

# COLAS RAIL UK 2023 REVIEW

CREATING SUSTAINABLE MOBILITY SOLUTIONS





# **OUR VALUES:**





SHARE



DARE

# A WORD FROM OUR CEO

"I am grateful to you all for what we have achieved in 2023 and well done to all the teams who have delivered successfully over the festive period!

Throughout 2023, despite the economic climate, all economic and political circumstances, inflation, war, energy prices, budget restrictions, we have delivered fantastic results for 2023 and our position in respect of our competitors remains strong. We had a slightly lower revenue than expected but achieved a higher profit both in % and in value and we have achieved an outstanding performance in collecting cash, complying with the cash plan of the Group.

We are proud to be a top player to Network Rail, ranking top 3 in the suppliers list and as the only supplier to be 100% rail focused this is a great achievement. We are also the largest provider of Urban Rail within the UK. Profitability goes with operational excellence and our capacity to manage our risks, our top 3 being:

- **SAFETY**
- **CYBERSECURITY**
- **ETHICS**

To maintain our status, we need to focus on our main areas of risk with added vigilance throughout 2024.

I remind you all that you are 'Free to be Safe'. In 2024 we must protect ourselves and our colleagues and continue to ensure everyone goes home safe every day. We must pay close attention to possible cyber risks, at the time of writing 99.7% of the business had completed the cybersecurity training which is a great result and ethics must be considered in all decisions we make to ensure that we are fully aligned with the company's compliance rules."

> Jean-Pierre Bertrand. CFO Colas Rail Ltd.

# HIGHLIGHTS FOR 2023

Throughout 2023 the focus has been the Environment, Social Value and reducing carbon emissions and we have seen several new initiatives, championed from board level and new additions to the team to implement these developments.

#### In 2023 we introduced:

- A new Finance Director
- A new Managing Director of Lundy
- Launched Team 60 UK
- Held our first International Women's Day event
- Implemented the Environmental, Social and Governance (ESG) plan and recruited a Social Value Manager to support the business
- Undertook many CSR events to support local communities and the environment
- Introduced a new EDI Manager role to the business (starting in Jan 2024)
- We held our first Carbon Fighter meeting with our key suppliers
- Launched a new more interactive corporate induction programme
- Launched a new recruitment campaign
- Implemented UK IT Shared Services

Overall, we have had fantastic results despite various difficulties and our cash position continues to improve. Our capacity to adapt ourselves and to make the necessary efforts to support the BU's in has been a particular area of satisfaction for 2023.



# DIALOGUE

Thank you to everyone who completed the Dialogue Survey, we're delighted to share that Colas Rail UK achieved an incredible 80% response rate, the highest out of the Colas Rail Group!

We look forward to reviewing your responses and we will be communicating the results to you very soon through the Management Teams in your division. People have been fair and honest in voicing their opinion and we appreciate the feedback which will aid action plans going forward.

#### **SURVEY RESPONSE RATE**

COLAS RAIL UK	80%
INFRASTRUCTURE	78%
HQ	88%
SERVICES	79%
URBAN	86%
LUNDY PROJECTS	82%

## **CHANGES IN 2023**

At COLAS GROUP we welcomed Pierre Vanstoflegatte as the new Colas CEO, from Colas Rail to Colas Group, Anahi Sandoval was promoted to Director of Talent Development at Colas Group and Christophe Mansuy to HR Director.



PIERRE
VANSTOFLEGATTE
CEO COLAS



CHRISTOPHE
MANSUY
HR DIRECTOR
COLAS GROUP



ANAHI
SANDOVAL
DIRECTOR TALENT
DEVELOPMENT
COLAS GROUP

At COLAS RAIL GROUP Fabrice Tumoine was promoted to HR Director and Jerôme Bellemin was promoted to Managing Director International Division Major Projects.



FABRICE TUMOINE HR DIRECTOR



JERÔME
BELLEMIN
MANAGING DIRECTOR
INTERNATIONAL
DIVISION
MAJOR PROJECTS

At COLAS RAIL UK we said goodbye to Kishor Patel, Finance Director after 15 years of service and welcomed Stephanie Carasco as the new Finance Director. Peter Baverstock joined Lundy as the new Managing Director and Yamana Zedan joined the business to drive social value initiatives.



