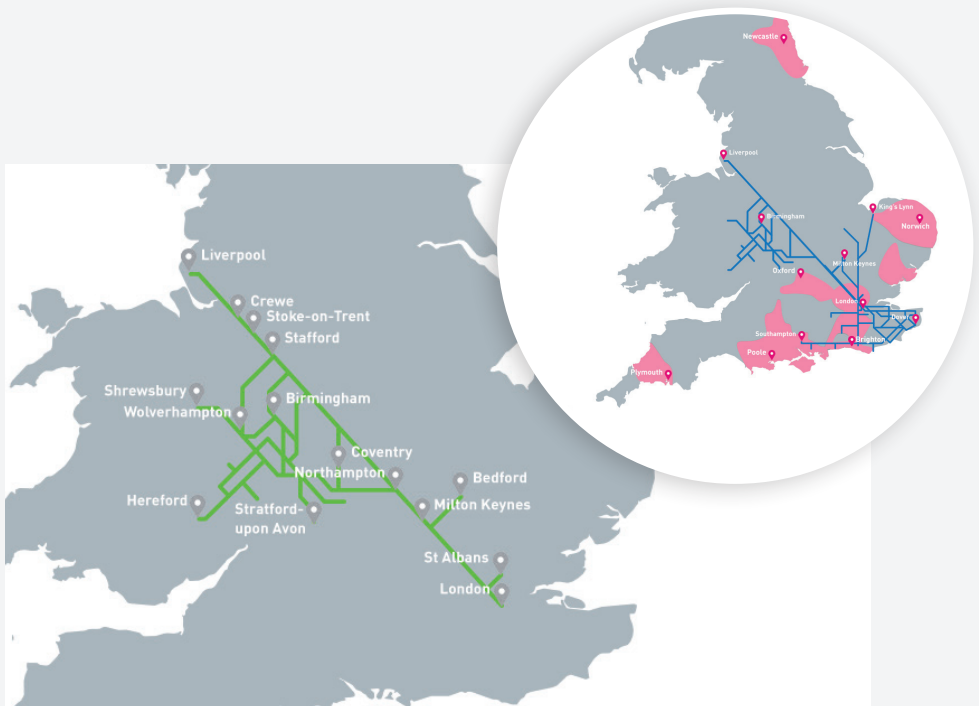
**IMPROVING
YOUR JOURNEY**

ABOUT US

Since 2007, London Midland has been providing train services to and from London in the south, to Birmingham in the Midlands and to Liverpool in the north-west. Over 64 million passenger journeys a year are made on the network. London Midland manages 148 stations and operates over 1,300 services a day. Our aim is to provide quality journeys for everyone.

London Midland is owned by Govia, the partnership between the Go-Ahead Group and Keolis. Govia is a joint venture between the Go-Ahead Group (65%) and Keolis (35%).

WHERE WE OPERATE



2015 HIGHLIGHTS

- Opened £20 million flagship station at Northampton
- CO2 per passenger journey down 3.33% from last year
- Our Class 321, 350/2, 350/1, 153, 150 and 172 trains are amongst the most reliable in the country according to Network Rail
- 97.95% of waste recycled
- Took on our first Prince's Trust Apprentices
- Received the top 5 Star award by the European Foundation for Quality Management (EFQM)
- Received a British Transport Police award for reducing crime & anti-social behaviour
- Great Malvern Station received TripAdvisor's Certificate of Excellence for the second year running

97.95%
waste recycled

£20m
flagship Northampton
station

**5 star
award**

from European Foundation for
Quality Management
(EFQM)

**CO2
reduced**

per passenger journey
year on year

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For more information about London Midland, visit: www.londonmidland.com

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We're part of the
Go-Ahead
Group

MANAGING DIRECTOR'S MESSAGE



Patrick Verwer,
Managing Director

“By managing, investing in and maintaining our stations, trains and operations in a way that makes them relevant and attractive to all, we believe we are keeping our commitment to a sustainable railway now and in the future.”

At London Midland we never forget that, as a train franchise holder, we are the custodians of much cherished community assets.

Yes, our job is to get people from station to station. But we believe it is much more than that. We have a responsibility to improve people's journeys and that is a key priority for us. Whether that is by securing new investment in our buildings, such as the £3.4 million plan to upgrade Stratford upon Avon station, or ensuring we have trains that our passengers can rely on.

