

# Investment in the railway

**Consultation response**

**June 2014**

## Investment in the railway

### **Q1a – What are the main features of the rail investment plan for 2014-19 (Control Period 5)?**

Overall, it was felt that the large investment schemes proposed for Control Period 5 (CP5) will do much for the good of the railway. There might be some disagreement over the precise phasing of the projects and spending, while some might be disappointed that their local schemes were not adopted, for example the BML2 project, but the general thrust of continued sustained investment in the railway infrastructure is good.

Specifically, the emphasis that CP5 places on the electrification of the classic rail network was highlighted by our members as a key facet in the modernisation, and will unlock a great deal of economic value.

If focussed in the right areas, such as places like Glasgow and Manchester where a number of diesel routes, the benefits of electrification could actually be substantially underestimated. For instance, there will be significant economies of scale, while in addition the need for franchise holders to continue to maintain a fleets of more expensive diesel trains will be reduced.

It is also to be hoped that the investment will lead to more resilient and reliable signalling systems across the network.

### **Q1b – How will the railway be different in 2019 following delivery of the plan?**

Our members felt that the rail network would hope to be cleaner and more sustainable in 2019, following this round of investment and work by Network Rail. A key aspect of this, however, is whether the renewable energy generation can be delivered to power the upcoming electrification. This is an area that it was felt needed to be given greater consideration when formulating plans, and it is to be hoped that conversations are taking place across Whitehall departments and executive agencies to ensure factors like this are properly understood and accounted for.

Specifically, it was felt that this round of investment would see Increased capacity on commuter routes, for example through longer trains (although this will require platform extensions), and potential reduction in delays due to more grade separated junctions.

### **Q2a – What is expected to happen to passenger satisfaction over this period?**

No response

### **Q2b – Is the rail industry measuring passenger satisfaction in the right way?**

No response

**Q3a – Is Network Rail confident that it can deliver its planned investments and meet its targets for efficiency and punctuality?**

It is obviously not possible to comment on Network Rail's levels of confidence, however, historically the organisation has found it difficult to deliver on previous investment plans. Those parts of the engineering and construction industry that are involved in rail, therefore, remain uncertain about Network Rail's ability to deliver efficiently and make best use of industry resource constraints.

In addition to this overall perspective, as Network Rail is in the process of reducing staff numbers, it stands to reason that they will have to exhibit more confidence in the supply chain to deliver the plans in CP5 without the 'man marking' from that was a hallmark of previous control periods. If this will not be the case, planned developments will not happen.

It was also suggested by members that there is too much planning taking place – in the Department for Transport, in Network Rail, in the Office for Rail Regulation (ORR), in the Train Operating Companies (TOCs) for the direct awards/HLOS interventions, in bid teams – all with slightly different objectives – and this can often be a waste of resources. It also presents the impression of a sector lacking in clarity and direction at the very top and leaves the industry uncertain of what will be required and reluctant to be too proactive.

On the issue of procurement, it was felt that often the processes are very onerous and require a great deal of technical. Our members have estimated that it costs around £40,000 to just assemble a bid, a burden many SMEs for instance are unable to bear. In addition, there also appears to be a lack of coordination across Network Rail regions and routes to learn from what has happened elsewhere, with procurement teams seemingly wanting to "reinvent the wheel". Much greater efforts should be devoted to the sharing of best practice, and ensuring a consistent procurement approach is taken across the rail network during CP5

The recent work carried out on the Dawlish section of the Great Western Mainline was cited as an example of what can happen when everyone involved in the rail sector works together. Passengers did experience a great deal of inconvenience, however solutions were implemented, contractors came up with the innovation and due to urgency, and Network Rail expedited their usual four week approval period to ensure rapid delivery and the reopening of the line.

**Q3b – How should train operators assist in ensuring that Network Rail delivers?**

At present Network Rail seems to be attempting to work around commitments made to the TOCs within franchise agreements and paying a premium to minimise impact. If Network Rail and the TOCs worked together more closely, for example as they have been on the Wessex Alliance, then compensation costs to the TOCs are likely to be a lot less than the costs currently being incurred.

