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RAIL DELIVERY GROUP REPRESENTING NETWORK RAIL AND THE RAIL OPERATORS

# Rail industry boosting UK economy by £ billions

## Industry tax offsets Network Rail capital programme

THE SIZE and value of the rail industry to the UK's economy has been detailed for the first time in a report prepared for the RDG by economic consultants Oxera.

The report shows that the railway and its supply chain employ 212,000 people, have an economic footprint of £9.3 billion and pay £3.9 billion in tax, which offsets nearly all of the £4 billion the industry receives from government.

By reducing road congestion and increasing economic productivity, rail services also increase the output of the rest of the economy - by as much as £10.2 billion a year - or £386 for every household in Britain,

the report finds.

Rail is also good for the environment, reducing carbon emissions by up to 7.4 million tonnes a year, and helps to prevent as many as 950 serious and fatal accidents per year.

The report analysed how rail services performed during the most recent economic downturn compared to in previous recessions. It found that passenger rail services were markedly more resilient with passenger numbers increasing by 5 per cent compared with reductions in previous recessions.

Between 2006 and 2010, rail journeys in the UK increased faster than in France, Italy, Germany and



Oxera found the changed industry model could have benefitted the economy by as much as £7.2 billion in 2013

Switzerland even though the decline in GDP here was greater than all of those countries except Italy.

Oxera's report estimates that the

way rail services are operated in the UK, a partnership between the public and private sectors, could have benefitted the economy by as much as £7.2 billion in 2013. As well as

encouraging more growth in volumes of rail freight, it may have generated extra growth in passenger

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The new Two Together Railcard has already notched up 100,000 sales

## Improved Railcards are success stories

TWO major schemes designed to provide a further boost to passenger journeys have recently been launched by the industry.

The Two Together Railcard, aimed at saving any two named adults travelling together up to a third off most leisure fares, has already proven to be popular.

The first new Railcard to be launched by the rail industry in three decades, the Two Together Railcard roll-out was supported by a major marketing campaign that included TV, radio,

print and digital advertising and supported by retail staff at stations.

Less than six months on from the launch and 100,000 Railcards have already been sold with passengers making an estimated combined saving of almost £7 million off the cost of their train travel.

This summer, Prime Minister David Cameron helped back the rail industry's extension of the existing HM Forces Railcard benefits to tens of thousands of volunteer reservists.

The deal signed between rail companies and the Ministry of Defence means the HM Forces Railcard is now available for the first time to all active volunteer reservists, their spouses and children so they get to enjoy time with loved ones for less.

The railway has been supporting the country's serving troops with the HM Forces Railcard for over 30 years. Saving each holder over £143 a year on average, 1.7 million rail journeys were made using the Railcard last year.

With growing numbers of volunteer reservists supporting the country and working as part of a fully integrated force, the industry has worked closely with the Ministry of Defence to ensure the benefits were extended to all active troops rather than only regular full-timers.

Describing the extension as 'fantastic', the Prime Minister pointed to the "long-standing tradition of our railway supporting our Armed Forces" in order to "recognise the sacrifices our forces make every day".

Overall, ten discounted rail tickets are now sold every second in Britain with operators using them to attract more and more passengers to travel by train.

That is not only leading to phenomenal growth for the industry but it has also resulted in operators generating 400 per cent more money for government to reinvest in improving services, up from £390 million in 1997-98 to £1.96 billion in 2012-13.





# Britain's booming railway leads the way

Consultants analyse key aspects of the rail industry's performance since full introduction of franchising in 1997-98

THE continuing success of Britain's rail industry – including breaking even on its overall costs and revenues, and achieving substantial improvements in efficiency and productivity – has been highlighted in an analysis by consultants KPMG for the Rail Delivery Group.

KPMG's study showed that across a range of indicators – including safety, customer satisfaction, performance, number of services and size of fleet – the railway has improved significantly since 1997-98.

Notably, passenger and freight growth in the UK has outstripped major European comparators.