Network Rail recently confirmed our fleet is one of the most reliable in the UK. Their latest performance information showed that our Class 321, 350/2, 350/1, 153, 150 and 172 units ranked first or second in the table, and the Class 170 fleet we maintain for Cross Country also achieved first position.

Reliable trains are good for business, good for our passengers and good for sustainability. We are not just looking after our trains, we are looking after the environment too by making sure we are using these resources in the most efficient and sustainable way possible.

Later this year we will reach a significant milestone in the number of stations we operate. Bermuda Park in Warwickshire will become the 150th station operated by London Midland.

Bermuda Park and Coventry Arena stations will open on the same day. The two stations are part of a £13.6 million investment to improve rail services between Coventry and Nuneaton. The Coventry – Nuneaton upgrade is being delivered by Coventry City Council, Centro and Warwickshire County Council. It is funded by the three partners, the Department for Transport (DfT) and the European Regional Development Fund (ERDF).

148

stations operated by
London Midland



We employ around 2,300
members of staff. For more
information, see page 8

This is the first part of the authorities' three year plan to develop the route from Nuneaton to Coventry and Coventry to Leamington Spa. Later works include extending the platforms at Bedworth, a new bay platform at Coventry and a new station at Kenilworth. The investment will give better rail access to jobs, retail, leisure and education across Warwickshire and Coventry while reducing road congestion.

We believe it is essential to make rail travel and our stations as attractive and easy to use as possible. Other landmarks this year have included a £1.7 million improvement scheme to install lifts at Acocks Green station, a programme funded by Centro and the Department for Transport, and a new £1.9 million bus and rail interchange at Cradley Heath. We also supported Network Rail as they completed a £81 million programme to make the route through Watford (Europe's busiest mixed traffic railway) more reliable.

By managing, investing in and maintaining our stations, trains and operations in a way that makes them relevant and attractive to all, we believe we are keeping our commitment to a sustainable railway now and in the future.

I hope you enjoy reading this report and that it gives you a flavour of how we value our relationship with the communities from Liverpool to London and across the West Midlands to the Shropshire and Herefordshire borders.

OUR REPORTING STRUCTURE

We are committed to operating our rail services in a safe, environmentally and socially responsible manner



SOCIETY

To run our companies in a safe, socially and environmentally responsible manner.



CUSTOMERS

To provide high quality, locally focussed passenger transport services.



OUR PEOPLE

To be a leading employer in the transport sector.



FINANCE

To run our business with strong financial discipline to deliver sustainable shareholder value.

Visit www.go-ahead.com/sustainability to find out more about our approach →

OUR OBJECTIVES

CUSTOMER EXPERIENCE

Provide the best possible experience by doing the simple things well – all day every day.

PEOPLE

Be a great place to work where we feel motivated to give our best.

SAFETY

Sustain a secure and safe environment for all.

PERFORMANCE

Deliver a reliable, puntual train service for our customers.

PROFIT

Make a profit that helps to build a better future for all.

COMMUNITY

Become more involved in the communities we serve. Increase our focus on sustainability by improving our environment.



One of the ways we approach sustainability at London Midland is by getting closer to the communities we serve. This helps us build relationships across our network.

At London Midland we recognise that local stations and rail services are highly valued by the local community and looked on in the same way as the local post office, school or village pub. Every day our trains connect communities to the world of work and education, linking people to other vital services, family and social activities. That is why London Midland is committed to working with local authorities, rail user groups and in a Community Rail Partnership.

Working together we can achieve great things. The stylish new entrance to St Albans Abbey Station, designed by pupils from Marlborough Science Academy, is a terrific example of how the community can get involved in improving local rail services. Innovations such as the Abbey Line Trail have got people using our services to enjoy the natural surroundings.

We also encourage our staff to get involved in local communities through a matched funding programme called London Midland Giving. This scheme allows our employees to raise money for charities of their choice with London Midland matching £1 for every £2 raised. This recently inspired colleagues from head office, Snow Hill and West Coast lines to team up to climb Snowdon — the highest mountain in Wales — raising over £1,000 for Birmingham Children's Hospital.

