Malcolm Brown attended for the Rolling Stock discussion.

The Chairman welcomed Michael Holden to the meeting, representing Directly Operated Railways.

Rolling Stock

Three issues were highlighted from the paper that had been submitted to RDG on rolling stock:

• There was considerable activity being undertaken on rolling stock planning;
• This activity had the support of the DfT as indicated in the Command Paper; and
• Recent work by ATOC, involving TOCs and ROSCOs had led to the production of a medium-term plan.

It was recognised that it would be helpful if the work was linked to RDG and that RDG owned the results. The ROSCOs had appreciated the opportunity to be involved in the rolling stock work and this had enabled them to provide information and clarify some misconceptions. RDG Members were willing to lead any work on rolling stock that RDG felt was necessary and to lead RDG’s contribution to other work in this area.

The Group agreed there was a need for any rolling stock plan to identify value for money and potential savings. It would be essential to explain the reasons for differences between the RVIM Study’s expectations and the emerging view of savings.

Comments made during a discussion on the paper included:
The industry planning working group would be a sensible place to link rolling stock with wider planning issues;

• A significant proportion of future rolling stock expenditure was locked in by existing commitments on major projects. This contributed to a lack of liquidity in the market;

• The market was also influenced by changes to franchise lengths;

• There was a debate needed on whether innovative solutions on rolling stock should be applied to new rolling stock or existing stock;

• Government will always be involved in rolling stock because of its funding role but the industry should provide leadership on the preferred solutions;

• The treatment of residual value was critical to rolling stock planning; and

• Industry planning on rolling stock needed to recognise the link between rolling stock and infrastructure and recognise that whole-industry cost reductions may need trade-offs between higher rolling stock costs that would be more than offset by infrastructure savings.

The Group recognised that not just the DfT was taking an interest in the future of the rolling stock market and that RDG should be kept informed about options on different business models

**Technology Strategy Leadership / RSSB**

**RDG / TSLG Relationship**

The RSSB Board had proposed that RDG should take a greater role in guiding the work of the Technology Strategy Leadership Group (TSLG).

RDG endorsed the proposal and asked that the Chair of TSLG should make a presentation on the work of TSLG to a subsequent meeting and also asked that the Rail Technical Strategy be presented to RDG in due course.

**Strategic Rs Functions**

The RSSB would be undertaking a strategic review of its functions. A selection of RDG Members would participate in the review.

**Innovation Fund**

The Rail Delivery Group considered the paper from the Technology Strategy Leadership Group that proposed an Innovation fund of £150m to be made available to the GB rail industry in CP5. RDG noted that the Rail Value for Money Study had identified the GB rail industry’s shortcomings in innovation and had recommended the introduction of an innovation fund.

RDG supported strongly the proposal for a CP5 Innovation Fund together with the emerging governance mechanism proposals. RDG asked that this support should be communicated to the DfT.

**Formalising the Rail Delivery Group**

The working group was meeting fortnightly with additional TOC and ORR involvement. Legal advice was being taken. Issues under consideration included giving guidance to the various cross-industry and subject-specific working groups, membership, voting, funding and resources.
The formalisation of RDG would create an obligation to participate in the Group and this obligation could only be given effect through a licence condition.

The Group noted that the Secretary of State had restated her enthusiasm for the Rail Delivery Group to be formalised.

The Group decided that there would need to be a special meeting of RDG to consider the detail of formalisation.

**Asset, Programme and Supply-Chain Management Working Group**

RDG Members will review and take ownership of the local Cost of Contingency projects that have been proposed. Issues to take into account include

- The need to balance the interests of those who save money and those who would incur additional costs;
- As well as identifying areas where industry could work together it would be important to identify where co-operation was not possible and why; and
- Some projects had already started so in these cases it might be more a matter of understanding what could have been done better.

**Technology, Innovation and Working Practices Working Group**

RDG was updated on various meetings and correspondence from interested parties. The benefits of industry co-operation in areas such as training and development were highlighted.

**Contractual and Regulatory Reform Working Group**

The working group was now sharing draft responses to consultations. Whilst there were differences of views in some areas it was proving a useful exercise in understanding the positions of the different industry sectors.

The working group was also looking at important longer term issues, in particular the key debate about the future role of Government and Regulation.

**Industry Planning Working Group**

RDG received an update on the Periodic Review and the process leading towards the publication of the HLOS and SoFA.

**Cross Industry Groups**

RDG followed up its consideration of the number and role of cross-industry groups that had been reviewed in February. The group agreed that an RDG Member should take responsibility for reviewing each family of cross-industry groups using the working groups to undertake the exercise. Progress with the review should be incorporated in the monthly working group updates to RDG.

**Industry Forum**
The Group re-iterated the importance of holding a second industry forum and acknowledged the importance of maximising attendance from the industry and key stakeholders and funders. Given the commitments of various attendees the forum was now likely to be held in the autumn.