

Operational Strategy Discussion Paper

July 2011

CONFIDENTIAL



INTRODUCTION

This plan shows how the LU Operational model will evolve to meet the challenges of the next decade. The plan will deliver improved standards of customer service by linking proactive, knowledgeable staff with new technology and it will reduce operational cost by up to 20% (including OSP 1). It will significantly improve LU's productivity benchmarks against other organisations. It does this whilst ensuring that the operating business is robust, safe, and meets all performance targets.

What This Plan Means For Staff, Customers & Stakeholders

Staff: This plan will enable staff to serve customers in fulfilling and value adding roles. In return for positively engaging in the challenge to provide world class customer service, staff will be supported sensitively through the change programme, which will aspire to provide job security and long term personal and organisational success. Staff will need to embrace new technology, adopt new ways of working, and provide more flexibility in what they do and where.

Customers: Customers' paramount requirement for a reliable service will be delivered through a combination of visible, more proactive customer focused staff, together with a modern environment supported by the latest technologies. Concentrating on what is important to customers and providing this efficiently and effectively, will allow cost to be taken out of the day to day operations and invested in the long term improvement of the service.

Stakeholders: This plan delivers taxpayer value through a significant reduction of the cost of operations. Customers will be able to do everything that they do today, but it will be enhanced by increased staff attention, supported by new technologies. This will deliver a World Class service of which London can be proud. Change will inevitably be unsettling, but we will ensure that this programme is communicated and managed honestly and effectively, with an improvement to the customer service proposition at its heart.

The key engagement messages surrounding this plan are:

- We are determined to provide a high quality, high value service for customers. Customer numbers are growing and so are the network and the level of service
- We will need to respond to changing customer demand and adapt our ways of working. We will look at new and effective ways of working, concentrating on those areas that mean most to the customer. This will mean more rewarding and satisfying jobs but over time it will also mean a marginal reduction in the number of people we require to provide the service.
- By working together to plan and implement change we can secure a great future for our customers and ourselves. There is a fulfilling and demanding role for all staff who wish to stay with LU.

Plan Summary

The plan is summarised as follows:

- A re-focused ticket selling service:
 - Leveraging technology through the POM upgrade and "Wave and Pay" by bank card so that traditional ticket offices are no longer required and all customer ticketing needs are supported.
 - By 2016, the vast majority of ticket offices will no longer be necessary and the grade of SAMF can be phased out. Remaining ticket offices will be repositioned as Travel Information Centres.
- A revitalised station operating model:
 - All stations will have customer service staff throughout traffic hours.
 - The Station Supervisor will be refocused to a "Customer Service Team Leader" role to give customer service delivery and people leadership a high priority to complement their existing operational competence.
 - In central London stations, the position of Control Room Assistant will be formalised as an "Assistant Team Leader Role" which will enable some rostering efficiencies.
 - Team Leaders in outer London will be responsible for a number of smaller stations.
 - The enhanced performance from station Team Leaders will allow the Duty Station Manager to be repositioned as a Deputy Centurion in a similar manner to the Train Operations Standards Manager.
 - The reduction in staff numbers will allow a further reduction in the number of station groups.
 - The proportion of reserve cover staff will be reduced without any detriment to customer service by increasing staff utilisation. This will be achieved through a combination of methods including easing restrictions on staff deployment and providing a proportion of cover staff centrally.
 - The increased use of part-time staff to match the staff pull for more flexible hours and the obvious equality and inclusion benefits with the provision of greater roster efficiencies.
 - This plan enables a transfer of station staff roles from static, low customer value added service e.g. behind a ticket office window; to a proactive, flexible and mobile role within the ticket hall.
- An increasingly customer focused trains organisation:
 - Arrangements for the performance management of Train Operators have already been strengthened through the introduction of a new management structure.
 - Going forward, the increasing sophistication of rolling stock through increasing automation, will provide higher standards of service reliability, and therefore enable the role of Train Operator to become a more generalist customer service focused role.
 - Train Operators could potentially be deployed directly by Service Control, and this, together with changes to the way Train Operator due diligence is undertaken, could allow a significant refocusing of the Duty Train Staff Manager role.
 - In the short term, amendments to the deployment arrangements for train staff will free cover resources equivalent to 100 train operators.

- Ensure operational reliability and world class service through our control organisation:
 - The creation of a London Underground Control Centre controlling all aspects of the operation of the network on a real time basis.
 - The introduction of a Head of Railway Operations, situated at the control centre, to provide clear accountability for Network decision making. This role will be supported by Network Incident Response Managers who can be rapidly deployed from the centre to take charge of incidents requiring Formal Incident Management.
 - Line service managers will continue to take a key operational leadership role on their respective lines.
 - The new control centre at Hammersmith offers the opportunity to control and organise the sub-surface lines as a single unit. This brings potential benefits ranging from the introduction of a unified management structure to the integrated deployment of train operators.
- Ensure that these changes are embedded by effectively engaging with our staff:
 - Central to this vision is an integrated, skilled and flexible organisation that can take full advantage of new technology. Implementing these changes will not be easy. The proposals in this plan will challenge existing ways of working and ask people to acquire new skills and change their behaviours. However we have a positive and realistic "narrative" which explains how operations will change over the next few years, why such change is necessary, and how this will take place in such a way as to minimise the disruption to the service or individual members of staff.
 - This narrative explains that service volume and quality will continue to improve, technology will change the way we work and the services we can provide, and that ultimately we will deliver improved service with approximately 15% fewer people. We will tell this story authoritatively and convincingly without destabilising the organisation or introducing a period of extended uncertainty. We will explain how financial targets can be achieved without compromising the current customer proposition through efficient deployment of staff and eliminating low customer value adding activities.
 - Many of our different groups of staff face differing futures and we will need to engage with each group explaining what the future holds. Our approach will be to treat our staff as adults and to engage them in the definition, creation and implementation of the plan. We would look engage with the Trades Unions particularly around minimising any potential adverse impacts to staff resulting from these plans.

Alignment To LU's Vision

London Underground has one clear vision and strategy that our people understand and believe in ... a **'world-class Tube for a world-class city'**. LU will achieve this vision through its strategy of delivering 'a reliable train service with high standards of customer care, efficiently, through our people and technology'. This plan articulates how LU can achieve this vision, delivering our service proposition of customer service through our staff. It does this through leveraging technology and making efficiencies. The alignment of this plan with the strategic framework is shown in the diagram below:

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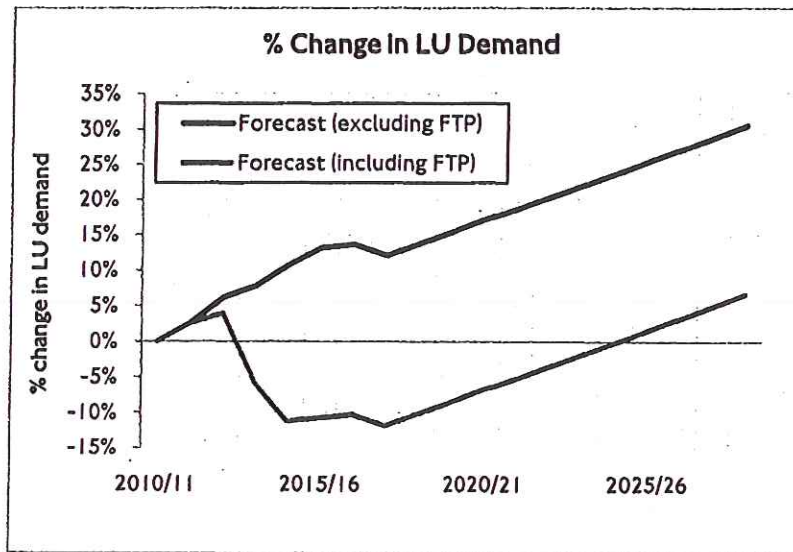
I STATIONS

I.1 Ticketing

I.1.1 Issues

Despite substantial investment in ticketless technology, there are still some 160 million ticket office window transactions a year. 95% of ticket office transactions are involved in selling the initial product and 5% in resolving issues/refunds. Approximately 900 ticket sellers are required to staff ticket offices. Nevertheless only 5% of journeys start with a visit to the ticket office.