KEY HIGHLIGHTS

£1

donated for every £2
raised by staff

£1,000

raised for Birmingham
Children's Hospital

£800

raised for Lichfield
Festival

St Albans Abbey
Station entrance
redesigned by the
local community

“Every day our trains connect communities to the world of work and education, linking people to other vital services, family and social activities”

Corporately we have been supporting Birmingham Children's Hospital by getting on board with the Big Hoot. As part of 10-week fundraising event we have sponsored Dr Who's Tardis. This six foot owl, inspired by Doctor Who's Tardis, has been displayed at Snow Hill station and was recently auctioned off to raise £10,000 for the hospital.

We have also been supporting the arts through our sponsorship of the Lichfield Festival. Each year the festival brings together the best national and international artists and performers for a summer celebration of classical music, dance, drama, film, jazz, literature, poetry, visual arts and world music. Our sponsorship of one of the Festival's icon elephants, Elmo, fetched £800 at auction — the highest of all 35 submitted for the 2015 Lichfield Festival. The funds were split between the arts festival and Birmingham Samaritans.

We are proud to be uniquely placed to help young people into the world of work through our apprenticeship schemes and we have welcomed the government's commitment to supporting 3 million apprenticeship starts by 2020.

Apprenticeships are a fantastic way to bring young people into the world of work and especially into the rail industry; Mechanical and electrical engineering skills, in particular, are in demand among railway operators world-wide.

Our apprenticeship schemes at our Tyseley and Soho maintenance depots continue to develop young talent each year providing a gateway to qualifications and a fulfilling career.

Earlier this year we also took on our first apprentices through the Prince's Trust programme and we have plans to develop more schemes in the future.

CASE STUDY



Apprentices at Tyseley depot

Will Green and Ben Williams both have a keen interest in the rail industry and were eager to put this to good use when they joined the apprenticeship engineering scheme.

Will explained, "I have always had an interest in general engineering and so I thought working for London Midland would help me put my interest to a productive use. The apprenticeship has opened my eyes to the various engineering areas on the railway. It's a great place to work as it incorporates electrical and mechanical work aspects."

Ben, who moved to Birmingham to start his career, said: "When I was 18 I was able to leave home and move up to Birmingham to start the apprenticeship. It gave me a chance to start a new life and discover myself and what I wanted. I really enjoyed the apprenticeship programme and I'd like to express my sincere thanks to everyone who has passed on their knowledge and experience and helped me get to where I am now."

In April we welcomed Ben and Will to our depot at Soho, Birmingham, on full time permanent contracts and they are looking forward to starting their career with us.

CUSTOMERS

The latest National Rail Passenger Survey (NRPS – spring 2015) by Transport Focus gave London Midland an overall satisfaction rating of 84%. This is a two percentage point improvement year-on-year and four points above the national average score for all train companies. In fact London Midland was one of only a handful of train operators to see their scores rise as overall satisfaction in the industry fell by 4 percentage points.

IMPROVING YOUR JOURNEY

However we are certainly not complacent and we recognise there is much more to do. We welcome the NRPS as it provides us with valuable feedback on how we can improve.

Our Customers have benefitted greatly this year from an improved timetable creating an extra 139,000 seats per week on our services. This has been made possible by the introduction of £62million worth of new Class 350/3 trains.

Since the start of the London Midland franchise in 2007, we have invested almost £12 million in passenger benefits across the network. This year we have seen further investment from local authorities, Centro, the Department for Transport (DfT) and the European Regional Development Fund all helping to improve our stations and trains.

This includes a £2million park and ride extension at Four Oaks and a £1.9 million bus rail interchange at Cradley Heath. As we go to press work is being completed on our 149th and 150th stations at Coventry Arena and Bermuda Park on the Nuneaton to Coventry line.

KEY HIGHLIGHTS

139,000

extra seats per week due to an improved timetable

97%

of our 1,300 trains running every day. Keeping cancellations to a minimum

64m

passenger journeys per annum

£62m

investment in brand new trains

“This year we have seen further investment from local authorities, Centro, DfT and the European Regional Development Fund all helping to improve our stations and trains.”

Longer term plans will see a station returning to Kenilworth in 2016 after an absence of 50 years. A new station is also being built in Bromsgrove. Relocating the station in 2016 will then make way for an improved electric service to the town. Electrification is also planned for the Chase line. More investment in infrastructure on the Coventry – Nuneaton route will allow more services to run on this route from 2017.

