

## Rail Delivery Group

Response to consultation:

### The National Infrastructure Assessment: Process and Methodology

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Process and Methodology**

**Name:** Mark Havenhand

**Organisation:** Rail Delivery Group

**Address:** 200 Aldersgate Street, London EC1A 4HD

Business representative organisation

**Introduction:** The Rail Delivery Group (RDG) was established in May 2011. It brings together Network Rail and passenger and freight train operating companies to lead and enable improvements in the railway. The purpose of the RDG is to enable Network Rail and passenger and freight train operating companies to succeed by delivering better services for their customers. Ultimately this benefits taxpayers and the economy. We aim to meet the needs of:

- Our Members, by enabling them to deliver better outcomes for customers and the country;
- Government and regulators, by developing strategy, informing policy and confronting difficult decisions on choices, and
- Rail and non-rail users, by improving customer experience and building public trust.

For enquiries regarding this consultation response, please contact:

**Mark Havenhand**

**Manager, Industry Planning**

**[mark.havenhand@raildeliverygroup.com](mailto:mark.havenhand@raildeliverygroup.com)**

**07718 004159**

**Rail Delivery Group**

2nd Floor, 200 Aldersgate Street

London EC1A 4HD

## Overview

The Rail Delivery Group (RDG) welcomes the opportunity to contribute to the National Infrastructure Commission consultation on the methodology and process of National Infrastructure Assessments (NIA). The key points of the RDG's response are as follows:

- The RDG and its member organisations are supportive of the aims of the Commission and welcome the opportunity for our organisations to work collaboratively in the years ahead.
- Rail already plays a significant role in supporting the British economy, transporting goods and enabling travel for work and leisure across Great Britain. The RDG shares the aim of the Commission to effectively target investment in infrastructure to further boost economic growth.
- The GB rail industry already has a well-developed process for forecasting demand and evaluating the interventions required to meet current and future passenger traffic. The RDG supports the Commission having a key role in complementing and informing the work of individual actors by focussing on cross-cutting issues and developing shared assumptions and scenarios which can be used across infrastructure sectors.
- The rail sector does not exist in isolation, and its interdependencies with wider trends and other areas of policy are many and varied. The RDG welcomes the Commission's recognition of these dependencies but would stress the importance of residential and commercial development patterns.
- The Commission should clarify at the earliest opportunity some areas of ambiguity in the consultation document. In particular, we would appreciate clarification of the type and scale of infrastructure under consideration; and the timescale regarded as immediate future when deciding which decisions will not be reopened by the Commission.

## Remit and plan

### Principles

**Q1: The Government has given the National Infrastructure Commission objectives to:**

- **foster long-term and sustainable economic growth across all regions of the UK**
- **improve the UK's international competitiveness**
- **improve the quality of life for those living in the UK**

**What issues do you think are particularly important to consider as the Commission works to this objective?**

Rail is already playing a key role in supporting the UK's economy and the quality of life of its residents. Research produced by Oxera on behalf of the RDG in 2014 valued the contribution of rail to the economy to be of the order of £10 billion, including alleviating congestion in the road network and facilitating the development of economic activity. More than four million train journeys a day are taken to work, study, or visit friends and family; and each year goods worth over £30 billion are carried by the rail freight industry.

It is important that the Commission's work builds upon the detailed planning carried out by the individual actors within each sector and adds value rather than complexity to these processes. Planning activity within the rail industry is overseen by the RDG's Planning Oversight Group (POG), which exists to assemble an industry view on key, high-level, strategic planning issues; and to communicate this to key stakeholders in order to provide clarity, direction and funding to deliver tomorrow's railway.

The planning work overseen by POG is produced in a number of areas, for example infrastructure, rolling stock, depots and stations. A key input is the Long Term Planning Process (LTPP), led by Network Rail and bringing together a range of stakeholders to develop and present choices to funders about the mix of outputs deliverable at different levels of cost. The Commission's objectives reflect those set out by the LTPP:

- enabling economic growth
- reducing carbon and the impact of the transport sector on the environment

- improving the quality of life for communities and individuals
- improving affordability and value for money (to funders).