As can be seen on the graph, the demand for ticketing is projected to continue a growth



trend, largely due to forecasts of increased ridership. Wave & Pay will go some way to helping deal with this growth in demand, but there is still a shortfall even assuming that predicted take up rates will be met. Previous ticket office changes have been directly linked with demand, but in the future any changes will need to drive demand.

I.1.2 Causes

- The availability and capability of POMs has until recently been limited in terms of the range of transaction services offered. This has meant a strategy of encouraging customers to use POMs, without addressing some of the deficiencies to develop a viable alternative to ticket office service. This has meant that customer transfer from ticket office to POM has been slow.
- Customers and Stakeholders see no benefit in ticket office closures. In fact they also see it as downgrading the customer service proposition.
- We have a demarcation between station staff who can offer travel transaction service and support and those who focus on operational processes.

I.1.3 Proposal

The introduction of *Wave and Pay* (using contactless bank cards) will enable customers to effortlessly pay for their travel without ever needing to purchase a ticket or make an Oyster top up. This will play an important role in reducing dependency on both ticket office and POM

services for, as per forecasts, up to c.30% of LU users by 2015. New products such as Weekly Capping due to be launched in 2013 are forecast to generate significant migration of current PAYG users to *Wave and Pay*. The other benefit of *Wave and Pay* is that it can be used as an important "pivot point" to re-align LU's proposition.

Using a combination of fully functional ticket machines with knowledgeable and proactive staff, all ticket selling activity will shift to the ticket hall rendering the vast majority of ticket offices unnecessary. Up to 30 ticket offices will remain at major stations repositioned as Travel Information Centres, staffed by non-operational travel information specialists.

The proposed strategy is to implement an annual (four phase) reduction programme, starting from autumn 2013 through autumn 2016. Each phase of implementation will be aligned to, and dependent on a range of targets being met, that will assure stakeholders and customers that customer service integrity is being maintained through the transition from ticket office to the ticket hall proposition.

Although more work is required to determine a set of suitable metrics and targets, the broad areas are suggested to be:

Ticket Hall customer service (including staff competence)

This is the key area to focus on to provide the service proposition within the ticket hall area. Key factors in this area are the ability of CSAs to use the POM functionality, increased knowledge of ticketing, changing from gate-line / to ticket hall behaviours and adopting a more proactive approach to customer service as well as changing deployment arrangements so that customers requiring assistance are identified early when they access the station. All of these factors to a greater or lesser extent will be supported by changes to the Competence Management framework.

Supervisor service leadership

Leadership within the ticket hall by the Supervisor cadre will be central to ensuring the proactive service and assistance ticket hall approach is adopted and sustained. Supervisors will need to take more responsibility for daily deployment within the ticket hall, drive results through greater ownership of the scorecard and demonstrate more attention to the customer service aspects of operations than today. This requirement will form the centrepiece of the proposed supervision development programme, and there will need to be careful alignment of the service reduction / closure phasing with the development programme. Other operational managers will need to support this change as well. Scorecards will be updated to support this programme.

POM Functionality & changes

Upgrading the POMs to facilitate a ticket hall proposition comparable to a staffed ticket office is a crucial requirement. The current AFM enhancement programme to enable staff to resolve journeys and customers to purchase Oyster cards will go some way to achieving this aim. An additional programme of enhancements designed to further close the gap with ticket office functionality is currently within an initial scoping phase that is likely to include proposals to make the POM customer menu screens more informative and intuitive. There is also a need to upgrade the wider "POM environment" including improved signage and POM frontages. In summary, the current tired look needs refreshing and confusing instructions need to be simplified.

Reduce After Sales Ticketing Demand

Through improving the customer service proposition through technology e.g. minimising incomplete journeys, the knock on effect which is also an added benefit is minimising the need for staff intervention (demands on staff).

1.1.4 Next Steps

- Seek outline acceptance of 4 year programme with stakeholders.
- Develop overall delivery programme.
- Determine performance metrics and targets associated with this programme.
- Agree POM refresh programme to ensure that ticket hall service is able to mirror that provided in the ticket office.
- Develop Employee Engagement & Consultation Strategy.
- Input into overall resourcing strategy .
- Agree approach to minimum numbers.
- Seek Ticketing Policy changes to simplify ticketing proposition and reduce the number of service that are provided in the ticket office only.

1.2 Supervision and Management

1.2.1 Issues

Cost of Station Operations

Station staff supervision and management (Supervisors, Duty Managers, and Group Managers) represent 38% of total stations headcount and 49% of total stations staffing costs.

- We have sought operational resilience by having an operationally qualified Supervisor physical presence at all stations 24/7.
- In 26 stations we have double Supervisor cover and a SCRA role that often performs many of the functions of a Supervisor.
- There is overlap in the people management roles undertaken by Supervisors and Duty Managers in many locations.
- All Supervisors on the reserve roster are at the highest grade required for any station on the Group.

Customer Satisfaction

The role of Supervisor is focussed on the supervision of the station assets and operation rather than on the customer view. Duty Managers' focus is predominantly on reactive people management issues.

1.2.2 Causes

- There is ambiguity between the Supervisor and Duty Manager, with an inconsistent approach to the extent that Supervisors do not see it as their role to proactively manage staff performance to provide high quality customer service.
- The evolution of station control rooms provides an opportunity for Supervisors to oversee operations away from customer view.
- Focus and mindset centred around inflexible operational processes and procedures.

1.2.3 Proposal

There will be a single accountable person at station level focussed on managing customer service and people leadership. This will be a refocused Station Supervisor position, possibly renamed "Team Leader" to better reflect the changed nature of the job and to assist the change in mindset necessary to embed the role. The "Team Leader" will be directly accountable for all aspects of stations performance and will be the first line manager for station staff, taking on a more explicit people management role. They will be expected to engage with staff and customers and motivate their teams to offer the service our customers expect. They will be empowered to deploy their staff as they see fit in order to maximise customer benefit. They will be freed from the "back-room" activities such that they can be more visible to both staff and customers and ensure that they themselves engage in value-adding customer service activities.

A targeted and risk based approach to the level of operational response required of Team Leaders will be adopted taking into account the characteristics of the location.

Technology will play a key role in freeing up Team Leaders who will have mobile access to information to monitor all functions of the station. Team Leaders within a station will work together to ensure that all staff objectives are aligned and that performance for the station as a whole is maximised.

The resulting spans of control from Centurions and their deputies, through Team Leaders to Station Staff will be optimised.

The model will be flexed according to the needs of the group:

- In outer non sub surface stations a Team Leader will be responsible for a cluster of up to 5 stations, leading customer service delivery of a number of satellite stations. The role will be will be traffic hours only. APD & Tubelines may undertake self managed access and overnight premises and security management will be provided by 3rd Party providers.
- In smaller sub surface stations, the Team Leader will undertake customer service activities for most of their shift covering the traffic day. Only one Team leader will be required to cover up to 3 adjacent stations during non-traffic hours.
- In large inner London stations, a Team Leader per shift will be supported by one or more deputies who will fulfil station control functions. The separate role of Control Room Assistant will be withdrawn.