Daily train performance will always be at the heart of how our customers see and judge us. We have worked hard to improve train performance and we are now seeing levels of punctuality and reliability at levels we have not experienced for some two years. Our focus is to push train performance to higher levels. In particular we need to work closely with our suppliers and infrastructure provider; Network Rail, to share intelligence and target known and emerging trouble spots. Perhaps the best example of this approach can be seen in how we jointly tackled the leaf fall season on the Cross City line last year. By working closely together reliability improved year on year by almost 50%. As we approach the season again we will be looking to deploy a similar approach to protect train performance this autumn.

CASE STUDY

An act of kindness shown by Steve Garrett, customer service advisor at Telford Central, led to an all-expenses paid thank you lunch.

Back in January, Steve handed over part of his packed lunch to a hungry customer waiting at the station. The gentleman, a Director with KPMG, was so impressed with the level of customer service he received that he wrote to our MD, Patrick Verwer, asking for help identifying the member of staff.

Steve was nominated for a London Midland Ambassador Award and is pictured receiving his award certificate from KPMG Director, Khush Purewal, at the thank you lunch.



Steve Garrett and KPMG director Khush Purewal



OUR PEOPLE

London Midland employs some 2,300 staff. Our focus is to ensure we have the maximum amount of people in roles that directly engage with our passengers.

The vast majority of our people are employed in front line roles including drivers (683), conductors (516) and station staff (398). We also employ around 300 people in train maintenance and cleaning.

As an employer serving major towns and cities from London to Liverpool and across the West Midlands we can have a significant impact on local communities and individual lives.

London Midland is uniquely placed to help young people into the world of work through our apprenticeship schemes. We welcome the government's commitment to supporting 3 million apprenticeship starts by 2020.

Apprenticeships are a fantastic way to bring young people into the world of work and especially into the rail industry. Mechanical and electrical engineering skills, in particular, are in demand among railway operators world-wide. Our apprenticeship schemes at our Tyseley and Soho maintenance depots continue to develop young talent each year providing a gateway to qualifications and a fulfilling career.

As part of our commitment to be more involved in the communities we serve, our Recruitment team works closely with MPs and community groups to organise and take part in jobs fairs across our network. Work that has been acknowledged by Business Secretary Sajid Javid when we attended his constituency jobs fair in February.

Improving staff engagement has been a big focus this year. This has taken many forms including a new approach to internal communications, a programme

KEY HIGHLIGHTS

2300

members of staff employed by us

Youth

Supporting young people with apprenticeships

32

new drivers, with another 16 due to start shortly

34

new senior conductors, with another 6 due to start shortly

“Earlier this year we also took on our first apprentices through the Prince’s Trust programme and we have plans to develop more schemes in the future.”

to overhaul the way we communicate electronically, to include all staff, and a new initiative called 'Back to the tracks.'

Back to the tracks has seen senior managers 'give up their day jobs' to spend time with colleagues on the front line. From taking a night shift cleaning trains to checking tickets on the Cross City line, our managers have gained valuable insights into the challenges facing their colleagues. It has also given front line staff a chance to ask questions and build new contacts within the company.

During the year we also 'loaned out' senior managers to help our sister companies in the UK. Two of our Heads of Route went to work on projects at GTR and Go-Ahead while our two General Managers flew to the USA to help Keolis when its commuter rail network in Boston was struggling with severe weather conditions.

Also this year we were pleased to receive the top 5 Star award by the European Foundation for Quality Management (EFQM).

London Midland's engineering team based at Tyseley depot in Birmingham, scooped a handful of awards at this year's Golden Spanners Awards. The ceremony, which is sponsored by industry magazine 'Modern Railways', was held at the Grand Connaught Rooms in London.



Dudley Army Reserve Centre

AWARDS

GOLDEN SPANNER AWARDS

5STAR EFQM STATUS

CASE STUDY

The coveted 'Golden Spanner' is awarded for engineering excellence, where performance statistics of different train classes are scrutinised to assess their reliability ratings.

Two classes of London Midland's fleet were recognised as being amongst the most reliable operating on the UK rail network, as silver spanners were awarded for both the Class 170 and Class 153 fleets.

The Tyseley team also won the coveted Golden Spanner for the Cross Country Class 170 fleet – which they also maintain.