It was also suggested by our members that longer possessions and blockades should be considered. Whilst this will be a bigger hit to the “customer”, it is likely to be more acceptable than more frequent, shorter periods of inefficiency, and result in decreased costs and less risk of continual overruns.

For example, a premium is being paid to keep London Bridge Station fully or almost fully operational during construction – probably 25-30%. Some of this cost is obviously unavoidable but with better cooperation and planning between the TOCs, Network Rail, and the ORR this could be reduced.

**Q3c – How will the Office for Rail Regulation ensure that planned investments represent value for money?**

Our members felt that the ORR should engage with the supply chain more extensively to understand what affects the costs of contractors and consultants, for example there could be certain Network Rail requirements that increase costs disproportionately. Network Rail should then be challenged on such matters by the ORR, a tactic the supply chain have tried and consistently been unsuccessful.

Additionally, it was felt that the ORR could develop a value model for Network Rail to better evaluate supply chain proposals. Current practices are too focussed on cost, where it was felt a more holistic, ‘whole life’ approach, similar to what London Underground or the water industry utilise, would encourage better innovation.

Finally, members of the supply chain suggested that there is the need for greater flexibility in terms of packaging of schemes and challenge to Requirements. It was felt that this was something that the ORR should initiate and continually challenge Network Rail on.

**Q4 – Has Network Rail Prioritised the right schemes for the purpose of improving the railway’s resilience?**

No response

**Q5 – How might reclassification of Network Rail as a central government body in September 2014 affect rail investment?**

No response

**Q6a – Is the balance between passenger and freight investment right?**

No response

**Q6b – What additional demand for freight movements might be released with a different balance of investment?**

No response

**Q7 – What will be the railway’s demand for new rolling stock over the next decade and how will this demand be met?**

It was felt there is a significant disconnect between infrastructure enhancements and planning for future rolling stock requirements. For example, Thameslink has the potential to accommodate trains 12 carriages in length now, however, only a very small number of trains are actually that long.

Similarly, the plans to electrify parts of the network in the north is good, but the source and quality of electric rolling stock is far from certain. Given the Persons of Reduced Mobility requirements that will be in force from 2020, steps will need to be taken urgently to ensure that rolling stock is fit for purpose with these new legal requirements in good time for deployment from 2020. The existing diesel rolling stock in particular is not up to scratch.

**Q8 – How will electrification affect the passenger experience of the railway, rolling stock requirements, and rail freight?**

As stated earlier, on the specific point about rolling stock requirements, electrification has significant potential for economies of scale as large orders of rolling stock are put to the market. Additionally, without the need to maintain and run more expensive diesel units, companies involved in the leasing of rolling stock could realise significant savings. This will hopefully allow the TOCs to reduce their costs and pass these benefits down to passengers in the form of lower ticket prices, and/or the taxpayer as a reduction in public subsidy.

**Q9 – What should be the priorities for investment after 2019 (Control Period 6), particularly in relation to connecting the classic railway to High Speed 2?**

Whilst support for High Speed 2 is high, there was a feeling that for phase one from London to Birmingham, there is a significant lack of connectivity to the classic network. Consequently, this consequently means that there is limited or no flexibility for shared use of infrastructure, even if only in emergency. This should be a major consideration of Network Rail for the putative Control Period 6.

Examples of where this kind of connectivity could unlock significant benefits include with East-West Rail in the Bletchley area and through the London Overground at Old Oak Common. This would reduce the demand on Euston Station and central London, and provide connectivity to High Speed 2 from the Home Counties and the south-west.

Additionally, it was suggested that the time it takes for passengers to interchange between the high speed lines and the classic rail network need to be reduced as these negate the benefits of faster travel. Passengers will not appreciate the benefits of faster journey times between London and Birmingham if the time it takes to interchange is the same as the journey itself.

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## Further information

For further details about this publication please contact

Peter Campbell  
Policy Manager  
ACE Policy and External Affairs Group  
0207 227 1885  
pcampbell@acenet.co.uk  
[www.acenet.co.uk](http://www.acenet.co.uk)