**Q2: Do you agree that, in undertaking the NIA, the Commission should be:**

- **Open, transparent and consultative**
- **Independent, objective and rigorous**
- **Forward looking, challenging established thinking**
- **Comprehensive, taking a whole system approach, understanding and studying interdependencies and feedbacks?**

**Are there any principles that should inform the way that the Commission produces the NIA that are missing?**

The rail industry would support the Commission producing the NIA in a manner consistent with all the suggested principles.

We welcome the Commission operating in a collaborative manner, recognising the specific expertise within each sector and using the detailed long term planning which is already done within the rail industry as a building block for its own work. A similar argument could apply to those areas of the country where multi-modal infrastructure planning is already being led by sub-national devolved bodies. By taking a comprehensive, whole system approach to infrastructure provision the Commission can complement and inform the work of individual actors.

It is important that the Commission's role in the established processes for planning, funding, developing and delivering projects is clearly defined. There are some areas of ambiguity in the consultation document, in particular the type and scale of infrastructure under consideration. The Commission does not set out a clear threshold project size threshold below which it would not seek to intervene.

The timescale referred to in the document that '...the Commission will not re-open decision making processes where programmes and work...will be decided in the immediate future' should also be clarified. This is currently of particular relevance as the process under which the industry identifies its priorities for investment over the coming years is already underway as part of the Office of Rail and Road's Periodic Review 2018.

Whereas previously enhancement projects were funded primarily through multi-year funding settlements, in the future the industry expects enhancement projects to be funded progressively on an ongoing basis. This should be taken into account if rail enhancement schemes are to be funded within the Commission's fiscal remit.

### **What the NIA will cover: Sectors**

**Q3: Do you agree that the NIA should cover these sectors in the way in which they are each described?**

The multi-modal approach proposed in the consultation document should add value to decision making and would be welcomed by the rail industry. A key driver of rail demand is the location and relative cost of use of other transport infrastructure. A number of airports are served by rail, and a combination of their development plans and the commercial strategies of the airlines will influence the level and nature of demand for rail access. The same applies to ports, particularly for freight traffic. A more universal factor is the influence of the road network, both as a competitor to rail and as the mode through which significant numbers of rail journeys begin and end. By taking a multi-modal perspective on the transport sector the Commission can ensure that a consistent view of demand is taken in the planning of different transport modes.

The key aspects of rail infrastructure provision which the Commission should be aware of are set out in the response to Q4 below.

**Q4: Are there particular aspects of infrastructure provision in these sectors which you think the NIA should focus on?**

The Commission should be aware of the complexity of the rail system which is a defining feature relative to other transport modes. Capacity for passenger and freight traffic is provided by a combination of infrastructure types – the track, signalling and structures themselves, along with rolling stock, stations, depots and freight terminals – with the structure of fares and charges providing a route to manage demand. The scope of the Commission’s analysis and the roles played by public bodies and train operators should be recognised in this context.

The Commission should also take account of the potentially transformational impact on the transport sector which could result from the development and deployment of new technology. Through the Digital Railway programme the rail industry is developing plans for the use of new technology on the railway to accommodate more trains, and to increase the reliability and flexibility of the railway for passengers. The accelerated introduction of technology will help to free up more capacity from the existing railway infrastructure, tackling the capacity challenge in a targeted way and reducing the need for conventional infrastructure enhancement schemes.

The NIA should have regard to existing planning processes and approaches to funding investment; primarily through a combination of public sector investment through five-yearly Control Periods and private sector investment through the passenger franchising process and by freight operators.