In terms of journeys per head of population, the UK has grown at more than twice the rate in France. Freight has also outperformed Continental counterparts, except in Germany where the regulatory environment is more favourable.

Network Rail's overall cost of running the infrastructure over the past ten years reduced by 34 per cent – "through innovation, the introduction of new technology and in-sourcing



Nottingham station recently underwent a £50 million transformation – ahead of planned electrification of the Midland Main Line

The study also reveals that train fares have risen at a much lower rate than utility prices. The average price per passenger mile increased by less than six per cent in real terms between 1998 and 2013, according to KPMG, whereas electricity and gas prices rose by 39 per cent and 106 per cent respectively over the same period.

With sales of Advance and Off-Peak tickets increasing significantly, nearly half of all income from fares now comes from passengers purchasing discounted tickets, up from 36 per cent 10 years ago.

Since 1997-98 the number of staff employed by train operating companies increased by 28 per cent in response to passenger growth and the increase in services operated.

In London and the South East, rail usage increased at a faster rate than both the general growth in commuter numbers and the rate of journey growth on the London Underground.

And because, overall, the rail network is being used much more intensively, significant journey growth has been achieved without an increase in the official measure of crowding.

Timetabled services rose from 5.69 million in 1997-98 to 7.27 million in 2013-14 – up 28 per cent. But train miles increased even more, by 39 per cent, so the number of passengers in excess of capacity (PiXC) was maintained at 1997-98 levels.

## How rail freight efficiency has improved

In the freight market, there has been growth of over 70 per cent in volumes since the mid-1990s, whereas before then the rail freight industry had been in steady decline, said KPMG which found rail freight operators now have an annual turnover of over £850 million.

However, intense internal and external competition and the recession had squeezed profits over recent years, resulting in profits before tax of just £27m in 2012-13.

KPMG said efficiency had improved due to a move towards longer and heavier trains: "The number of freight trains run has fallen by a third since 2002-03 but tonne miles increased by 16 per cent over the same period, a net increase of 88 per cent in tonnes per train."

some key activities," said KPMG – and unit costs fell by 46 per cent.

Motoring costs and the price paid for rail travel are now broadly the same as they were in 1997 – but KPMG's analysis shows the increase in rail passenger journeys since then has raced ahead of GDP growth with rail use per head of population an astonishing 50 per cent higher than it was in 1997.

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journeys of between 0.5 and 1.5 per cent per year since the mid 1990s.

Commenting on the report, Martin Griffiths, chairman of the RDG and chief executive of Stagecoach Group, said: "We have the best railway in Europe.

"Now we know how important the railway and its supply chain are to every household in the country, creating employment, paying taxes and increasing economic output.

"Like the UK, other European countries have invested heavily in their railways but none has come close to matching our industry's success because they do not benefit from the winning combination of private sector innovation and government investment."

## What is the contribution of rail to the UK economy?

oxera  
compelling economics

The rail industry and its supply chain:

contribute up to **£9.3 BILLION** in gross value added per year **EMPLOY UP TO 212,000 PEOPLE**

PROVIDE TAX RECEIPTS OF UP TO **£3.9 BILLION**

Rail enhances the productive potential of the economy by up to **£10.2 billion** PER YEAR

User benefits for passengers and freight from travelling on rail are up to:

**£13 BILLION** PER YEAR

The rail sector leads to up to:

**£1.4 BILLION**

of benefits from sharing of knowledge and technology due to firms locating in clusters near rail links

**up to £0.4 BILLION**

in increased output due to reduced transport costs

Rail delivers environmental benefits, reducing CO<sub>2</sub> by up to

**7.4 MILLION TONNES**

Rail leads to reduced road congestion, resulting in up to

**£12 BILLION**

in travel time savings per year

Rail is one of the safest ways to travel, preventing up to **950** serious casualties and fatalities per year

The change in industry model may have delivered benefits of up to

**£7.2 billion**

in 2013

Source: Oxera.



