



Rail Supply Group



ACT NOW.

THE RAIL SUPPLY GROUP TASKFORCE: CORONAVIRUS (COVID-19) RESPONSE

How the Rail Supply Group is responding and taking action, supporting the rail supply industry to achieve the best possible recovery from the current crisis.

July 2020



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PURPOSE

The Rail Supply Group, the leadership body for the UK rail supply sector responds to managing the Coronavirus (COVID-19) emergency on behalf of the rail sector's supply industry.

Like every sector of the economy, the rail supply chain has been hit hard by the effects of coronavirus.

Our **Rail Supply Group Taskforce** set out to understand the current situation and what is needed, developing a response capable of enabling a stronger recovery to the rail supply industry.

Our report has been informed by you, the industry 'having your say', telling us what is needed to not only to survive the emergency but thrive. The Taskforce has looked at the findings and considered how we move from today to tomorrow, charting a clear way forward; adapting the Rail Sector Deal and supporting the rail industry to achieve the best possible recovery.

The **Rail Sector Deal** will continue to provide the focus and impetus for the rail industry and Government, to work together to exploit the opportunities of new technologies, improve the efficient use of our rail network capacity and enhance the experience of the rail and freight customers who use our railways, by improving the service they receive.

In this document we explain our Act Now priorities and the role of the Rail Sector Deal in taking this work forward.

ACHIEVING THE BEST POSSIBLE RECOVERY



THE RAIL SUPPLY GROUP CHAIR, PHILIP HOARE

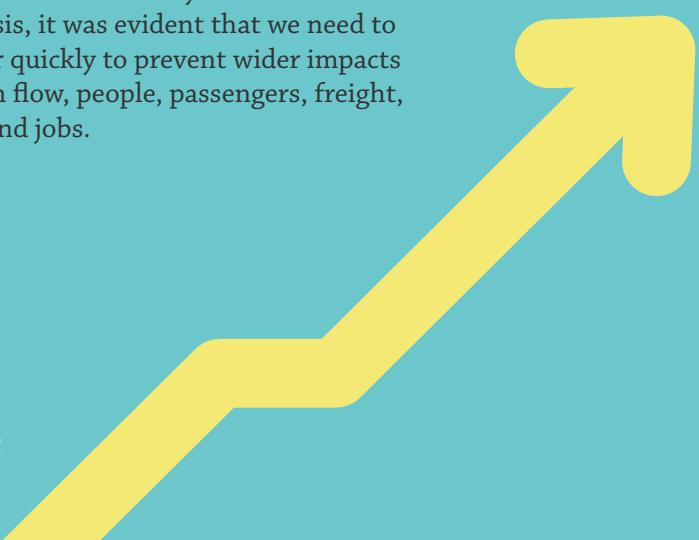
We all recognise the widespread impact of coronavirus on human lives, our society and on business. These are extraordinary times and like many industry sectors, the rail supply chain is being severely impacted.

Earlier this year, The Rail Supply Group (RSG), the leadership body for the UK rail supply sector, formed a coronavirus Taskforce to spearhead and aid the recovery of the industry from the effects of the current crisis.

Our starting point was to harness your views: To understand the current outlook as a result of the crisis and the actions needed to support a bounce back.

Your response was swift – over 440 businesses confirmed that coronavirus has hit the rail supply chain hard, with the vast majority of you seeing declines in revenue, demand and productivity.

Your determination to overcome the challenges is clear. While many of you said you are confident you can survive the crisis, it was evident that we need to recover quickly to prevent wider impacts on cash flow, people, passengers, freight, skills and jobs.





Put simply, the longer term resilience of the sector requires swift, decisive action.

The RSG's Taskforce has quickly mobilised and taken action to support the swiftest possible recovery, identifying three areas that best address the risks you identified and support the recovery of the sector.

This document explains the priorities, sets out the improvement path and shows how we have already adapted the Rail Sector Deal to focus on what you believe is important now.