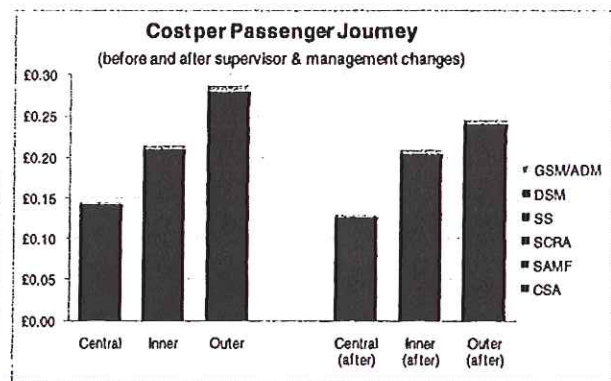
Where sensible, DTSMs located at stations can assist with station service provision (e.g. overnight).

These changes will reduce the stations headcount by up to c.280 FTE (This is a net reduction of c.770 Duty Managers and Supervisors offset by an increase of c.490 lower graded staff) at the same time as seeing significant performance improvement from the customer's perspective.

Reductions in station staff numbers allow a further reduction in station groups leaving approximately 30. The centurion concept will remain in place as a single identifiable employing manager and the manager responsible for a group of stations, but will be supported by up to three deputies. These centurion leadership teams will focus on improving the overall performance of the group, making themselves visible and available to staff, being responsible for motivating and engaging with staff with a clear focus on delivering high levels of Customer Service.

Were these proposals adopted then the cost impact would be predominantly felt in the outer groups with a 15% reduction in station costs and the central groups with an 11% reduction in costs as shown in the illustration below. Inner groups comprise mainly mid-size to smaller section 12 stations which are mostly untouched by these proposals and therefore only a small reduction is felt here.

These proposals will result in annual cost savings of £28m per annum by 2018 and represent a total cost saving of £72m over the plan period.



It should be noted that structural changes to the management organisation alone will not be sufficient to achieve the vision, a significant cultural shift in the mindset of managers and supervisors will be required for the vision to be realised.

1.2.4 Next Steps

- Develop detailed proposal and structure at group level.
- Verify FTE and cost savings potential.
- Develop implementation plan, detailing migration to lower grades.
- Develop Supervisor up-skilling programme to commence early 2012.
- Identify and begin risk based analysis of operational processes and procedures.

1.3 Flexibility & Rostering

1.3.1 Issues

- There are inherent inefficiencies in Station Rostering due to inflexible resourcing arrangements (an extra 15% of staff scheduled on top of base business requirements).
- Station rostering has historically been relatively static and unable to respond promptly to changes in customer demand.
- The majority of staff know the duties they will be working months in advance, and there are few changes without mutual agreement. This has led to a culture of inflexibility.
- Cover is expensive relative to other operators who rely more heavily on overtime and agency staffing which are cheaper than using full time fixed staff.

1.3.2 Causes

- Station groups are allocated a fixed level of cover (37.5%), however cover requirements vary considerably from day to day and from station to station. This results in unused resources in one place while there is insufficient cover elsewhere.
- Fixed full-time staff used to cover variable demand throughout the day with limitations on the use of part-time and agency staff.
- Framework restrictions on the ability to use the SRT to support station resourcing more widely.
- Limited scope for local station management to deploy staff to meet real-time customer service needs.
- Lack of incentives for Station Management to share spares or use resources in such a way as to reduce overall cost.
- Manual systems that create long lead times and prevent customer demand and schedules from being reviewed regularly.
- Lack of appropriate tools to help managers see opportunities to improve staffing.
- Excess cover caused by giving banked rest days to all staff regardless of schedule efficiency.

1.3.3 Proposals

Flexibility Proposal

Because cover needs are variable, staffing solutions need to be more flexible so that local managers can bring in extra resources when they are needed, but not pay for them when they are not required. The following proposals are ways of providing greater flexibility and the potential to generate savings of £38m over the course of the plan:

Overtime Substitution

Up to 30% of today's fixed cover resources would be converted to an overtime allowance. This would eliminate the vast majority of excess spares, and would bring a 26% cost reduction in hourly costs due to the relative efficiency of overtime (no pension contribution, annual leave allowances etc.) As overtime needs would be higher in some stations than others, further consideration is required as to the systems and processes required to make the distribution of overtime fair and consistent, and to ensure that managers would be motivated to manage staff non-availability tightly and not rely on overtime as an easy solution. An increase in overtime could be beneficial from a staff engagement perspective and could be an important first step in moving away from static rosters.

Special Requirements Team

The role of the Special Requirements Team in supporting stations resourcing will be expanded beyond its current role of resourcing for events and projects to cover other long-term requirements which cannot be efficiently staffed by reserves due to their variability e.g. maternity and long-term sickness cover. Options to allow the SRT to provide a limited number of train staff are being explored.

ICSAs

The ICSA Plan will see more central services staff being available to support events, projects and other requirements. This will both operations and support functions.

Revenue Control

The core Revenue Control Strategy is discussed in section 1.4 below.

The non time critical nature of the Revenue Control function allows RCIs to be redeployed at short notice to support incidents and emergencies for the initial 24-48 hour period and this will remain in place. In addition RCIs will continue to support major planned events such as the Notting Hill Carnival. However Revenue Control will no longer support the majority of planned events which can be more efficiently resourced using SRT and ICSAs.

Efficient use of Resources

There are currently few incentives or opportunities for station management to deploy their staff in a way which optimises customer service and efficiency. With a more flexible range of resourcing options, managers need to have the autonomy and incentives to make the most appropriate staffing choices. To drive this change, it is proposed to introduce a scorecard that re-balances the relationship between Efficiency (currently low) and Service Performance (currently high), and recognises those managers who effectively balance business priorities and efficiently use both their own and network resources.

Rostering Proposal

A more flexible approach to rostering

We may say we value flexibility but our practices contradict this when we produce static staffing plans that do not change for months or years, and which reward staff (for length of service) by giving them fixed rosters. Changing the way we schedule staff will be challenging because fixed rosters are valued by employees, but fixed rosters can also have significant limitations for staff and technologies now exist that could provide a better solution for both the business and employees.

In order to deliver schedules that are efficient, responsive to changes in customer demand and priorities, and that enable more flexible and innovative ways of allocating staff to work, the long term vision for rostering is to replace our manual processes and systems with a fit for purpose workforce planning system. This will require significant scoping and investment, as well as a cultural shift that will take time to pre-position.

The remainder of this plan focuses on more tangible and nearer term deliverables that will contribute to the COO savings targets through the 2017 Plan period. All proposed changes however will be in tune with the ethos of the longer term rostering vision. The nearer term efficiencies will not generally require significant investment to realise.

Increase in the Part Time working

Use of part time staff within stations is about 9% which is low given the high "peaks" in demand. Initial assessment indicates that roster efficiency could be improved by 2% - 4% by greater use of part time staff. Deployment of part time staff is currently inflexible and engenders significant opposition from full time staff who may have to work a greater number of unsocial shifts. It has also been unpopular due to recruitment difficulties. The benefits however are significant - greater roster and cover efficiency, improvements to Equality and Inclusion, and potentially a reduction in weekend shifts for full time staff. The usage and deployment of part time staff will be subject to a dedicated review.

Reduction in Banked Rest-Days

Banked rest days were introduced as part of 2006 Shorter Working Week set of agreements and are highly prized by staff. They give all station staff an extra 15 days leave a year in return for working a 37.5 hour week. For some roles (particularly 24/7) they provide an efficient rostering solution as staff are needed for the longer week and the extra cover does not add cost. However some staff could be scheduled directly to a 35 hour week which would reduce cover requirements and overall costs significantly. This area will be subject to a review.