STEPHANIE CARASCO FINANCE DIRECTOR



PETER
BAVERSTOCK
MANAGING
DIRECTOR
(LUNDY)



YAMANA
ZEDAN
SOCIAL VALUE
MANAGER
(INFRASTRUCTURE /
SOUTH RAIL SYSTEMS
ALLIANCE)



2023 was a successful year for our infrastructure team across the South Rail Systems Alliance (SRSA) and Signalling teams, despite several challenges we achieved the largest ever volume of work delivered whilst completing significant levels of bidding.

Over **78,000m** of plain line track installed and **93** S&C Units of track designed and renewed and around **50** successful S&T Commissioning's completed.

We secured significant additional works at Old Oak Common (OOC) and other enhancement works based on the strong domestic renewal performance and the trust we have built with our client.

**WELL DONE TEAM!** 

We are proud to have had a greater level of focus on corporate social responsibility activities with social value high on our agenda we have seen a **500%** increase in volunteer days in 2023, 2024 will be the year each and every one of us gives back and uses our volunteer days. We are grateful to everyone who volunteers and took the time to make a difference to local communities in which we work.

We say goodbye to the Southern region with the client deciding to create a new Southern Integrated Delivery Model, however we must reflect on what we achieved in Southern over 10 years, lowest SBP in the country and relentless delivery.

An unbelievable year, through dedication and drive from all of you to deliver the numbers across the board, engagement in safety and our volumes despite all the challenges is something you should be very proud of."

Ondrej Roubicek | Deputy CEO

# IN 2023 WE DELIVERED (at the time of writing)

RAIL SYSTEMS ALLIANCE

SOUTH



- Outstanding reputation with the Client – extra Enhancement volume to offset Renewals cancellations
- Over 9700 worksites, managed and safely handed back
- Over **78,000m** of plain line track installed
- 93 S&C Units of track designed and renewed
- Improved design timescales year on year, averaging T-5.8 weeks
- Our key result areas remain strong with both track quality above 90%
- 3371 delay minutes year to date for year 5, our lowest level ever in 9 years.
- We saw the opening of our new depot in Chelmsford

#### In S&T

- Continuous high volume of work in the region
- **50** successful commissioning's completed in 2023
- 5 Level Crossings installed and commissioned
- 60.25km of Power Cable Installed,
   30.8km Energised
- 77 New Location Cases
   Manufactured in-house and installed
- 38 New Track circuits and 96
   Double Cut circuits commissioned in Gloucester
- **25** new signals installed and commissioned
- Emergency cable management works successfully delivered on Nuneham Viaduct
- Successful installation of the first **20** Leaner/Greener platforms designed and developed internally

- CP7 our work banks in Anglia and WW are currently increasing and we look to continue more enhancements through the alliance with the likes of Cambridge South and OOC now secured which is the largest new station being built in the UK in over 100 years and diversify our offering
- Embracing new technology to achieve our net zero pathway
- Be more efficient, giving more back to the environment and communities (CSR)
- Even greater focus on our health and wellbeing
- We will use the next generation in tech to make us even safer for example around exclusion zones
- · We will drive new solutions and help develop innovative solutions
- HS2 Overhead Catenary Systems (OCS) and Track as well as NW&C submitted
- Secure the Western FW Extension for CP7 (Due to panel this month)
- Secure and deliver Gloucester Interlocking refurbishment, from Major Signalling Contractor
- Replan and deliver deferred CP6 projects in year one of CP7
- Implementation of Intelligent Client for Project Management and Engineering/Assurance teams



Urban Division has seen further growth in 2023 as the major schemes of Wednesbury to Brierley Hill (WBHE) and Birmingham Eastside (BEE) have both ramped-up in activity. We were able to handover the completed Section 1 of BEE in September with Section 5 on track for handover to the client in Q1 2024. The last structures on WBHE are nearing completion, meaning 2024 will see work focused on tram stops, track, and systems installation prior to testing & commissioning in the 2nd half of the year.

2023 saw the completion and the commissioning of

 the Wolverhampton extension, enabling passenger service to the newly built train station in September the £4m Phase 1 of the Line 1
 Power Upgrade and receive orders for Phase 2a & 2b totalling a further £16m.

