

# RIA'S FIVE TESTS FOR GBR



**Railway Industry  
Association**

*The voice of the UK rail supply community*

## BACKGROUND



In May 2021, the Government published the Williams-Shapps Plan for Rail, its strategy for establishing a new rail industry structure to “bring the railways back together, delivering more punctual and reliable services.”

The Plan set out some 62 recommendations, including the creation of a new Great British Railways (GBR) organisation, bringing track and train under one body. Work has already begun to establish GBR, with the creation of a Transition Team and progress beginning on the Whole Industry Strategic Plan (WISP), a 30-year strategy for the sector.

The Railway Industry Association (RIA) welcomed the Williams-Shapps Plan, which

reflected a number of key asks for the rail supply community as set out in RIA’s Rail 2050 Manifesto. These included the need for long term thinking, smoothing out work profiles for the sector and providing visibility of upcoming work.

As GBR is established and the WISP developed, RIA has set out five key ‘tests’ for the successful creation of GBR. By ensuring GBR achieves these objectives, the rail supply industry will best be able to support continued rail investment, delivering for the economy as we build back from the pandemic. RIA will monitor these five tests over the coming year to assess if they are being met.

### About the Railway Industry Association

The Railway Industry Association (RIA) is the voice of the UK rail supply community. We help to grow a sustainable, high-performing, railway supply industry, and to export UK rail expertise and products. RIA has 300+ companies in membership in a sector that contributes £43 billion in economic growth and £14 billion in tax revenue each year, as well as employing 710,000 people. It is also a vital industry for the UK’s economic recovery, supporting green investment and jobs in towns and communities across the UK; for every £1 spent in rail, £2.50 is generated in the wider economy. RIA’s membership is active across the whole of railway supply, covering a diverse range of products and services and including both multi-national companies and SMEs (60% by number). [www.riagb.org.uk](http://www.riagb.org.uk)



## TEST ONE: NO HIATUS OF CURRENT WORK



### MORE THAN 70% OF NETWORK RAIL'S SPEND IS WITH THE PRIVATE SECTOR – AND THERE CANNOT BE A PAUSE IN THIS WORK<sup>1</sup>

Simply, the UK railway and the economy cannot afford to see work stop whilst GBR is set up. The Government's programme of investment over the current funding cycle ending in 2024 (Control Period 6) includes £18.8bn in renewals to sustain the network and £9.5bn in enhancements planned, alongside a number of rolling stock orders.

There is however no clarity about what is planned beyond 2024. It is therefore particularly important that timely decisions on the renewals and enhancements for CP7 (2024-29) are made and procurement mechanisms put in place ready for when CP7 starts, so there is no hiatus from 2024. What is more, the industry has targets

to decarbonise passenger services on the network by 2050 (2045 in Scotland), requiring further electrification and battery and hydrogen fleet orders, and to replace at least 60% of current UK signalling equipment with new digital signalling over the next 15 years.

Delays to any of this work will detrimentally impact both passenger and freight rail services, and limit the rail supply sector's ability to support the economic recovery post-Coronavirus. Any hiatus in work would halt investment and make it more difficult for the industry to retain and hire workers.



<sup>1</sup> Network Rail total supplier spend in 2020-21: £7.4bn.  
Source: <https://www.networkrail.co.uk/wp-content/uploads/2021/08/Top-20-Network-Rail-Suppliers-by-Spend-2020-21.xlsx>  
Total Network Rail spend in 2020-21: £9.6bn  
Source: <https://dataportal.orr.gov.uk/statistics/finance/rail-industry-finance>

## TEST TWO: TRANSPARENCY



### BE CLEAR AND TRANSPARENT WITH RAIL SUPPLIERS, TO ALLOW THEM TO DELIVER

The process to establish GBR needs to be an open one, with suppliers in the discussions at all stages of its development. Considering that a large amount of the Government's spend on rail is delivered by private sector companies, with significant invested capital, it is vital that this community is clearly represented in forward plans. The rail supply industry is

ready to collaborate in developing and implementing the 30-year Whole Industry Strategic Plan (WISP), ensuring it considers the capabilities in the sector and avoids the 'boom and bust' profiles in work, both infrastructure and rolling stock, which the industry has seen in the past.

The WISP should also be a public document, so all can see the shared and agreed vision for the UK railway system. This open approach will allow suppliers (of all sizes, across the whole supply chain) to plan their own investments in Research & Development, people, plant and processes and to deliver ever more efficiently. The process needs to be transparent too, with

clear roles for Government, GBR, ORR and the supply industry, as set out in the Williams-Shapps Plan.

The Rail Network Enhancements Pipeline (RNEP) should be brought into the control of GBR, with DfT setting the long-term strategic policies for GBR's enhancements work. The separation of the enhancements decision-making process and the

failure to publish regular updates on projects contained within it, has led to a lack of clarity and loss of confidence for rail suppliers, with the industry having little sight of upcoming enhancements work.