Our role is to support you and the rail supply chain to achieve the best possible recovery and a stronger bounce back – moving from the current crisis to achieve the fullest, fastest and best recovery for all.

We recognise we cannot do this alone. Close collaboration between the industry and Government remains essential and I thank the Department for Business Energy and Industrial Strategy (BEIS) and the Department for Transport (DfT) for their support to date and ongoing commitment to this recovery plan.

There is much to do over the coming weeks and months to realise the potential of this plan, but I also firmly believe that we will succeed and build on the momentum we have. Our aim is to protect and strengthen the capability and competitiveness of the rail supply industry while continuing to grow business at home and abroad.

The Rail Supply Group is fully committed to working with you to make this happen.



Philip Hoare
Chair of The Rail Supply Group

Our Act Now priorities are to:

- **Improve work pipeline visibility** and cashflow across the whole supply chain to allow organisations to plan and deliver with confidence
- **Simplify data access** to allow better decision making and new services to be developed including improved customer information
- **Change railway access arrangements** to maximise the time available and boost productivity

ABOUT THE RAIL SUPPLY GROUP

The Rail Supply Group is the leadership body for the UK rail supply sector. Our goal in response to coronavirus is to build on The Rail Sector Deal to spearhead and aid the recovery of the sector, to protect and strengthen our capability and competitiveness and continue to grow business at home and abroad.



A Rail Supply Group Taskforce, comprising of senior representatives drawn from across the rail supply chain, including clients, providers, Government (The Department for Business, Energy and Industrial Strategy and The Department for Transport) and key trade associations, unions and stakeholders, was formed to oversee this work.



The Rail sector Deal will continue to provide the focus and impetus for the rail industry to exploit the opportunities of new technologies, improve the efficient use of our rail network capacity and enhance the experience of the passengers who use our railways, by improving the service they receive. This is explained further on page 24.

SURVEY FINDINGS



One of the first jobs of The Rail Supply Group Taskforce was to conduct an independent wide-scale research survey into the impact of coronavirus on businesses supplying the rail industry.

The work – which was carried out by the independent market research organisation Savanta ComRes on behalf of the Rail Supply Group – identified where organisations need support to ensure survival, as well as the anticipated barriers to sector recovery.

In total, 442 responses were completed via an online survey between 30 April and 18 May 2020 and 10 in-depth interviews were conducted between 12 May and 3 June.

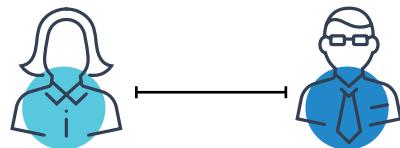
The survey was supported by partners from across the rail industry including: The Civil Engineering Contractors Association (CECA), Network Rail, Rail Alliance, Rail Forum Midlands (RFM), Railway Industry Association (RIA), the Rail Safety and Standards Board (RSSB) and many others.

The survey results have shaped and influenced how we move the rail sector's supply industry from today's crisis to tomorrow's recovery. Thank you to everyone that took part in the survey.

SUMMARY OF FINDINGS



The rail supply sector has been **significantly impacted by the coronavirus crisis** with the vast majority of organisations seeing **declines in revenue, demand and productivity.**



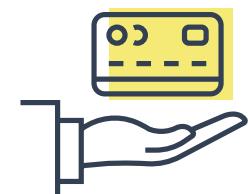
Organisations have responded by **implementing working from home and social distancing measures** – and where this is not possible, utilising the **Government's Job Retention Scheme.**



On the whole organisations **are confident they can survive the crisis.** Although confidence falls the longer the impact continues. **Respondents who completed the survey after the Government's announcements at the start of May are more confident they could survive the crisis continuing for longer.**



In the short and long-term having **greater visibility of the pipeline of work and certainty of cash flow across the rail sector are seen as vital for the majority of organisations.** Firms would like to see an acceleration of the publication of short and long-term plans, detailing what work will be happening, when it will be happening and highlighting where plans have been altered as a result of the crisis.