We also commenced work on the £3m 'Buy Before you Board' ticketing scheme which will come into service in 2024 and enabling works packages for Wednesbury Depot enhancement and expect to see this ramp-up significantly in 2024.

All this was achieved alongside a notable improvement in health & safety performance and an outstanding focus on reducing carbon and protecting the environment with the division saving in excess of **3500t** of CO2 equivalent – a **70%** improvement on 2022.

"Given the current economic turbulence and client restructure, 2023 has unsurprisingly been a challenging year for Urban Division. I have been immensely impressed and proud at how staff have risen to meet these challenges whilst maintaining their commitment to safely & efficiently deliver for each other, the business, and ultimately for our client."

**THANK YOU ALL!** 

Iain Anderson - MD, Colas Rail Urban



#### **2023 RECOGNITION**

The Division received external industry recognition for its high standard work at the 2023 Global Light Rail Awards, receiving highly commended awards for both our Stakeholder Engagement, and our Innovation. In addition, our Project Manager, Hamish Falconer, was recognised in the Rising Star category and Grace Hayward was crowned Project Manager of the Year at the 2023 West Midlands Building the Future Awards.

# **2023 HIGHLIGHTS**

## WOLVERHAMPTON (£35M)

- Entry into service September 2023
- Now completing additional items
- Commercial close out

#### WEDNESBURY DEPOT (£30M)

- Commenced enabling works
- Agree target cost in 2024
- External & building modifications

#### LINE ONE POWER & OLE (£22M)

- Phase 1 complete- small gain share
- Awarded phase 2a & 2b = £16m
- Additional OLE renewals for 2024

#### **BUY BEFORE YOU BOARD (£3M)**

Installing oyster card infrastructure

#### SHEFFIELD (5 years @ £10M / yr)

 Polymer and concrete track repairs



- With a strong secure orderbook we expect Urban Division to continue its growth in 2024 when we will build on the fantastic advancements made this year.
- Commissioning the first phase of WBHE and handing over section 5 of BEE.
- Delivering works at Wednesbury Depot, Phase 2 of WBHE and section 2 of BEE
- Delivering embedded rail repairs on the Sheffield Tramway 5-year Project commencing in May '24.
- Safety will remain our #1 priority as we work to maintain our current high standard.
- Continue promoting low carbon alternatives, and work with key supply chain partners to embed a consistent culture.
- Continue to proactively retain and recognise talent whilst also responding positively to the feedback received from the recent Dialogue survey



Our Freight team have had another safe and successful year, maintaining profitability despite a challenging year with an unprecedented reduction in **Network Rail SCO Possession orders.** which significantly impacted the revenue. Being the fastest growing Freight Operating Company in the UK, the team managed to grow our Commercial Freight presence, as well as operating additional Rail Head Treatment Trains (RHTT), and doubling the operation of Video Inspection Units (VIUs). We also successfully extended both SCO Haulage and Infrastructure Monitoring contracts until 2027.

Safety has been a key focus this year with safety improvements seen across the board. Fatigue management was also high on the agenda with initiatives put in place involving management support and routine assurance checks.

 FWI remains below the target of 0.025, for 3rd consecutive year

- Zero RIDDOR since June 2020
- Opening of 2 new welfare facilities in Doncaster and Carlisle
- Over 70% improvement in staff reporting preventative actions in CARL
- Road risk reduced by 44% below target
- Through staff vigilance & professionalism 15 high risk incidents due to 3rd Party actions were avoided
- Over 80k tCO2 saved by running Colas Freight services vice road haulage

CHECK OUT WHAT WE DELIVER IN AN AVERAGE WEEK



SCAN ME

The level of attention to safety and employee engagement has been impressive this year and is evidenced by the level of employee interaction and feedback over the year. To further our success, we must continue this journey and protect our reputation through great performance and adjust in line with our changing customers."

THANK YOU ALL!