Having a clear, visible RNEP is all the more important given the Integrated Rail Plan, published in Autumn 2021, which sets out a number of schemes to be added to the RNEP. Delegating enhancements planning to GBR will enable ORR to assess the efficiency of the rail system more effectively and fits well with the Williams-Shapps Plan's goal of ensuring Government takes a more strategic, and less tactical, role.

“*The process to establish GBR needs to be an open one, with suppliers in the discussions.*”



# TEST THREE: PARTNERSHIP



## BE AN OPEN AND ACCESSIBLE CLIENT AND PARTNER WITH THE PRIVATE SECTOR FOR THE BEST RESULTS

GBR will need to embrace the role of the private sector if it is to deliver successfully, whether in operations, infrastructure or rolling stock. GBR should be transparent over its 'Make or Buy' decisions, setting out clearly where the private sector will be involved and where work will be conducted in-house. In designing the governance structure around GBR, there must be supplier representation to ensure this element of the rail partnership has a clear voice. It would also enable GBR's governance body to be suitably balanced, with a 'supply champion' being appointed to GBR's Board. GBR should aim to ensure their different regions' approaches to areas like procurement are clearly explained to the supply chain.

GBR should aim to be a 'thin client', one which seeks to fully utilise the experience, expertise and innovation of rail suppliers and which does not shadow the work done by the private sector. This means moving away from transactional lowest cost models to partnership that focus on delivering the best value. The private sector is also open to exploring new funding and finance models, utilising its expertise.

The role of rolling stock leasing, manufacturers and asset management companies should be maintained. Rolling stock leasing companies and maintenance service providers deliver a valuable service to the rail industry and wider economy. They offer significant technical expertise and valued asset management of train fleets, often investing in innovative technologies and services that have a direct benefit to the passengers who use their vehicles.

GBR should seek to provide a level playing field and an open market for independent retailers with GBR's ticket retailing entity financially, legally, and structurally separate from GBR. This is to prevent any unfair advantage being given to GBR with independent retailers enjoying full access to all products, services, and data, to ensure they can deliver maximum benefit to the railway. There should also ensure fair and viable commission rates for independent retailers, which also apply to GBR, with assurances that sufficient investment goes into the retail market to make it a success and give customers greater choice.

# TEST FOUR: PRODUCTIVITY



## ENSURE THE RAIL INDUSTRY IS ABLE TO THRIVE – FINANCIAL SUSTAINABILITY WILL ENSURE RAIL DELIVERS FOR UK PLC

Rail suppliers recognise the imperative, now more than ever for the rail industry to be productive, efficient and cost effective – they stand ready to work with Government and clients to identify opportunities for efficiency, including though the Rail Project SPEED programme. GBR will rightly need to focus primarily on passenger and freight users – the ultimate customers of the railway. However, GBR must also be attuned to the role of the rail supply community and the need to ensure a sustainable, healthy sector, supporting jobs, training, innovation, investment and economic growth. This is particularly important, given rail generates £43bn in economic growth, supports 710,000 jobs and provides £14bn in tax revenue for UK plc.

Whether in the infrastructure or rolling stock markets, previous 'peaks' and 'troughs' in rail investment have seen capabilities in the industry wastefully expand and then reduce. Such volatility in the market can lead multinational businesses to move overseas or to other

sectors, and SMEs struggle to survive. Instead, GBR should seek to deliver consistently, removing 'boom and bust' profiles.

It will be important to maintain the benefits of the five yearly Control period funding settlements and the long term certainty they provide.

Government should avoid annual settlements at all costs, given the severe impact on the rail industry's ability to plan and invest.

GBR should seek to develop long term strategic relationships with suppliers - the earlier the private sector is involved in projects, the more effective the relationship between client and supplier will be.

The role of the private sector as a source of funds needs to be actively promoted. GBR should also build on the work of the Cabinet Office, including the Construction and Sourcing Playbooks, both of which set out a framework for an effective relationship between clients and suppliers.

“ GBR should seek to develop long term strategic relationships with suppliers ”



# TEST FIVE: AMBITION



## LEAVE A POSITIVE LEGACY, INCLUDING IN SAFETY, DECARBONISATION, EXPORTS AND THE ECONOMY

Rail travel has more benefits than simply connecting people and resources. Rail delivers a safe mode of clean mass transport, supporting jobs and growth.

Rail travel is one of the safest modes of transport and the UK rail industry has a proud history of taking safety seriously. Whilst the rail sector transitions to the new structure, there simply can be no let-up in the focus on rail safety for those that use the network and those that work on it.

Similarly, rail is a highly environmentally-

friendly mode of transport, contributing just 0.5% of the UK's carbon emissions, despite carrying 10% of all passengers. GBR must continue to promote the environmental benefits of the railway network as a key tool for achieving the target of Net Zero by 2050.

What's more, the UK rail industry is a major economic generator and exporter, generating value both domestically and overseas. Rail's role as an economic asset should continue under the GBR structure.