There is support for the **continuation of the mechanisms that Network Rail has put in place to make payments quickly**, with many wanting to see this replicated across the industry.



The majority of organisations **anticipate lack of demand and cash flow being significant barriers** for the recovery of their organisation to pre-virus levels.

You can read the full research findings at <https://rsgtaskforce.org>



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OUR
RESPONSE:
ACT NOW.

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Following publication of the research results, The Rail Supply Group Taskforce and its Industry Champions completed a review of the original Rail Sector Deal to identify immediate Act Now priorities, answering four key questions:

- 1. Should we act now?**
- 2. Should we do something differently?**
- 3. Are there opportunities arising from coronavirus?**
- 4. Has the timing requirement changed?**

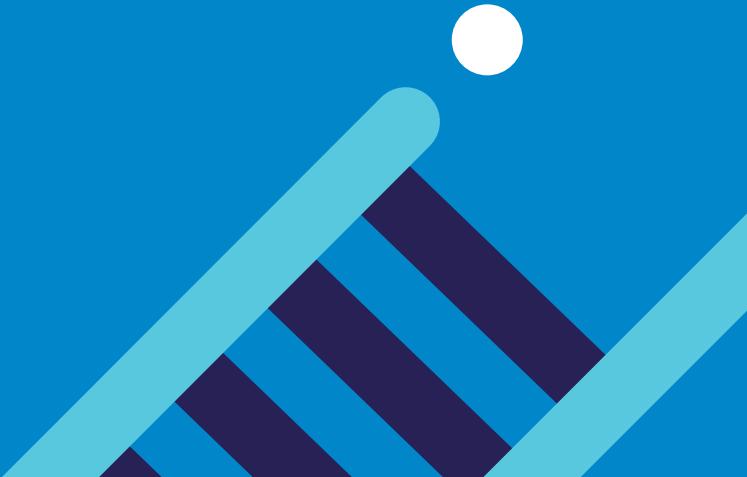
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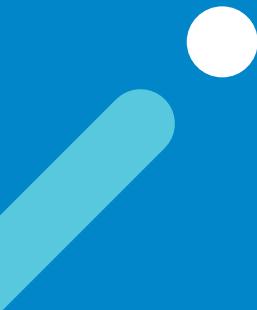
The Rail Supply Group identified **three areas as having an immediate opportunity to Act Now** and make the **biggest impact in the short and medium term** for the rail supply industry:

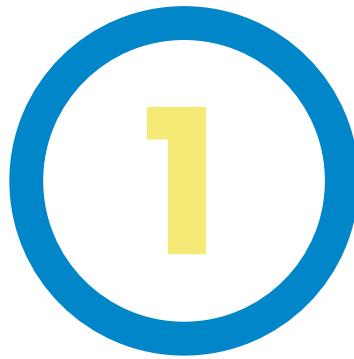
- 1. Improve work pipeline visibility**
- 2. Simplify data access**
- 3. Change railway access arrangements**

1

**ACT NOW:
IMPROVE WORK
PIPELINE VISIBILITY**







ACT NOW: IMPROVE WORK PIPELINE VISIBILITY

What

You told us that greater visibility and transparency of the rail supply work pipeline will provide you with much needed certainty and assurance on cashflow, timings and dates of contract awards throughout the sector. You would also like to see an acceleration of works where possible.

Why change

Rail projects including enhancements and renewals are an essential part of the day-to-day work completed by the rail supply industry. Everything from upgrading stations, replacing track, introducing new signalling systems and installing digital technology to improving mainline travel and freight services. These works contribute to the delivery of a safe, efficient and reliable railway for passengers and freight services.