1.3.4 Next Steps

- Part Time Employment review.
- Development of specification and business case for IT system support to rostering and staff deployment.
- Review the overall impact of Banked Rest Days.
- Developing ways to make Groups accountable for the central resources (SRT, ICSAs etc) that they use.
- As staff numbers fall to just below establishment levels, agree level of overtime substitution.
- Completion and implementation of SRT programme.
- Implementation of ICSA programme.

1.4 Revenue Control

1.4.1 Issues

- The level of fraud has been reduced by approximately 50% in the past 6 years, with the role of an RCI moving further down the 'lines of defence' as technology improves control (self-regulation through Oyster, maximum fares, and almost fully gated network).
- The RCI sizing and role has remained fairly static over the past 10 years, and has not adjusted to the changing fraud profile.

1.4.2 Cause

RCIs have been used to provide rapid deployment customer service support in the absence of other flexible centrally allocated resource, leading into a reliance on this resource and reluctance to reduce the overall RCI numbers.

1.4.3 Proposal

Revenue Control team

The continued growth of Oyster and the introduction of *Wave and Pay* will further reduce the need for on system revenue control. In line with falling ticket irregularity and increased intelligence led deployment, the numbers of RCIs will be reduced without impacting on the overall level of fare evasion or detection. 150 RCIs will be required to maintain required visibility, on train and plain clothed exercise, and maintain short notice support and support for major events (currently 213). The new revenue control team will be organised on a network basis, with RCIs attached to zones across the network, performing a more revenue focused range of activities compared to today e.g. less supporting of planned events.

The reduction in RCIs would facilitate a further review of the Duty Manager organisation, allowing better management and supervision of RCI teams across the network and more focus on deploying RCIs to higher risk areas.

Intelligence Led Deployment

Across TfL there is a significant amount of information available to support intelligence led deployment within Revenue Control. Using this intelligence and creating risk based deployment plans for RCIs will enable them to have the most effective detection and deterrent impact working in partnership with other revenue protection resources across TfL.

Working Together across London Underground

Introducing shared targets on the Revenue Control Scorecard e.g. Fraud Index improvement targets will facilitate a one-team approach to Revenue Control.

RCIs must act as role models on stations, coaching and supporting station staff to support changes in customer behaviour (ticket purchase and way in checks) and supporting the ticket purchase process.

Station Staff will take an increased role in supporting revenue protection by:

- Having a more 'vigilant' attitude and behaviours at gatelines (improved ticketing understanding and checking etc.).
- Systematically escalating gateline infractions to the Revenue Control team to feed into the intelligence database.
- Occasional checking on photo-cards using gates to block auto-exit and reporting to Revenue Control, without applying sanctions.

Overall impact on Revenue Control.

Whilst the Revenue Control organisation is a relatively small part of the wider stations organisation, the reduction of 77 posts within Revenue Control constitutes a significant change, with an overall cost saving of approximately £4 million per year. Vacancies are

currently being held within Revenue Control resulting in additional savings over the plan period.

1.4.4 Next Steps

- Implement the Revenue Control Plan.
- Key action – develop ER and engagement plan for Revenue Control.

2 TRAINS

2.1.1 Issues

- Increasing automation of Train Operator activities, removes key requirements from the Train Operator role, however in the past the full benefits of new technology have not been realised.
- There is over 54% total cover provided for trains (compared to 37% for stations), and in a recent review in some locations as low as 44% of rostered spare duties were used to drive trains.
- Cancellations due to 'Operator Not Available' continue to occur despite high coverage levels.

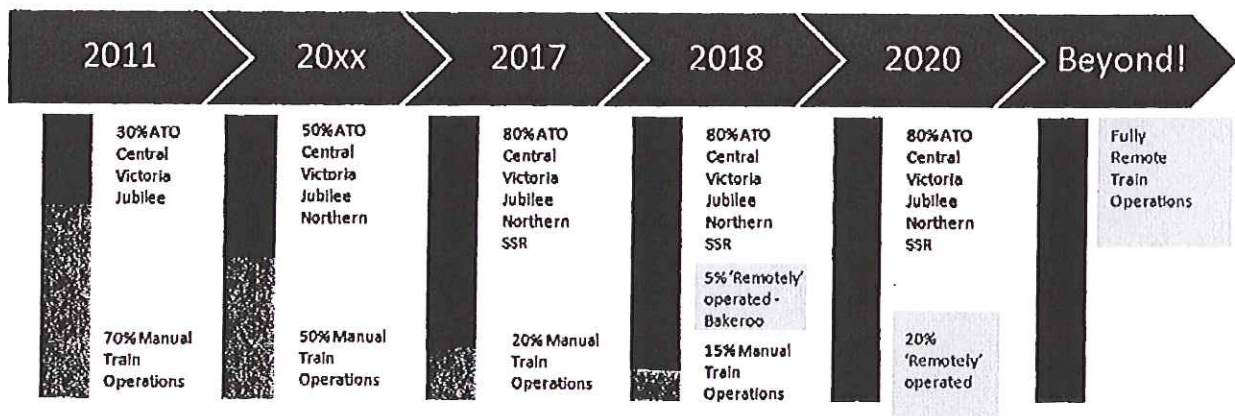
2.1.2 Causes

- Strong Trade Unions and a culture resisting change at all levels, have resulted in a Trains Organisation largely unchanged for many years. It has become inefficient due to increasingly restrictive or generous agreements.
- Train Operators work under rigid Framework Agreements which do not allow for planned overtime. Movement of staff to meet business need requires extensive management resource.
- Operator non availability has an immediate effect on the service provided and this leads to cautious scheduling allowances.

2.1.3 Proposals

The Role of a Train Operator

Over the next decade the introduction of automatic train control across the network will radically change the role of a train operator from traditional manual train operation.



As the requirements of the role are automated, it is inefficient to continue to maintain the competence of Train Operators in activities which are not required in the role, resulting in excessive training and competence management. The Train Operator role should be refocused on the customer.

Deep Tube

The Deep Tube programme affords an opportunity to introduce sophisticated rolling stock to the Bakerloo and Piccadilly lines that will largely self operate. The introduction will provide opportunities to fundamentally change the role of a Train Operator. Rolling stock is unlikely to be manufactured with a separate cab, shifting the role of on-train staff to become fully customer facing.

Phase 1: 30-50% Automation:

- Review Training, CDP and Competence Management to reflect the changes in the role and reduce the overall time Train Operators spend in these activities.
- Re-focus the role on the customer, widening the role of a Train Operator in Incident Management and Customer Service.
- Small changes in agreements to increase flexibility – e.g. introduction of voluntary overtime and minor framework changes.
- Introduce 'Reserve Automatic Train Operators' within support functions, competent to operate trains under automatic train control.

Phase 2: 50 -80% Automation

- Introduce a new 'Automatic Train Supervisor' job description for automatic and restricted manual train operation only.
- Implement changes to the cover model to increase overall productivity.
- Increase deployment flexibility through framework changes (particularly across SSR).

Phase 3: Deep Tube Upgrade – Remote Operations

- No 'In-cab' train operators, introduce 'Train Attendants' refocusing the role to customer service and revenue (possibly a cross functional role across trains and stations).
- Remove the requirement to staff each train, allowing some unattended operation and reduce the overall cover levels, balance customer needs with operational efficiencies.
- As technology is proven, further increase the level of unattended trains and cross functional nature of the role.

Train Operator Flexibility

Changes to Train Cover Model

- Reduce overall level of cover in line with station model (either mirror stations reserve and rostered, or expanding trains annual leave cover to include all non-availability).
- Remove restriction on voluntary overtime to increase customer service resilience.