## Over £1bn savings possible by 2019

MORE than £1 billion savings and benefits are possible by 2019 if new and better cross-industry working practices are implemented – according to a study group representing train operators, Network Rail (NR), contractors, the ORR and the Department for Transport.

The special working group was set up by RDG in 2012 against a backdrop of traffic growth almost double the forecast in 2008 and NR facing tough targets by the end of CP5 in 2019.

The group looked at how the industry can adopt new approaches when planning and carrying out day-to-day maintenance and major improvement projects. It has built on work already started by NR to drive up efficiency, which has reduced unit costs by 46 per cent over the last 10 years.

But by ensuring regular cross-industry collaboration through the working group, the RDG says it has identified and overcome some of the obstacles faced in the past.

As well as savings and benefits estimated at over £1 billion, the group says: "Equally importantly, the changes would deliver more and improved services for rail users."

A team overseeing the 'Industry Access Programme' is now working to establish a more collaborative approach when planning access to the network, enabling NR, operators and contractors to agree the best access option that balances work costs with revenue and customer impact.

A follow-up phase is aimed at designing a new cross-industry access and timetable planning process, to reduce the risk of late changes and their associated cost and disruption to passengers.

Other focus areas include increasing 'time on tools' and productivity during possessions by reducing hand-over, set-up and hand-back time; removing redundant or problematic switches and crossings (S&C) to save on future maintenance and renewals costs, as well as delivering a more reliable and better performing railway; better cross-industry risk management within infrastructure projects; and involving operators earlier in the scoping of major projects to avoid NR delivering and spending more than is needed.

# Making Europe's best railway even better

RDG's strategy is to strengthen the partnership at the heart of GB Rail - a diverse range of passenger and freight operators running services on a single national network

WITH the highest passenger satisfaction and best safety record of any major European network the Rail Delivery Group now aims "to make Europe's best railway even better".

In a statement of its vision, strategy and priorities, RDG says: "We have one of the most dynamic railways in Europe. GB rail has been transformed into the EU's most improved railway, thanks to an industry structure which brings together private sector innovation and government policy to serve our customers and the wider economy."

It adds: "GB rail benefits from a diverse range of commercial passenger and freight operators running services on a single national network. Working together with government and industry suppliers, this partnership lies at the heart of the success of GB rail."

"Operators have used commercial acumen and innovation to increase the market for rail in a dynamic economy. Growth in revenue has played a crucial role in enabling successive governments to invest record sums through Network Rail in maintaining and improving the network."

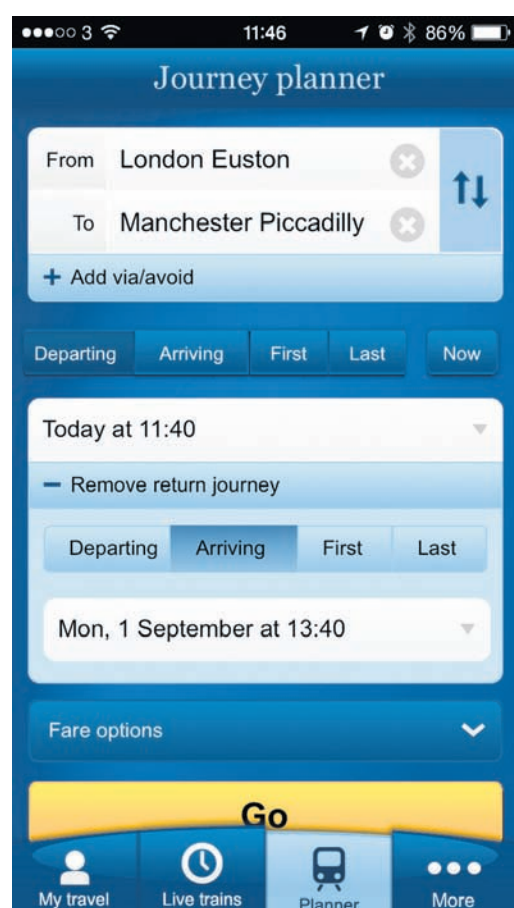
"Other European countries have invested heavily in their railways, but do not benefit from the same vibrant rail market, which means they have not come close to matching GB rail's record of achievement."