£8.6 BILLION

will be spent by Network Rail on enhancements to the railway between 2019 and 2024. A further **£20.2 billion** will be spent on renewals and **£17.2 billion** on operations and maintenance.

Source: the Williams rail review page 19 (2019)

While progress and improvements have been made on the timing of procurement for major rail enhancement schemes, they often lack the expenditure profile detail needed by businesses to confidently manage and plan their cashflow, resources, skills (including apprenticeships) and investments. This lack of visibility makes it difficult for businesses to plan.

These barriers have been brought into acute focus due to the coronavirus pandemic, where the Rail Supply Group Taskforce survey has shown many businesses are concerned about their future. Planning cashflow for a secure future, particularly for small to medium sized enterprises, has never been more important.

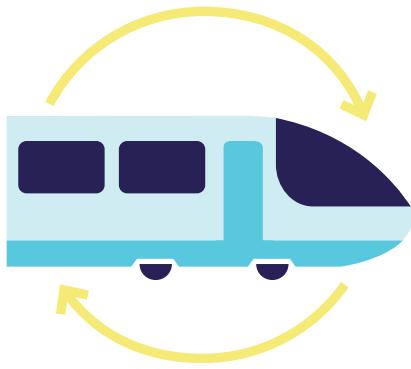
“Participants from SMEs described their concerns about the rail industry’s recovery effort. They are fearful that discussions will be dominated by larger organisations and without SME representation, their views won’t be heard. They want to see a greater dialogue across the industry and for the contracts for major infrastructure projects to allow work to be spread throughout the supply chain.”

RSG survey: June 2020

Increasing and deepening levels of visibility, smoothness and transparency of the work pipeline and cashflow right through the rail supply industry will help the sector to plan and invest ahead. Without it, many businesses have told us they will struggle to recover. Once lost, these vital skills and businesses will be hard to replace and expensive to bring back.

“While organisations stress that having a clear sense of how much work is in the pipeline is always important, this is especially the case during the coronavirus crisis. This is influencing decisions around revenue forecasting, labour requirements, whether to furlough staff, cash flow management and securing loans.”

RSG survey: June 2020



LEAD RAIL SECTOR DEAL PILLAR/THEME: SUSTAINABLE RAIL

Our goal

Our goal is to improve work pipeline visibility across the whole supply chain to allow organisations to plan and deliver with confidence.

How will we do this

Through industry task and finish groups we will complete expenditure analysis at contract level and highlight opportunities to accelerate work where it can be done productively. We recognise that this will not be easy but everyone sees the benefits of change and wants to support this effort.

We need to get from where we are today, where we rely on a high-level overview of the pipeline, to where we have a deeper understanding. We will start with two pilots. These will focus on different clients in the pipeline. What we learn from the pilots and the different approaches will be rolled out to the wider industry.

Pilot projects

We will work collaboratively with Government, clients and the rail supply industry to deliver the pilots so we can:

- Establish a visible work pipeline - to help smooth the flow and consistency of work
- Develop the work pipeline with sufficient detail so that the industry can plan better to deliver the pipeline of work

- Ensure the requirements cascade to different levels of suppliers e.g. second and third tier (with a focus on Small to Medium Sized Enterprises)
- Consider how best to publish and communicate the results - so everyone benefits
- Recommend where acceleration might bring benefits without compromising productivity

Expected outcomes

- Improved work pipeline visibility
- Greater certainty and confidence in planning
- Supplier recovery and growth plans developed (dependent on a more certain pipeline of work)
- Productivity gains achieved (dependent on improved visibility and planning)
- Acceleration of spend on selected projects (fiscal stimulus)