Removal of Restrictive Framework Agreements

- Night cover – Removing the booking on/off restrictions.
- Remove duty and driving length restrictions.
- Move accountability for booking on/off to Train Operators.

2.1.4 Trains Management

Opportunities to reduce the number of DTSMs

There are 209 DTSMs across the network. DTSMs perform three main activities, booking on Train Operators, reforming the service in times of disruption and people management of Train Operators (conducting P&Ds, conducting RTW Interviews etc).

Adoption of a technological solution to train operators booking on could reduce the DTSM population. Train operators would effectively use Connect to book on rather than be seen by a Duty Manager. The system would immediately flag an alert if any Train Operator did not book on for a duty.

In addition Service Control could take on any service reformation activity currently conducted by DTSMs through using Connect to instruct Train Operators directly. This would leave only the people management aspect of the DTSM role remaining. A revision of the role and expectations of the Instructor Operator grade could potentially see them taking on these activities, thereby removing the grade of DTSM completely.

In the short term, in the absence of a technological solution the DTSM requirement could be reduced by approximately 50 FTE. Depots that are combined under one TOM (e.g.: Central West and Central East) could operate with one DTSM team rather than two. Smaller lines (the Victoria and Bakerloo line) could have one DTSM team per line rather than two. SSR lines with closely located smaller depots (.: Acton Town and Hammersmith, and Upminster and Barking) could be managed by one DTSM team.

2.1.5 Next Steps

- Develop proposals further and implementation plan.
- Developing joint ER strategy and engagement plan, linking future changes to Train Operators with the engagement plan associated with the Deep Tube Programme.

3 COMMAND & CONTROL

3.1 Network Control

3.1.1 Issues

- Network Control activities are fragmented making Incident response sub-optimal.
- There is inadequate on-ground response to incidents requiring Formal Incident Management.
- There is a need for a single point of network accountability.

3.1.2 Causes

- Previous organisational models have created multiple control centres in different locations – not following best practice.
- Resulting communication lines are long and convoluted.
- Exerting central control over incident management is difficult.
- Requirements for managing incidents (Rule Book 2) are too loose.
- Demand for information for stakeholders can lead to loss of focus on dealing with issues. Senior management intervention can lead to long term impairment of local response.
- The organisation fails to learn lessons from repeated failures.
- The 'on-call' nature of the current RDO role is not sufficient.

3.1.3 Proposal

Creation of a "London Underground Control Centre", and associated management structure while at the same time strengthening the two-tier model through the proper formalisation of the role of the centre and its relationship to the line Service Control Centres.

The current dispersed control functions will be co-located in a purpose-designed facility under a common management framework. This will bring together Train Services Management, Asset Failure Response Co-ordination, Management and Customer Real-Time Information, Major Network Systems (Power, Connect and Track Access), and Security, through the co-location of the BTP. This co-location will assist in transitioning to a 'one team' culture within the various network functions but work is also required to fundamentally change the relationship between the centre and the lines.

A single senior post "Head of Railway Operations" will be present 24/7 and will sit at the apex of this command and control structure. This post will have formal command of the operation of the overall network. This role will replace the current Rostered Duty Officer.

The Line Service Managers will have a functional reporting line to the Head of Railway Operations, with line management accountability being retained within the existing Service Control structure.

A number of supporting initiatives will also be implemented to ensure that Command and Control is as effective and efficient as possible.

- The Rule Book will be re-written to be much more prescriptive in respect of the deployment of Formal Incident Management (FIM), the appointment of post holders under FIM and the communication protocols that must always be adopted, including the prescribed use of Connect Radio Incident Talk Groups.
- "Network incident response manager" roles will be created to enable experienced duty staff to be deployed rapidly to site to take control of incidents or to support on site 'Silver Control' with specialist skills.
- A programme will be designed to raise the competence of those likely to be involved in operational incidents in conjunction with the new incident management processes.

3.1.4 Next Steps

- Develop an implementation plan.

3.2 Service Control

3.2.1 Issues

The Service Control strategy was last reviewed 2 years ago. The strategy has focussed on three key elements: Building an effective contingency with the creation of Incident Signal Operators, building an Operational Leadership focus with the creation of the DRMs reporting into Service Managers and ensuring that resourcing is managed appropriately, which is reviewed regularly by the Service Control Steering Committee.

The reorganisation of the central command and control units, the creation of the new roles of Head of Railway Operations and Network Incident Response Managers and the increased focus and attention on the SSR service control organisation will all have a considerable impact on the role of the Line Service Control teams. Clear demarcation of roles and effective collaborative working relationships will be critical in ensuring performance of the railway is maximised.

3.2.2 Causes

In recent months the media spotlight has turned its attention to the reliability of the service and has highlighted some unfortunate failings on the railway. The teething problems with the Victoria and Jubilee Line upgrade have not helped accentuating the need to improve our ability to anticipate and mitigate potential reliability problems whilst at the same time improving the speed and effectiveness with which we respond when things go wrong. In particular key areas to address are:

- Relationships between centre and line control teams.
- Leadership role of Service Managers is under leveraged.
- Duplication of information recording and dissemination. Significant effort is expended during incidents to log and communicate progress and decisions in often duplicative processes.
- Staff rostering (BNS) fails to reflect the fluctuation in workload throughout traffic day leading to high levels of "insurance" staffing required in all control facilities where

staffing needs are based on worst case. This 'down time' is unproductive for the business and for staff and can impact on morale.

3.2.3 Proposal

It is proposed therefore that the Service Control Strategy be reviewed in the light of these developments commencing with a comprehensive diagnostic of the issues that Service Control faces.

3.2.4 Next Steps

- Review and update the Service Control functional strategy.
- Continue with the Service Control steering group priorities.

4 SUB SURFACE RAILWAY (SSR)

4.1 Opportunities

The SSR upgrade brings common stock across 3 lines and a common Service Control room at Hammersmith and as such allows for the SSR to be considered as a single organisational unit with SSR designated management, station staff and train operators. The senior management structure therefore needs to reflect the single SSR unit. This can be achieved with a rationalised senior management structure with a single identifiable head.

Reductions in station groups

Currently the groups are constrained to Line boundaries with the District Line having 5 Groups, the Circle & Hammersmith and City Lines 4 groups and the Metropolitan Line with 3 groups. Taking a geographic based approach and ignoring existing Line boundaries the total number of groups within SSR can be reduced by at least 2 on today's staffing numbers. Further reductions in Station staff numbers due to Ticket office service reductions could allow for the removal of another group.

Station Control

The new control room at Hammersmith offers potential opportunities to provide remote monitoring for station e.g. CCTV monitoring, public address, and the answering of Help Points. Subject to the cost of providing the connectivity that would be required between the Control Centre and SSR Stations, it would be desirable if Hammersmith could operate as a backup for stations or could potentially provide a full monitoring service to SSR stations, thus releasing station supervisors and staff to focus on the provision of customer service in the ticket hall.

Train Operations

The SSR upgrade allows for improvements in productivity and customer service, using the opportunities afforded by common stock and automated signalling.

Whilst the line identities should remain to simplify the customer proposition, the common stock, and subsequently signalling provide opportunities to organise Train Operators more effectively. Train Operators could be required to operate trains beyond existing line boundaries and over any section of the SSR railway for which they are competent. This could be applied for service recovery initially, or expanded to form part of a more efficient timetable. Pool Coverage could be expanded for co-located or nearby depots moving to a "zonal" cover model. 'Pool coverage' could apply to either a single SSR pool, or pool cover weeks could be allocated to across all SSR Train Operators.