"Our strategy is to strengthen the benefits brought about by the range of commercial operators on a single network by coordinating solutions to

cross-industry challenges in partnership with government, regulators and industry suppliers to the benefit of our customers."

A typically busy scene at Brighton station.



## Up-to-minute train information available free to developers

DEVELOPERS can now access free live train-running information more easily after the Rail Delivery Group decided to make the National Rail Enquires Darwin system available for free to public sector organisations and small commercial or private users. The information can be used to develop apps and other online tools to better inform passengers and prospective travellers.

Darwin is the NRE information service, funded by train operators, which analyses raw data from numerous rail industry sources to predict the arrival times of trains.

Previously, NRE had worked with 210 third party clients operating 656 live services and a number of these organisations and developers were charged and required a to have a license.

But many smaller organisations and developers – including public bodies, Transport for London, Passenger Transport Executives (PTEs) and local authorities – can now access Darwin free of charge.

To help fund the cost of Darwin, under the new arrangements NRE continues to charge commercial or private users whose services are used more than five million times in a four week period.

The Rail Delivery Group says: "Making it easier for people and organisations to use NRE's live train-running information will help to ensure that more passengers consistently get the highest quality infor-

mation about their services."

And David Brown, RDG's lead on transparency and chief executive of the Go-Ahead Group, explained: "The rail industry already publishes more information and data than many business sectors and leads the way among European railways, and we are committed to going further."

"Better access for developers to live train information will make it easier for even more passengers to get the most up to date information about trains where and when they need it."

### Other recent changes to NRE services include:

- Giving developers greater availability of information about service disruptions;
- Making it easier for passengers using NRE to find information about the route/s on which their tickets are valid;
- Providing developers with more information about interchanges between national rail and other modes of transport, such as DLR or Tube.





Robin Gisby of Network Rail (above right), said: "We wanted to make sure that those railway workers who fought abroad and worked at home were remembered and their story told to a new generation of rail staff and passengers."



# Exhibition honours World War I soldiers

An exhibition marking the start of the First World War has opened at Waterloo

THE outbreak of war in August 1914 is being marked by a new exhibition about the part played by Britain's railways in the First World War.

Unveiled at London Waterloo on 10 August and produced by the Rail Delivery Group, embracing Network Rail and the owners of Britain's passenger train and freight operators, the exhibition uses original photographs, documents and historical facts to bring to life the achievements of the railway in helping mobilise hundreds of thousands of troops and thousands of tonnes of equipment.

It also tells the story of the women

## By 31 August 1914, trains to Southampton had transported:

- more than 118,000 army personnel
- 37,000 horses
- 314 guns
- 5,200 vehicles
- 1,800 bicycles, and
- more than 4,500 tons of baggage

who kept the network running while men were fighting on the front line, sowing the seeds of social change in the process.

The occasion included a special parade of soldiers in authentic WWI uniforms who form a regiment of living historians known as the Khaki Chums, supported by Scottish pipers.



Waterloo was chosen as the launch station because it was a centre of troop mobilisation, with thousands of soldiers passing through during August on their way by special train to Southampton and then by boat to the front in Belgium and France.

Many, of course, never returned.

10 August itself saw the start of the massive movement of troops through Southampton.

Over the following 21 days, one troop train reached the docks every 12 minutes over the course of a 14-hour day.

Michael Roberts, director general of the Rail Delivery Group, said: "As the country looks back 100 years to commemorate the start of World War One, the rail industry is marking the important contribution made by the railway, and its workers, during the conflict. The pictures and words in the exhibition touring some of our biggest stations tell the story of rail's crucial role in quickly mobilising our armed forces, and how women kept the railway running when men left for war and labour shortages threatened the transport of vital supplies to the Front Line."

The exhibition will remain in Waterloo until 9 September, before touring five of the biggest stations around the country over the next year. It will then be redesigned each summer with a new theme relating to the railway's war effort from 100 years before.