Ondrej Roubicek | Deputy CEO

# 2023 SUCCESSES (at the time of writing)

- We are Network Rail's lead supplier in Western and Wales for supply chain services and haulage.
- We are now the largest Rail Freight Operator for tonnage transported around Scotland
- We remain the fastest growing
   Freight Operating Company in
   the UK for a 2nd consecutive
   year, doubling our Freight vehicle
   kilometres in 2023 compared to the
   previous year
- 52 new starters focusing on competency-based diversity.
   Colas Rail Freight is now at its highest number of operational staff since 2008
- All 9 trainee drivers recruited in 2022 have now successfully qualified as productive Freight drivers
- **14%** of the new driver recruits in 2023 were female drivers.
- Improved driver's terms and conditions improving the work life balance, fatigue and productivity

- Opening of new facilities in Carlisle as northwest operational hub.
- Construction/opening of Doncaster's Colas Rail sidings as Colas Rail's locomotive stabling and fuelling facility in the LNE region
- We won a major new aggregates contract with Land Recovery Ltd, transporting recycled construction materials including track ballast
- Secured a 3-year extension of Network Rail haulage contracts till April 2027
- We secured a 2-year contract award for planning and operation of video inspection units (VIU) until April 2025. VIUs have recorded 70,000 miles of track in Eastern and Southern regions, eliminating the need of Red Zone Working for track inspections
- The naming ceremony of 43277
   'The Safety Task Force' celebrating successful service delivery of the video inspection units eliminating Red Zone Working

- Recovery of SCO Haulage hours in CP7
- Continue modernisation of fleet
- Working closely with Network Rail
  IM Transformation team. Expanding
  the use of Video Inspection Units
  (Class 153s)
- Grow existing Commercial contracts in line with Locomotive Fleet Strategy
- Training and up-skilling staff in line with European Train Control System programme
- Full use of Doncaster loco stabling and fuelling siding, and Westbury Maintenance Depot enhancements

- Improving locomotive reliability through major overhauls and enhancements
- Increase focus on personal safety risks (Manual Handling & Slip/Trip risks) and achieve 30% reduction in injuries
- Increase focus on management 'Boots-on-the Ground' events, including face-to-face driver briefs.
- Continue recycling and biodiversity initiative at all operational depots
- Body Cameras; invest in technology to modernise and support Ground-staff in their safety critical freight train/wagon preparations



2023 has been a successful year for our Plant team who have achieved outstanding delivery on KPIs at over 99% for all our customers on all contracts securing us as the "supplier of choice" across the Rail Plant Industry.

Key works in the year included various North London route projects, Oxford renewal and Lewisham Renewal. High Profile Quad Tamps took place at Hanslope and Bourne End Junctions on the WCML. A new Regulator also joined the fleet at the beginning of the year and is successfully delivering shifts in the Western Region.

With a keen focus on developing the team and equity, diversity, and

inclusion - two female tamper operators were recruited in the Northwest and Western regions and have been welcomed into the team and we introduced our first ever "street to seat" industry newcomer trainee driver programme.

We remain on course to deliver our carbon footprint reduction targets for the year with all OTMs in the Central Region and the Kirow Crane being powered by HVO Fuel, replacing **46,000** litres of diesel resulting in a **125 tonnes** CO2eq saving, in addition to the Fuel Active systems fitted to our Rail Grinding fleet.

We are proud to be leading the way across the industry in terms of management of fatigue.

A real focus on delivery, Safety and People is evident throughout 2023, well done on a successful year. The emphasis on diversity and health shows a real demonstration of how we are living by our values!"

Ondrej Roubicek | Deputy CEO

**THANK YOU ALL!** 

# IN 2023 WE DELIVERED

(at the time of writing)

#### ОТМ

- Best operational performance percentages amongst all suppliers (KPIs over 99%)
- Over 6,000 shifts, 3 million yards of tamping and over 1000 S&C Units delivered

#### **RAIL GRINDING**

- Strong operational performance with all machine KPIs over the 99%.
- Over 750 operational shifts delivered

   treating in excess of 3.5 million
   yards of rail

#### **RAIL MILLING**

 Strong operational performance (99% KPI performance), over 150 shifts delivered

#### KIROW CRANE

- **100%** of **104** operational shifts delivered.
- On track to achieve Network Rail's Gold award in maintenance reliability (currently at Silver status)