4.2 Next Steps

- Develop strategy for maximising opportunities through 'one' SSR railway.

5 ESSENTIAL ENABLERS

5.1 Operational Resourcing Strategy

5.1.1 Issue

This plan involves the reduction of over 1500 posts. At a network level the overall post reduction and the timing broadly matches wastage. However this disguises a significant vacancy gap in the early years and mis-matches of grade and location, all of which pose operational risks.

Careful management of the overall COO resourcing, combining staff movement and tactical resourcing will be key to successful overall implementation of the plan and delivery of the savings targets whilst minimising the risk to operational performance.

5.1.2 Resourcing strategy

Key elements of the resourcing strategy are:

- The role of SAMF will be phased out at the end of the plan period with the remaining ticket offices being repositioned as Travel Information Centres and staffed accordingly. As far as possible no further recruitment to this grade should take place pending the commencement of the ticket office reduction programme.
- Limited recruitment of part-time CSAs will begin in Autumn 2011 with recruitment of full time staff re-commencing in early 2012.
- The phased reductions in ticket selling resource over 5 years will release people to take other roles on stations or as train operators.
- There is a reduction of approximately 770 operational managers and station supervisors over the plan period, partially offset by an increase in lower graded staff.
- The number of Train Operators is broadly stable over the plan period and will require approximately 100 per annum to transfer in to maintain numbers.
- The number of Duty Managers decreases in excess of wastage predictions in the latter part of the plan.

5.1.3 Next Steps

- Development of a resourcing plan aligned with overall Operations Strategic Plan.

5.2 Capability Development

5.2.1 Issue

The capability of the Operational team is vital to successful implementation of the drive to deliver improved customer service. Duty Managers, Stations Supervisors and Service Managers have been identified as key operational leaders who will drive the improvements in performance standards.

5.2.2 Proposals

Duty Managers

Development programmes are to be established to ensure that the maximum benefits are derived from the key roles established in the management restructuring in October 2010. In order to ensure they can perform to their potential, TOSMs will be up skilled in people management, communication skills and staff engagement whilst DRMs and Service Managers will be offered a programme that draws out their role in the reliability of the railway within the context of the operational leadership role they are expected to perform.

An important element in improving the overall performance of the Duty Manager population is the introduction of the skills framework and associated pay benefits. Implementation of the Duty Managers Skills and Progression scheme is now underway.

When the Duty Manager skills progression is properly embedded we will seek opportunities to extend skills frameworks to other operational grades.

Supervisors and Station Staff

In support of the planned changes to the Stations Management and supervision organisation, a development programme for Stations supervisors will be developed building on any local line based initiatives that have taken place. This will seek to up skill them in people management skills to enable them to lead station staff to deliver world class customer service. This should see an increase in supervisors performing CMS assessments and P&Ds.

A station staff deployment initiative has commenced in 40 stations aimed at increasing the visibility and value that our staff add to customers. Stations supervisors are receiving coaching in how and where it is best to deploy staff at certain times of day to maximise their impact and helpfulness to customers and how to spot a customer who is likely to require assistance.

MyLearning

"MyLearning" will aid the learning and training of LU employees using innovative tools and techniques such as e-learning, video tutorials, podcasts and master classes. It will be developed internally to form the basis of all individual development within Operations. Operational staff and managers will be encouraged to use the "MyLearning" suite of interventions to develop their skills, perform better in their current jobs and give themselves a higher likelihood of success when promotional opportunities arise.

5.2.3 Next Steps

- Ensure successful implementation of the Duty Managers skills and progression scheme
- Prepare Development programmes
- Develop capability plan for supervisors
- The development of a "MyLearning" project plan with clear roll out milestones and end deliverables, together with any funding requirements identified.

5.3 Engagement

5.3.1 Issues

The proposals in this plan are key to the long term success of the organisation and will provide security of employment for those who are able to embrace the changes. However they do challenge existing traditional ways of working and many staff will see this as a significant threat and will voice concern and opposition if not fully engaged with the change programme.

5.3.2 Proposals

At the appropriate time we will communicate the overall direction of the Operations Strategic Plan openly and honestly and lay out all the proposals and phases over the forthcoming years in a clear and concise way. We will provide a crystal clear and compelling rationale for the changes. We will ensure that an effective cascade mechanism is in place and that all staff affected are targeted with and receive all information with regard to changes relevant to them in a consistent and timely fashion.

Key messages will be:

- We are determined to provide a high quality, high value service for customers. Customer numbers are growing and so is the network and the level of service.
- We will need to respond to changing customer demand and adapt our ways of working. We will look at new and effective ways of working, concentrating on those areas that mean most to the customer. This will mean more rewarding and satisfying jobs but over time it will also mean a marginal reduction in the number of people we require to provide the service.
- By working together to plan and implement change we can secure a great future for our customers and ourselves. There is a fulfilling and demanding role for all staff who wish to stay with LU.

In the build up to the formal communication of the plan we will involve as many operational managers and staff as necessary through a series of managed focus groups, employee workgroups and use of existing staff forums such as Line Juries. We will use these to work through and refine the proposals and develop ways of ensuring the best possible success in their implementation.

During the change, senior managers will be visible and available out and about the railway to explain the reasons and benefits for the changes, how they impact on various sectors of staff, and answer any questions staff need answers to. Managers and staff will be kept informed of events as they unfold with regular targeted weekly bulletins and staff will have access to a moderated online discussion forum where they will be encouraged to discuss the changes with senior managers, the OSP team and their colleagues.

The engagement strategy will be geared to creating a real sense of involvement among our operational managers and staff in the changes and anticipate and mitigate against any Trades Unions adverse messaging.

5.3.3 Next Steps

- Develop detailed Staff Communications and Engagement strategy.

5.4 ER Strategy

5.4.1 Issues

Implementation of this plan presents a significant but not insurmountable Employee Relations challenge. Successful implementation of this plan requires a compelling rationale and supporting ER strategy. It is vital that the proposals for change we make to staff and management are properly grounded in a business need and can be explained as vital to the success of the organisation.

We will make strenuous efforts to work with our people to explain these ideas, jointly improve them where we can and work together to implement these changes which we are confident are to the long term benefit of both individual staff members and the organisation. As far as possible we will try and avoid conflict and "railroading" through proposals. But everybody has to recognise that the status quo is not an option.

It is also vital that we are clear about impact on staff in terms of permanent changes to job roles and headcount – but also in the manner in which change is implemented. Staff must believe that their interests will be looked after during any change.

Broadly speaking the message to staff is that the route to job security is through providing a good service. It is in the interests of staff and Trades Unions to welcome additional responsibilities and tasks. Demonstrating a higher quality of customer service provides a counterpoint to financial pressure to reduce staffing and therefore costs. Job security can be achieved provided that all parties cooperate in the implementation of the proposals contained in this plan. The converse is also the case.

5.4.2 Proposal

Many of the changes contained in this plan are consultative. Generally these are to do with the determination of customer service and numbers of staff provided. Consultation to be carried out thoroughly with proposals explained fully to Trades Unions and their comments and concerns responded to. This will generally be done in a coordinated programme using as far as possible the existing machinery.

This plan does call for changes to established ways of working – particularly cover arrangements for stations and train staff. These are agreements reached over time with the Trades Unions through negotiation. The established machinery of negotiation does provide for changing agreements – even if it is not possible to reach agreement to do so. It should be made clear that we are prepared to use the machinery to its full extent where this becomes necessary.

Trades Unions should be encouraged that it is in their best interests and that of their members to remain "at the table" to influence the development and implementation of the proposals contained in this plan.

The plan should be fully explained to all levels of the Trades Union hierarchy and as far as possible subsequent changes should be avoided as this has the effect of clouding the message and extending the discussion required.