**Q5: The NIA will seek to pull together infrastructure needs across sectors, recognising interdependencies. Are there are particular areas where you think such interdependencies are likely to be important?**

The key interdependency which acts as a driver of rail demand is with the built environment in terms of the location of housing and commercial developments. The concentration of commerce in central London and a green belt policy which encourages more distant residential development has for many years been a key driver of rail demand in the South East of England. Similar circumstances apply in other parts of the country and have, along with other factors, driven the significant growth in demand which has been a defining feature of the GB rail market for a number of years.

The consultation document recognises the dependency between transport and the energy sector, which is seen as key by the rail industry. The industry is currently delivering a significant programme of rail electrification across the country and it is crucial that the UK’s energy infrastructure is able to support the increasing use of electric trains which are faster, more reliable and more environmentally friendly than diesel powered trains.

Rail also has an interdependency with the digital and communications sector. As described, the industry has begun planning for the Digital Railway which will utilise high specification digital signalling and train control to make more efficient use of infrastructure assets. This requires not only increased use of technology in signalling and control but also a greater reliance on secure mobile telephony to bridge the air gap. The Commission could also explore how better connectivity on the move might influence the decisions that passengers make about the journeys that they take and their productivity while travelling. This will influence the future demand for transport infrastructure.

There is an important interdependency between the transport sector and climate resilience, including flood defences. Improving the resilience of the railways to extreme weather is a key concern and the issue is being considered through the National Task Force Weather Resilience & Climate Change workstream, part of its ‘Better Assets’ theme. Network Rail has in parallel published weather resilience and climate change adaption plans for each of its routes, and is developing a Network Study on the resilience of the railway network. The Commission could usefully incorporate this work into a national, multi-sector view of the resilience of the UK’s key strategic infrastructure.

### **Cross-cutting issues**

**Q6: Do you agree that the NIA should focus on these cross-cutting issues?**

The RDG agrees with the cross-cutting measures which the Commission is proposing to focus on through its National Infrastructure Assessments. All are pertinent to the rail sector at the present time.

**Q7: Are there any other cross-cutting issues that you think are particularly important?**

The RDG considers that the Commission has identified a comprehensive set of cross-cutting issues which are relevant to the rail industry.

## Methodology

### Building the evidence base: Vision and priorities

#### Q8: Do you agree with this methodological approach to determine the needs and priorities?

In developing the NIA it will be essential that the Commission engages with the detailed planning work within each infrastructure sector. The approach proposed by the Commission is analogous to the rail industry's LTPP, which assesses the industry's infrastructure requirements over a 30-year planning horizon. The Passenger Demand Forecasting Handbook (PDFH) forms the basis of any assessment of the impacts of the drivers of rail demand. It also includes a number of cross-elasticities which allow the forecasting of impacts across modes.

As the consultation document recognises, the chosen approach needs to consider a range of scenarios to reflect economic growth and other wider factors. The LTPP considers four long term economic outcomes considered, overlaid with different social and environmental planning environments:

- **Prospering in global stability.** In this scenario the British economy is strong, prospering through its integration with other national economies by exporting high value products and importing low value products. Britain takes an active role in solving social and environmental problems, partly to maintain a stable service industry for its high value activities and a stable supply chain for the imports it requires, and partly because its technological advancement and high national wealth allows this to be done without worsening individuals' standard of living.
- **Prospering in isolation.** In this scenario the British economy is strong, prospering by concentrating on domestic production in isolation from global market pressures. Britain takes little interest in solving social and environmental problems. This is partly because it has neither a dependency on stable foreign import markets, nor a stake in global technological innovation, and partly because the mixture in value of domestic economic activities undertaken to maintain self-sufficiency prevents redistribution of domestic resources without worsening individuals' standard of living.
- **Struggling in global turmoil.** In this scenario the British economy is performing poorly, struggling to compete in high value export markets as the global supply chain and credit markets are volatile and other countries improve their employee skill levels and resource base. Britain takes an active role in addressing social and environmental problems, partly in an attempt to stabilise global import and credit markets, and partly because global technological innovation allows it to do so without worsening individuals' standard of living.
- **Struggling in isolation.** In this scenario the British economy is performing poorly in the absence of both an export market for its high value products and a source of inexpensive imported materials and technological innovation to support domestic production. Britain takes little interest in solving social and environmental problems as it has neither the wealth nor the technology to achieve this without worsening individuals' standard of living.