# **SAFETY HIGHLIGHTS**

#### (at the time of writing)

- Through staff vigilance & professionalism, 18 high risk incidents due to 3rd Party action were avoided
- Continuous Driving >2 hours events reduced by 71%.
- All management staff completed 100% of scheduled face-to-face engagement programme
- Over 11,500 preventative actions reported (>200% improvement)
- Successful 3-days safety stand-down events, Quarterly ROM Team briefings and Depot Team briefings at Rugby
- Forward-facing cameras fully operational on all OTMs, providing valuable information during investigations

# **OUR FOCUS FOR 2024**

- Continued investment in our Tamper fleet (2x new 09 Tampers arriving in Western Q1 2024).
- OTM, Rail Grinding and Rail Milling tenders expected in 2024.
- The Kirow crane major overhaul by the OEM Group in Austria between June and October, prolonging the life and reliability of the crane.
- Increase focus on personal safety risks (Manual Handling & Slip/ Trip risks) and achieve 30% reduction in injuries.
- Target zero breaches of road risk fleet policy: vehicle checks, continuous driving & speeding.
- Improve education and action on Energy & Carbon reduction.

MEET HOLLY AND BECKY OUR FEMALE TAMPER



# LUNDY

Our Lundy Projects division can reflect on 2023 as a transformational year after making fundamental improvements to the business structure and operations, with a focus on client needs through to our core service offering and an improved safety performance.

People are at the heart of our operations, which is why we embarked on a long-term initiative to better engage and communicate with our people to help them understand and play a leading role in delivering our business strategy. This started with the first Lundy Projects Annual Conference in May and has continued with regular local engagement sessions and MD updates to share business performance with open Q&A sessions.

A year of positive change as we have restructured, stabilised and focused the management and operational teams to better meet our clients' increasing expectations of safe, sustainable and efficient delivery in the Rail Infrastructure market".

Peter Baverstock | Managing Director

### **2023 IN REVIEW**

- Despite the end of CP6
   funding challenges and
   delays to key projects
   impacting our turnover,
   we have increased year on-year divisional margin.
   This demonstrates
   our progressing ability
   to understand and
   accurately price works,
   control costs, and
   maximise contract values.
- Our enhanced focus on fabrication quality has paid dividends in securing new clients and re-engaging with passive existing clients.
- All of this is against a backdrop of an improving safety performance measured by a year long LTFR of zero and consistently decreasing number of High-Risk Events.

# **IN 2023 WE DELIVERED**

(at the time of writing)

- Close out of the **3-year** TRU West W3 OLE Main Parts Steel fabrication contract, completing circa **1000** structures and circa **1000** foundation including CHS, concrete auger and wall mounted
- Fabrication and installation of Morley Footbridge to enable the opening of the new station during a key milestone blockade within a very compressed programme
- Installation of 3 new signal gantries on our West Coast Mainline Structures
- Design, fabrication and installation of 13 bespoke signal structures on the Victoria Re-signalling Phase 4 project including foundations and ancillary civils works
- Delivery of circa 400 RRV shifts along with POS services to our external clients, supporting gantry installations, CHS piling, sheet piling, high level surveys, and OLE works

## **NEW IN 2023**

- Appointed new Managing Director
- Embraced CP6 Year 5 funding challenges
- Centralised our Fabrication
   Facilities
- Ratified our core offerings
- Restructured the business
- Targeted Work Winning efforts
- Intensified our client engagement
- Increased staff engagement and involvement

- Develop our client-oriented services, targeting the CP7 framework holders to embed ourselves as supplier of choice with a move away from the current transactional relationships
- Strengthen our safety culture and QHSE performance through our RM3 Action Plan
- Decrease our carbon footprint through the use of sustainable steel and reduced carbon concrete in conjunction with our clients
- Increase staff engagement through enhanced communication, key wellbeing themes, and addressing concerns raised from our Dialogue Survey
- Increase orderbook by embedding ourselves as supplier of choice with a move away from the current transactional relationships
- Address the subdued profitability levels in the fabrication division
- Effect a consistent improvement to our WIP, Cash, and DSO performance
- Finally, following the centralisation of our fabrication activities in Irlam and the advancements made to our fabrication quality in 2023, we will improve the profitability levels of the fabrication division
- Addressed Fabrication quality control concerns
- Improved Fabrication
  Operating Margin
- Prioritised WIP & Cash
   Collection performance

# **ESG ENVIRONMENTAL, SOCIAL GOVERNANCE**



Throughout 2023, Colas Rail UK reaffirmed its commitment to the Groups 8 Act commitments and aligned these with the United Nations Sustainable Development Goals to achieve net zero targets by 2030.