Changes that will need to be discussed with the Trades Unions through the machinery:

Stations

- Role of CSA.
- Potential withdrawal of the SAMF grade.
- Changes to Stations Framework to allow wider utilisation of reserve staff.
- Reduction in RCI numbers.
- Changes to SRT framework agreement to allow greater utilisation.
- Redefinition of role of station supervisor.
- Defining SCRA as a junior supervisor.
- Withdrawal of the station complexity index as a method of determining grade.
- Introduction of skills frameworks for station staff.
- 4 rounds of re-rostering for ticket office changes.
- Re-definition of how we use part-time staff.

Trains

- Changes to framework to reduce restriction on use of reserve staff.
- Introduction of part-time train operators.
- Introduction of Voluntary Overtime.

MATS

- Re defining the DSM as a deputy centurion with 3 per group.
- Further station re-grouping.
- Reduction of DTSMs.

5.4.3 Next Steps

- Development of ER strategy to engage with Trades Unions on overall change programme and individual change elements.

6 SUMMARY & CONCLUSION

This plan shows how the LU Operational model will evolve to meet the challenges of the next decade. The plan will deliver improved standards of customer service by linking proactive, knowledgeable staff with new technology and it will reduce operational cost by approximately 20% (including OSP 1) once resources are aligned to business needs. It will significantly improve LU's productivity benchmarks against other organisations. It does this whilst ensuring that the operating business is robust, safe, and meets all performance targets.

It is a significant change plan touching all areas of operations and indeed the majority of operational staff. However delivering a vital customer service for millions of Londoners and visitors in a high quality and cost effective manner, this plan will deliver a strong and secure future both for the organisation and for staff.

The plan is based on these key changes:

- A 4 year programme to deliver migration of virtually all ticket selling to ticket halls and withdrawal of the SAMF grade. This represents a cultural change for both customers and staff.
- New Stations Operational model where the Station Supervisor as Team leader primarily focused on customer service and people leadership and may be responsible for more than one site.
- Enhanced Command & Control delivering higher reliability services.
- Improvements in the utilisation of cover staff through improved planning and staff flexibility.

The following enablers are required to ensure the success of the plan

- Clear and effective engagement and Employee Relations Strategies.
- Changes to a significant number of existing agreements.
- A strategic resourcing plan.
- Capability development plan for key operational leaders.

This plan is cross linked with major projects such as "Deep Tube" & the "Subsurface Upgrade" as well as other strategic initiatives such as the Customer Service Strategy.

6.1.1 Next steps

This plan sets out a road map of the key strategic changes required to the LU Operational model. The next stage is to continue the detailed development of the change programmes, together with a package of enablers.

The next steps are as follows:

- Use plan to socialise with Stakeholders and consider key issues.
- Develop the detail behind these proposals and plan in light of feedback received.
- Develop package of enablers to support subsequent implementation.
- Build plan messages into engagement programme.

- Support implementation of Command and Control project and ensure linkages to the strategy.
- Develop implementation strategies for Employee Relations, Resourcing, Stakeholder and Employee Communications, APD and Asset strategies.
- Issue the next level Operational Strategy report in December 2011.

7 APPENDICES

Appendix 1

LU Operations Strategic Plan Narrative

This narrative explains how LU Operations will respond to the twin demands of enhanced customer service and increased efficiency over the next few years.

1. Introduction

Key messages:

We are determined to provide a high quality, high value service for customers. Customer numbers are growing and so is the network and the level of service

We will need to respond to changing customer demand and adapt our ways of working. We will look at new and effective ways of working, concentrating on those areas that mean most to the customer. This will mean more rewarding and satisfying jobs but over time it will also mean a marginal reduction in the number of people we require to provide the service

By working together to plan and implement change we can secure a great future for our customers and ourselves. There is a fulfilling and demanding role for all staff who wish to stay with LU

2. Summary of current position and challenges

Over the next 5 years Operations faces some significant challenges. Our customer numbers will grow substantially. We will increase train services on those lines that have benefited from upgrades. Customer satisfaction will continue to improve from today's levels. At the same time we believe we can deliver the service in more effective and efficient ways and overall staff numbers are likely to fall by around 15%.

3. So what will we deliver (customer facing outputs)

- Jubilee & Northern Line upgrade – higher frequencies all the time
- Victoria Line Upgrade - Introducing new trains & securing the benefits of the new signal control system
- Introducing the new Sub-Surface Rolling stock and control system and taking advantage of the new operational flexibility that it offers
- Helping customers through the multi-year disruption at Victoria Station, Paddington, Bond Street & Tottenham Court Road and others as they are upgraded
- Continuing to drive Customer Satisfaction Survey levels into the 80s.
- Supporting the Olympics Games such that London can be proud of our contribution to their success
- Carry an additional 30% customers
- Introduce "Wave and Pay" dispensing with the need for customers to purchase a ticket or Oyster card and improve our ticket hall service

4. How we will meet these challenges

Our challenge is to move customers swiftly around London. We will run more trains, move more customers – delivering world class levels of customer service and do it more efficiently.

We are confident that we can meet our demanding financial targets can be achieved whilst still delivering great customer service. We will need to change what we do and how we do it.

Using our assets and systems to the full will be key. We believe that customers will welcome being able to greater automation but we are also clear that we have to introduce new technology carefully and in such a way as it helps customers to travel. Staff will play a key role in helping to introduce new services such as "Wave and Pay" ticketing.

Similarly we can see now that trains of the future will be much more sophisticated than those from the last century. Increasingly Train Operators will not be required to drive trains in the traditional manner but will focus on customer service and dealing swiftly with operational issues. Going further forward it seems likely that the new generation of trains will prepare themselves for service – even to the extent of arriving from depots unaided perhaps even eventually operating in certain areas without staff on board.

Stations of course are our "shop window" and will increasingly focus on providing a high quality customer service. The Station Supervisor, very much a team leadership role, is key delivering our focus on the customer. A declining emphasis on ticket offices will see ticket hall staff assisting customers to purchase travel at the machines or facilitating customers to "Wave and Pay" with their bank cards without the need to purchase a separate ticket

Of course stations will continue to play a key role in actively managing station dwell times and increasingly becoming "paramedics" to the train service. In more and more cases they will be getting the train service going again rapidly without waiting for back up in the form of the duty manager or the technician to arrive. On the other hand with staff from the asset performance directorate and Tubelines now part of the "family" there is less need for station supervisors to be involved in granting contractor access to stations.

Service Control of course will continue to play a key role. The technology may undertake much of the routine control of the trains but the Service Control teams will need to respond to any issue arising on the railway at a moment's notice and lead the operational teams to delivery high level of service. We will use the new service control systems to find new ways of managing the service, enabling quicker recovery and better passing of real time information to customers.

5. Working together:

Providing this level of service will require real attention to detail by all parts of operations coming together as a team. We will create a single operational team, focused entirely on the customer breaking down unnecessary functional silos.

We will seek to encourage a way of thinking across operations that actively seeks to challenge old ways of working and exploit the opportunities offered by new technology. A culture that, is not deterred by minor set backs or one that requires a completed template to get anything done, but one that is continually focused on providing the service whatever the challenges.

To run the high levels of service that London needs reliably and consistently will require us to take collaborative team work to a whole different level. Trains need to leave destinations exactly on time. Station dwell times must be much more consistent. Incidents & delays need to be responded to rapidly before they escalate out of control.

This level of performance can't be done by instruction from the top. To provide the intensity and quality of service that customers demand staff need to be expert at running the railway and passionate about serving customers.