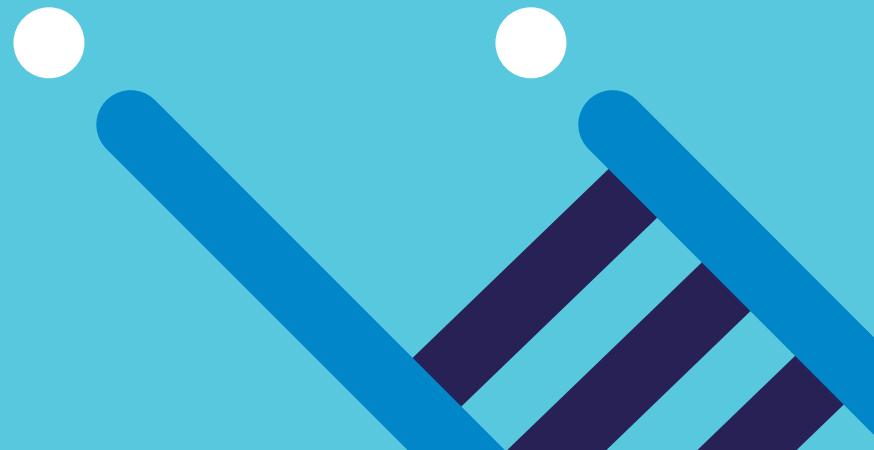
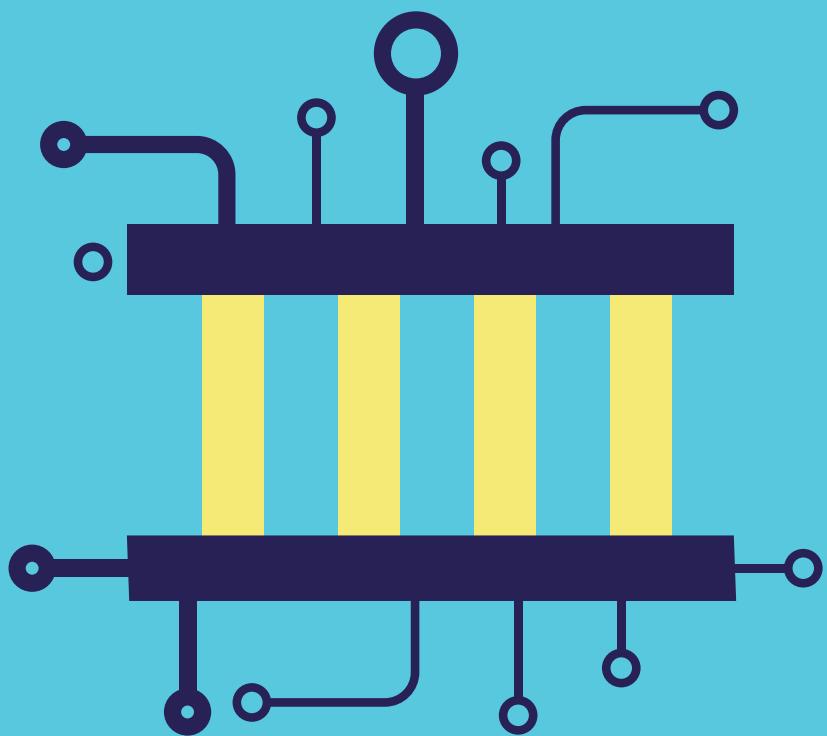
Timings

- Completion of the two pilot projects - Q3
- Wider rollout plan complete - Q3
- Rollout commences - Q4



2

**ACT NOW:
SIMPLIFY DATA
ACCESS**





ACT NOW: SIMPLIFY DATA ACCESS

What

Data is the 'fuel' for mobility – helping to better plan and deliver journeys, bringing improvements to day-to-day operations and overall customer experience. Increasing access to rail data to allow better decision making for the short, medium and long term across all parts of the industry.

Why change

The UK's rail network is not only the backbone, but the arteries that power the heart of the country across all regions, cities and suburbs. Rail is also a cornerstone of future mobility service provision and a fundamental part of social mobility – we have a proud heritage and a service that is open and accessible to all. Customers make our industry vibrant - it's why we exist.