In considering the evidence base which already exists the Commission should have regard to the range of planning activity already produced, and the portfolio of interventions already in development or delivery. The Commission can add value by focusing on the cross-cutting issues identified in the consultation and by developing consistent planning assumptions and scenarios which can be used across the various sectors. Such assumptions could cover strategic priorities, levels of funding available, appraisal assumptions (including recognition of wider economic benefits) and future housing provision, and would ensure that different infrastructure sectors are planning for a consistent set of outcomes.

#### Q9: Do you have examples of successful models which are particularly good at looking at long-term, complex strategic prioritisation in uncertain environments?

The rail industry uses the LTPP to facilitate long-term, complex strategic prioritisation in an uncertain environment. It consists of a number of different elements which seek to define the future capability of the rail network:

- Market Studies, which forecast future rail demand and develop conditional outputs for future rail services. These outputs are based on stakeholders' views of how rail services can support delivery of the industry and Government's strategic goals
- Route Studies, which develop options for future services and investment in the rail network. Options are based on the conditional outputs and demand forecasts from the Market Studies and are assessed against industry appraisal criteria to provide choices for funders
- Cross-Boundary Analysis, which considers options for services that run across multiple routes to make consistent assumptions in respect of these services
- Network Route Utilisation Strategies (RUS), which look at issues affecting the whole national rail network and considers future capacity issues and technology solutions.

Further examples exist in other areas of the sector – one example being the annual 'Passenger Rolling Stock Strategy for the Rail Industry' which is linked with the LTPP and supports a cross-industry assessment of requirements for maintenance and stabling facilities.

**Q10: Do you believe the Commission has identified the most important infrastructure drivers (set out below)? Are there further areas the Commission should seek to examine within each of these drivers?**

One omission from the list of the most significant infrastructure drivers is the impact of government policy, a prime recent example being to stimulate economic growth in the north of England through the 'Northern Powerhouse' agenda.

The Commission should also be mindful of a number of cross-cutting issues such as working habits (for example, the extent of home working, which is partly driven by demography, economy and technology). The extent to which technology is adopted in the sector is also important. For example, the rail industry is developing technology-led proposals for signalling and ticketing which will enhance the efficient use of capacity on the network.

## Finalising the National Infrastructure Assessment

**Q11: The NIA will aim to set out a portfolio of investments that best meets the demands of the UK in the future. Do you have a view on the most appropriate methodology to determine that portfolio?**

The Commission can add value to existing planning processes by ensuring that the portfolios of investments recommended for each sector are consistent in the outcomes which they deliver. For example, the investments proposed by the energy sector must be sufficient to deliver any additional capacity required for electrification schemes being delivered by the transport sector. Similarly, the Commission can consider the transport system as a whole and ensure that investments made across the different modes support a coherent set of outcomes.

**Q12: In your view, are there any relevant factors that have not been addressed by the Commission in its methodological approach?**

The RDG would welcome the Commission's consideration of the future distribution of new housing and how the infrastructure sectors can best plan to accommodate this. Without considering and making assumptions about future housing development it will be difficult for the Commission to plan future infrastructure needs effectively or develop business cases for proposed interventions.

## Engagement: Getting your voice heard

**Q13: How best do you believe the Commission can engage with different parts of society to help build its evidence base and test its conclusions?**

The RDG would welcome the Commission's engagement with the rail industry's existing planning processes. The Commission's proposed call for evidence during the autumn of 2016 will allow the industry to provide further details, and the RDG and its members would welcome ongoing dialogue with the commission as well as the opportunity to contribute to the expert panels and workshops detailed in the consultation document.