We will make sure we find the simplest and most effective way of doing things and do this right across the network using concepts such as "The Manager's Handbook" & "The Team Leader's handbook".

To bring this about we will:

- Work in more flexible ways across task, time and location updating our agreements with the Trades Unions where necessary.
- Holding the right balance between resources held locally and those that are deployed on a centralised basis, recognising the trade off between stability and flexibility for staff
- Link staff reward to individual and team success in serving customers in a stimulating and positive way
- Promote equal opportunities for all and continue to strive for a workforce that mirrors the demographic of London.
- Deal sensitively with those whose job is no longer required or changes substantially
- Make sure we focus on delivering high value activities and respond rapidly when service demands change
- Build close relationships with our maintainers and other suppliers and hold them to account.
- Encourage and facilitate staff to take charge of their own development
- Enable and expect staff to "self serve" whether this is arranging things on-line (e.g. roster change-overs or staff taxis) or sourcing customer service information direct from the intranet.

6. How and when will this happen

It is vital that this is our plan. We know how this railway runs, we know how to improve it and Operations will lead the development and implementation of this plan.

We have just been through a major change and are now looking forward to delivering the world class service that London demands for the Olympics.

This gives us a chance to think through the changes that we need to make carefully and thoroughly. Where it is sensible to make preparations and changes over the next year we will do so but many of the changes we are contemplating will come between 2013 and 2016.

What does it mean to me?

There will be changes ahead for many of us but we will plan these carefully to minimise disruption and ensure that you are properly supported if there are changes to your role and location.

For instance we look closely at future resourcing plans for each area and function to make sure any changes are properly planned in and unnecessary disruption avoided. As in previous changes we will manage vacancies carefully and in certain circumstances there may be an option for some staff to leave the company with a voluntary severance package.

Through the recent changes we were able to give an assurance that there would be no compulsory redundancies. We are confident that given cooperation on all sides that this can continue to be the case. Society is changing, customer demands are changing and we must change. But if we plan the changes carefully, and work together in their implementation then there is no reason why all who wish to remain employed by LU cannot do so.

7. Re-cap

The key messages in this story were:

- We have to push our service quality to a whole new level:
- In doing so we cannot just rely on new assets. We will need to look at new and effective ways of working.
- The future is potentially very bright future but we will have to work hard to secure it.

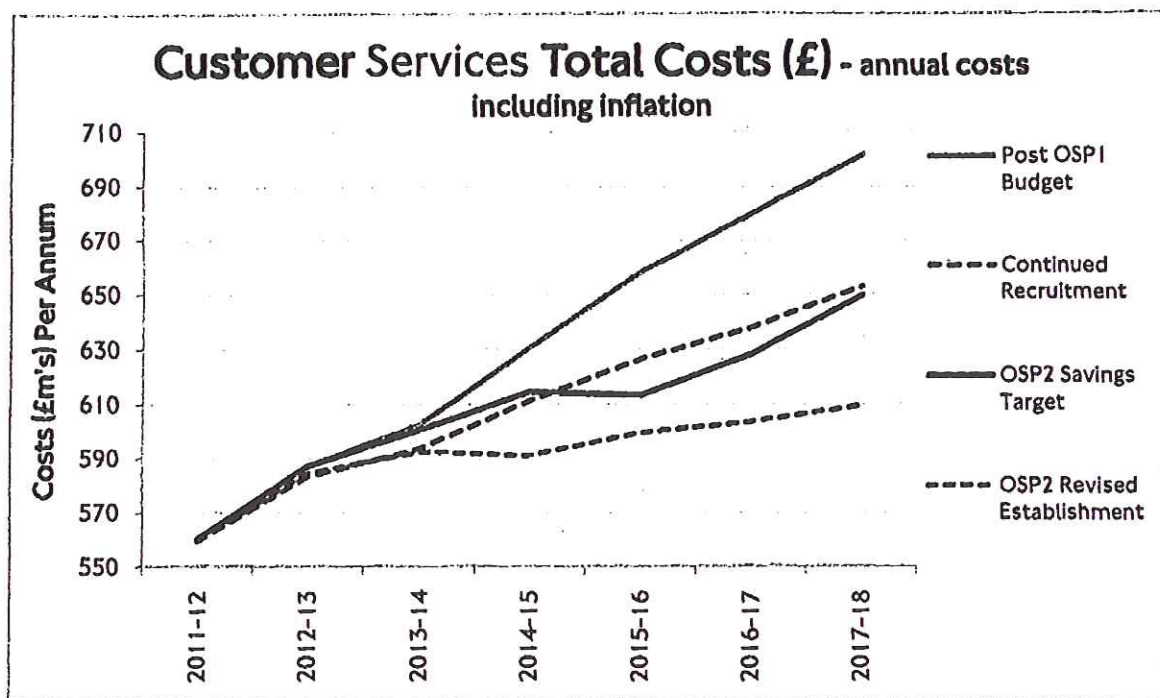
Messages for individual staff groups

Train Operators: The increasing sophistication of rolling stock means that specialist rolling stock knowledge will be less and less relevant. Instead the role of Train Operator will become a more generalist customer service role. Over the medium to long term it is likely that trains operating out of service or at the edges of the network will not need staff attendance

Station Supervisors: Your role will become less about supervising assets and more about leading your teams to provide world class customer service. There will be some changes to the way staff are deployed in the interests of being efficient and you may be required to take accountability for more than one site

Station Staff: You will continue to play a key role in helping customers to navigate quickly and safely around the system. Selling tickets in the traditional manner via ticket offices will end but you will play an important role in assisting customers to adjust to new and emerging technologies

Service Control: Modern control systems can take much of the load of routine control of the train service but your leadership will very much drive standards of performance, particularly during disruption.



£m Including Inflation	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total Savings
Post OSP1 Budget	560.2	587.1	602.4	630.5	658.2	679.9	701.3	
OSP2 Savings Target	560.2	587.1	600.4	614.5	613.2	627.9	649.3	-167.0
OSP2 Revised Establishment	560.2	584.6	592.5	591.1	599.5	603.5	609.4	-278.9
Continued Recruitment	559.4	583.3	593.7	611.2	626.3	637.6	652.5	-155.6

Appendix 3 – Post Reduction breakdown

Post Reductions

FTE	2012/3	2013/4	2014/5	2015/6	2016/7	2017/8	Total
Stations	-55	-353	-331	-285	-211	-147	-1382
Ticketing		-128	-128	-188	-188	-120	-752
Supervision & Mgmt		-64	-119	-43	-23	-27	-276
Flexibility	-30	-84	-84	-54			-252
Revenue Control		-77					-77
Silverlink	-25						-25
Trains		-100	-28	-21			-149
Flexibility		-100					-100
Management			-28	-21			-49
TOTAL	-55	-453	-359	-306	-211	-147	-1531

Savings from Post Reductions

Note: this table shows the savings attributable to the reduction in posts. Final savings will depend on resourcing and displacement strategies.

£m (with inflation)	2012/3	2013/4	2014/5	2015/6	2016/7	2017/8	Total
Stations	-2	-9	-31	-49	-65	-80	-237
Ticketing		-3	-10	-18	-29	-38	-98
Supervision & Mgmt		-0.4	-9	-15	-21	-26	-72
Flexibility	-1	-4	-7	-8	-9	-9	-38
Revenue Control		-0.4	-5	-5	-5	-5	-21
Silverlink	-1	-1	-1	-2	-2	-2	-9
Trains		-1	-8	-10	-11	-12	-42
Flexibility		-1	-7	-7	-7	-7	-29
Management			-1	-3	-4	-4	-13
TOTAL	-2	-10	-39	-59	-76	-92	-279

Operations Strategic Plan: Summary