**SCAN TO HEAR FROM THE TEAM** 



As an industry we have been used to seeing the term Corporate **Social Responsibility** (CSR) and over the years this has evolved into **Environmental Social** Governance (ESG) and more commonly Social Value.

All labels lead to the same destination and underpin our commitment to ensure our daily activities improve the wellbeing of individuals and leaves a positive impact on local communities and the environment in which we operate.

Social value is beyond compliance. It is going the extra mile and thinking about the way we do things, how we procure materials, how we get to site. how we can enhance the areas we work in and ensuring our people feel valued and included.

In 2023 we assigned subject matter experts to kev workstreams who will work with the business to deliver our goals - scan the QR code to hear from the experts.

# WHAT DOES ESG



**CHECK OUT SOME OF OUR ACTIVITIES** 



Acting to ensure our business always operates ethically and responsibly.



people and the

environment.

Acting today to tackle the environmental challenges facing our planet and safeguarding the future for generations to come.



Acting to improve the wellbeing of individuals and communities and considering the social impact on



#### **ECONOMIC PROSPERITY:**

Employment and training: We offered 3 work experiences and 3 internships, as well as 12 graduate jobs and 25 apprenticeships.

We also partnered with The Women in Engineering Society (WES) to actively support our female workers. Crewe training centre being awarded an approved training centre by City & Guilds.

#### **CHAMPIONING LIVING WAGE: We** became an Accredited Living Wage Employer.

**INSPIRING FUTURES:** We participated in educational events, including 12 career fairs and school talks which directly contributed to inspiring and shaping the career paths of students and job seekers.

**LOCAL EMPLOYMENT SUCCESS: Our** targeted efforts saw 83% of our Southern Region workforce comprised of local residents, fostering a sense of community but also ensuring that economic benefits are directly reinvested back into the areas we serve.

#### PROTECT THE ENVIRONMENT:

Green Commitment in Action: We delivered multiple environmental and biodiversity initiatives to tackle climate change. Our team at Old Oak Common showcased our commitment to environmental stewardship through their Volunteering Day, cleaning and revitalising a section of the Grand Union Canal.

**VOLUNTEERING IN ACTION: Our** contribution of 1.086 hours to CSR strengthened our relationships with local communities. This hands-on approach demonstrates our commitment to being actively involved in looking after our lineside neighbours.

#### **ENHANCING SUPPLY CHAIN RESILIENCE:**

Supporting SMEs: £45m of the infrastructure division supply chain spend was on SMEs (Small, Medium Enterprises), this is 62% of our total supply chain spend. Our robust spending with SMEs ensures a resilient, diverse supply chain and contributes to the economic strength of our local communities.

#### **OUR CARBON REDUCTION PLAN IS HERE!**

# **OUR FOCUS FOR 2024**

In 2024, we continue to forge ahead, weaving social value seamlessly into the fabric of our corporate strategy. Looking Ahead to 2024 - We aim to:

- Nature-Infused Rugby Depots: Transform Rugby Depot with nature-based solutions, including tree planting to create a Green Living Wall to enhance the aesthetic, to improve wellbeing and contribute to local biodiversity and environmental health
- **Empowering Volunteerism: Increase** staff participation in volunteering leave to 40%
- Continue to promote well-being throughout the business

- Supporting local community kitchens addressing health at the grassroots level to contribute to the long-term resilience and vitality of the communities we serve.
- Strategic Employability and Education Initiatives: including:
  - Organising female railway taster
  - Redesigning recruitment processes to eliminate any bias
  - Delivering 1-Week Skills Bootcamps
  - Extensive work experience opportunities
  - T-Levels Work Experience
  - Launching an Apprenticeship Project Management Programme

# **OUR 2024 TARGETS**



