

Rail Delivery Group

Submission

House of Commons Business, Innovation and Skills Select
Committee

Powerhouses and Engines: Government Policy and Regional Growth

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Parliamentary Business, Innovation and Skills Select Committee inquiry Powerhouses and Engines: Government Policy and Regional Growth

Introduction

1. The Rail Delivery Group (RDG) was established in May 2011. Its purpose is to enable train operators, freight operators, and Network Rail to succeed by delivering better services for their customers. This ultimately benefits taxpayers and the economy.
2. The RDG welcomes the opportunity to provide a submission to the Business, Innovation and Skills Committee's inquiry on Powerhouses and Engines on behalf of our members, who include passenger and freight operators and Network Rail.
3. The RDG mission is to promote greater co-operation between train operators (passenger and freight) and Network Rail through leadership in the industry and by working together with Government, the supply chain and stakeholders. It is committed equally to the long-term health of the railway as well as the need to see improvement in the shorter term. It does this by developing strategies for the industry to put into practice and by proposing solutions for policy makers to implement.
4. According to the Oxera report '*What is the contribution of rail to the UK economy?*' prepared for the RDG, rail passenger and freight operators in Great Britain and their supply chain employ up to 216,000 people, contributing up to £10.1 billion to the UK economy a year (measured in gross value added).¹ Rail therefore has the potential to make a significant contribution to regional growth.

Working with regional stakeholders

5. In developing its plans for improving the network, the rail industry commits to work with the relevant range of interested parties, whether these be GB-wide, sub-national or more local in nature. Whilst there is naturally a benefit in involving local stakeholders in local decisions, and more strategic bodies in decisions which affect a larger area of the network, the role for devolved sub-national bodies is a matter for national government and the local electorate to decide. The industry will work collaboratively within the resulting framework.
6. The industry already works closely with devolved nations and sub-national bodies to support them in developing and implementing their own proposals. Industry has close working relationships with both the Welsh and Scottish governments; and Network Rail and HS2 are members of both the Transport for the North (TfN) and Midlands Connect partnerships. The Northern and TransPennine Express passenger operating franchises are being managed through Rail North (which will become part of TfN in the future), and West Midlands Rail is partnering with the Department for Transport to procure and then manage the West Midlands franchise.

¹ <http://www.oxera.com/Latest-Thinking/Publications/Reports/2015/What-is-the-contribution-of-rail-to-the-UK-economy.aspx>

7. Network Rail is moving towards a more devolved structure, a key recommendation of the Shaw Review. Greater devolution has the potential to support more effective collaboration with sub-national bodies, but needs to be supported by a strong national centre to ensure decisions do not have unintended adverse consequences on other parts of the network.

Making the case for investment

8. The rail industry's planning processes are designed to identify and recommend schemes on the basis of their impact on costs and revenue; and the benefits to passengers and freight users. These schemes are presented to funding bodies, who are responsible for identifying which options are to be funded.
9. Drawing any conclusions regarding the relative levels of investment in different parts of the country is difficult. The railway is an interconnected system and the benefits of investment on one part of the network can be distributed across a wide area. For example, investment in and around London Euston has the potential to benefit residents of locations such as Birmingham, Manchester, Liverpool, Glasgow and beyond.
10. The same specific measures chosen to assess the benefits of schemes in the North and Midlands would need to be adopted when assessing the benefits of schemes elsewhere in order to inform the correct allocation of funding between areas – for example, it would be inaccurate to compare two schemes on the basis of wider economic benefits if these have only been fully captured in the appraisal of one of the two schemes. This is particularly important where schemes have a clear objective to stimulate economic growth.
11. When assessing the overall business case for a scheme, the estimated costs need to consider the full costs of the improved train service offering. Infrastructure capital cost forms only one element, alongside associated investments in rolling stock, depots, stations, and so on. This is key to ensuring a comprehensive view of benefits and costs.