Our sector's success relies heavily on the continued shared partnership between business, Government, rail customers and freight services who we know will continue to value, invest and use rail.

Since 1 March, customer journeys across the rail network of Great Britain dramatically decreased. We saw a seismic shift in mobility patterns and a 'new world' workplace emerge as people quickly adapted to home working alongside a switch to alternative transport modes, such as private cars, cycling and walking. The recovery of the railway is dependent on bringing back fare revenues as fast as possible whilst optimising costs through a truly demand-led strategy in a post coronavirus marketplace.

This will be of benefit to all customers and companies across the railway.

As coronavirus restrictions ease, keeping people moving safely, and providing the best possible customer experience on their journey is essential to recovery. Restoring customer confidence that rail travel is safe and reliable will bring back fare revenues quickly.

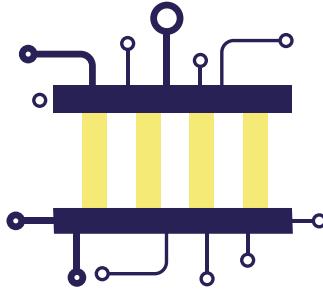
This period of disruption to workplaces and mobility choices provides the sector with an opportunity to refresh our approach. Data provides the key to unlocking a more flexible demand-led service driven by the rapidly changing needs of customers.

Everything from: ensuring you have a seat to choosing the right ticket, reducing costs or journey times by travelling off-peak; to receiving real-time updates; to 'nudging' passengers towards alternative travel options; to booking and connecting to other transport modes such as bikes and cars – data unlocks potential – pushing information when it is needed rather than searching for information that is available. Releasing 'ghost capacity' for freight is fundamental to rail contributing to the UK Government target of reducing greenhouse gasses to zero by 2050.

Creating a high-quality rail offer will be enhanced with open data allowing operators to plan better, assets to be managed and maintained, and most importantly customers to confidently plan, make decisions and tailor their travel arrangements.

"Those who usually commute by rail spend more time travelling than those travelling by other transport modes."

Source: time taken to travel (minutes): 66 minutes by rail compared to 14 minutes by walking or 26 minutes by car - Williams rail review, 2019.



LEAD RAIL SECTOR DEAL PILLAR/THEME: MOBILITY AND DATA

Our goal

Accelerate our work to provide open data that can be used to inform a high-quality offer and bring improvements to customer journeys and freight capacity, strengthening recovery.

How will we do this?

The objective is to accelerate the existing work by the Rail Data Council to:

- Overcome issues and obtain industry-wide agreement on how data access can be opened up from a legal, licence and commercial perspective through the contracting of independent commercial and legal expertise in the 'Open Data' arena via a four-stage process.

Expected outcomes

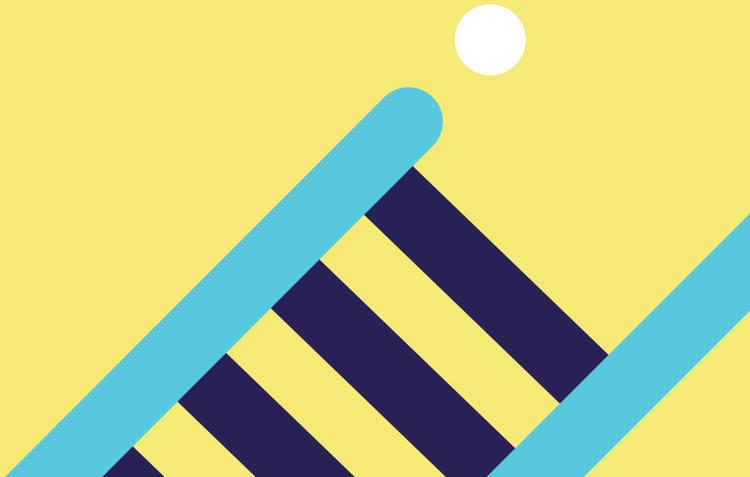
- Industry has the data to make clear decisions
- Public confidence in safe travel is restored
- Service improvements seen by those who use our railways
- Favourable market conditions created
- Greater innovation and development of services achieved
- Existing data sources maximised
- Systems and software meet the Rail Sector Deal commitments