Asset Maintenance Director, Neil Bamford said, "The awards are presented following intensive analysis of every train's performance and reliability over four-weekly periods. In simple terms, the distance that each train travels without any recorded engineering faults is calculated to identify the most reliable stock.

I'm immensely proud that our team is performing to such a high standard. This is great news for us, and our passengers, as the reliability of our fleet plays a key role in ensuring that services run on time".





FINANCE

London Midlands is part of the Go-ahead Group plc

Go-Ahead makes a contribution to the UK economy through the employment of 26,000 people, the taxes the company pays, payments to its suppliers and the contribution its rail franchises make to Government finances.

SUPPORTING THE UK ECONOMY

Public transport brings benefits to individuals, communities and the nation as a whole. Economically, it connects workers to jobs and enables trade. Socially, it provides access to employment, education, and health care, and unites friends and family. For many, especially older people, people with disabilities and children, public transport is often the only viable option

During the year, Go-Ahead made a direct contribution to the economy through the £20.3m we paid in UK corporation tax and its net increase in contributions to the DfT in the year was £191.9m, up to £255.9m. Indirectly, we also support economic growth through the employment of 26,000 people; investing £1.08bn in staff; and by providing millions of people with the means to travel to work, shops and other key services and leisure activities every day.

KEY HIGHLIGHTS



FAIR TAX MARK

Go-Ahead is the first FTSE 350 company to be awarded the Fair Tax mark for being a good taxpayer, open about its tax affairs and paying the right amount of corporation tax at the right time and in the right place. A fair tax system is to the benefit of everyone and crucial to support a vibrant mixed economy.

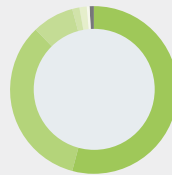
ETHICAL PROCUREMENT

Go-Ahead's ethical procurement is embedded in its supply chain procurement and management processes. As a buyer of goods and services we have a responsibility for the supply chains from which these goods and services come into the organisation. We will take into account ethical as well as commercial and technical factors, when considering which suppliers to partner with.

The company encourages its suppliers to adhere to similar high standards of corporate responsibility and to have in place appropriate safeguards against bribery, corruption and facilitation payments. In particular, Go-Ahead expects its suppliers to be committed to high standards of health and safety and demonstrate a respect for the environment.

THE GO-AHEAD GROUP ECONOMIC CONTRIBUTION

£3,215.2m



■ Payments to suppliers	£1,746.8m
■ Staff costs	£1,079.6m
■ Net rail contribution to DfT	£255.9m
■ Economic value retained by shareholders	£52.2m
■ Capital expenditure	£42.3m
■ Corporation tax payments to Government	£20.3m
■ Finance costs	£18.1m

KEY DATA

London Midland	2014/2015	2013/2014
Society		
Carbon emissions per passenger journey (%)	2.03	2.10
Water used per passenger journey (l)	1.78	2.11
Recycling rate (%)	97.5	96
RIDDOR accidents per 100 employees	0.6	0.6
Accidents per million miles	n/a	29.1
Community spend per employee (£)	60.43	31.74
Number of stakeholder events	198	198
Customers		
Passenger journeys (m)	65	64
Customer satisfaction (%)	83.7	82
Service punctuality (%)	87.6	86.2
Our people		
Employee engagement index (%)	n/a	n/a
Absenteeism (%)	4.9	4.7
Employee turnover (%)	5.8	5.7
Diversity by gender (%)		
– Women	17	17.4
– Men	83	82.6
Finance		
Revenue (£m)	398.6	376
Passenger volume growth (%)	2.1	4.5

For information on the full Group data, please visit our corporate website www.go-ahead.com →

MORE INFORMATION

If you have any comments, views or ideas on how we might improve, or have any thoughts on other issues that we should address in this report, please write to:

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BUREAU
VERITAS

Summary Verification Statement from Bureau Veritas UK Ltd

For the seventh year, Bureau Veritas UK Ltd has worked with the Go-Ahead Group plc to verify selected sustainability key performance indicator (KPI) data contained within the Group's annual report.

The information and data reviewed for this verification process relates to the period from 28 June 2014 to 27 June 2015.

Produced by the Go-Ahead Group and designed by Black Sun plc, London