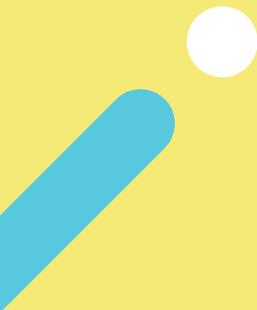
Timings

- Open data scoping work will be completed in July
- All four stages will be completed before the end of Q3



**ACT NOW:
CHANGE RAILWAY
ACCESS ARRANGEMENTS**





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ACT NOW: CHANGE RAILWAY ACCESS ARRANGEMENTS

What

Our aim is to increase access to the operational railway, helping to maximise the time available and boost productivity. By understanding when access arrangements and possessions are taking place and by making the most of the time available we can deliver improvements to existing works and identify opportunities for accelerating works e.g. by altering or bringing forward existing projects. Seeing details of what work is happening and when, will help with planning.

Why change

Rail is in the business of time promises and in particular delivering on the promise of the timetable. To maintain and bring improvements to passengers and freight users requires planned and regular access to the railway.

Harnessing better information on track access arrangements can ensure the best use is made of the time available. By increasing flexibility and agility in railway access planning, not only can we potentially sustain work for the rail supply industry we can also bring much needed improvements to the passenger experience, productivity, service reliability and availability; vital to operators, passengers and freight services.

Greater certainty: of when track access arrangements are happening and re-planning opportunities to bring work forward and make the most of the time available.

Openness to change: Improving access planning and management can deliver greater client, passenger and freight user benefits - longer access times and shorter planning lead-times can provide opportunities to increase productivity that support rail supply chain recovery and sustainable growth.

To deliver the scale of change we need requires the knowledge and capability of the whole industry, to come together to tangibly improve the way in which the sector plans and delivers track access arrangements.

By identifying potential opportunities for acceleration and re-planning access on existing projects, we can maximise time available and bring many improvements.





LEAD RAIL SECTOR DEAL PILLAR/THEME: PRODUCTIVITY

Our goal

Increase access to the operational railway to maximise the time available to complete works and strengthen the rail supply chain recovery.

How will we do this

To form task and finish groups to identify:

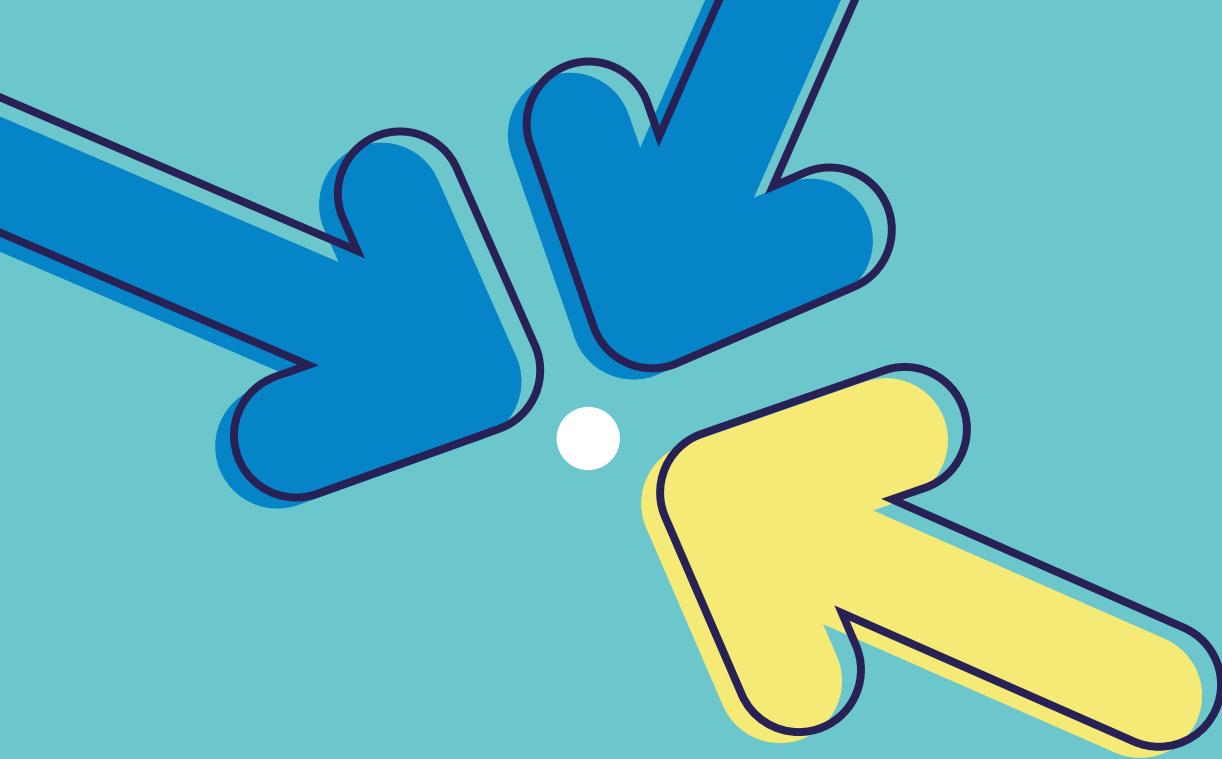
- A large number of smaller schemes in the short term (that are already planned) with a view to seeing what, if any improvements can be made to extending or enhancing track access arrangements.
- Industry-wide improvements in productivity in the longer-term – there is a strong link to the initiative ‘Improving Data Access to Strengthen Recovery’ since the cost/benefit analysis of changing railway access arrangements will be better informed.

Expected outcomes

- Increased productivity
- Greater number of current projects completed
- Efficient acceleration of current projects
- Fiscal stimulus generated

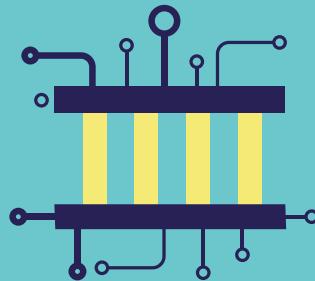
Timings

- Access planning review - Q3



BRINGING IT ALL TOGETHER: THE RAIL SECTOR DEAL

In addition to the areas of focus in the Act Now all Industry Champions have reviewed their plans and identified some changes in emphasis and timing.



Digital Railway Industry

Finalising the Long-Term Delivery Plan for Digital.

Exports

Accelerating the UK export capability: mapping and overseas opportunity work.

Sustainability

Engaging with the de-carbonisation of rail freight to create opportunities for decarbonisation: working with the University of Derby, their SME funding and Tarmac.

People and skills

Brokering arrangements to help young people in the North into rail infrastructure roles.

Faster and more ambitious uptake of digital training and reskilling of existing staff.

GET INVOLVED

The Rail Sector Deal is the deal between government and the rail industry.

The original Rail Sector Deal builds on the strong partnership between the rail sector and the government to transform the rail sector – that principle remains intact.

RAIL SECTOR DEAL: STRUCTURE





“The Rail Sector Deal will only succeed if the strong partnership between the rail sector and the government continues. As we focus on delivering a stronger recovery from coronavirus this relies on everyone playing their part.

Each pillar and theme is led by an industry champion with a delivery team consisting of relevant government, client and industry representatives to shape and deliver the activities. Please do get involved.”

Anna Ince, Vice Chair of the Rail Supply Group



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