

**The Rail Supply Group**

**Customers, Communities and Growth**

**Future Plans and the Rail Sector Deal**

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## Executive Summary

The Rail Supply Group is a partnership between government and industry to deliver shared objectives, taking a whole-industry impartial perspective to work in the best interests of the whole rail sector by accelerating growth and focusing on customers and communities.

Having taken a leading role, the RSG's approach to partnership and transparency means it is important to assess the industry's progress on delivering the Rail Sector Deal, at the same time as looking forward to addressing the current industry's priorities.

The RSG's work on the Rail Sector Deal has delivered a wide range of benefits to the rail industry and its work will continue as part of the industry's ongoing journey. There have been many successes including the ground-breaking launch of the rail data marketplace, the adoption of procurement, balanced scorecards and the supplier export reference scheme, supply chain capability mapping, and the progress towards lowering signalling unit costs as part of the Target 190+ programme.

The RSG has also demonstrated its action-orientation through the delivery of the COVID-19 Act Now Taskforce initiatives associated with increasing work pipeline visibility, simplifying data access and how to improve possessions productivity.

Since the inception of the Rail Sector Deal, the industry's landscape has undergone significant change. The Williams Rail Review sought to recommend the most appropriate organisational and commercial frameworks to deliver the government's vision for UK rail, which was then encapsulated in the white paper, published in May 2021 – Great British Railways: The Williams-Shapps Plan for Rail.

Then, between the inception of the review and publication of the white paper, the Covid-19 pandemic led to total collapse of passenger demand, amplifying the enormous challenge to the sector's operating model.

Customer volume and usage has changed and new ways of working and changes to freight logistics means a new normal is being established – but as with any disruption comes the opportunity to make positive change. The future work of the RSG will help ensure we seize this opportunity to create an affordable railway that is focussed on its customers, communities, and growth.

In line with this ambition, the RSG has identified new and emerging priorities and has chosen to address two key challenges the in the rail sector:

- Industry Cost - identifying and acting upon what can be done to reduce industry costs and create an affordable railway.
- Rail Reform - realising the benefits and opportunities of rail reform as soon as possible to ensure the future structure of the railway addresses the challenges set out in the Plan for Rail.

It is clear that the RSG has delivered a great deal of value over recent years, and I would like to pay tribute to Philip Hoare, who as its previous Chair, helped reshape the RSG, deliver the Rail Sector Deal, and create a strong platform upon which to build.

Using this platform, we now have the opportunity to address the industry's greatest challenges - industry cost and rail reform.

James Bain

Chair, Rail Supply Group



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## Ministerial Quotes

*"Our railways are important as ever: they ensure we get to work, to college, connect us with family and friends and contribute to our wealth and wellbeing. Rail is one of the cleanest transport modes, helping us to combat the greatest environmental issues of our time. However, there are challenges that need addressing. The Rail Sector Deal empowered the industry and government to work in partnership to deliver solutions to key rail challenges at the time. From the rollout of digital signalling across the railway to ensuring data is transparent and accessible through a new innovative Rail Data Marketplace, the Rail Sector Deal enabled the delivery of tangible and valuable benefits to the railway and its users. Its many successes over the years demonstrate what we can achieve by putting our heads together, overcoming differences and delivering for passengers. As we prepare for the transition to Great British Railways, the Rail Supply Group and its leaders will play an important role in delivering change and further improvements to the railway for customers and taxpayers. They have my very strong support as they do so"*



**Huw Merriman**  
**Minister of State**  
**Department for Transport**



**Nusrat Ghani**  
**Minister of State**  
**Department for Business and Trade**

*"The Rail Sector Deal has now delivered a wide range of benefits to the rail supply chain – from a reference scheme for those businesses selling their products and services abroad, to a scorecard that promotes increased value for money in procurement.*

*But we can do more, so I welcome the Rail Supply Group's concentration on increasing productivity and making the railway affordable. This, in parallel with rail reform, will help ensure the rail sector's innovations are properly harnessed to accelerate growth.*

*I'm delighted the Department for Business and Trade is providing funding support for the new Global Centre of Rail Excellence. With a one stop shop of high-quality R&D, testing and proving facilities for both rolling stock and heavy rail infrastructure, this will make the delivery of the Rail Sector Deal a continuing reality".*





**The Rail Supply Group is a partnership between government and industry to deliver shared objectives, taking a whole-industry impartial perspective to work in the best interests of the whole rail sector by accelerating growth and focusing on customers and communities.**



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## Summary

**The Rail Supply Group (RSG) is unique within the rail industry in that it takes a whole-industry perspective to work in the best interests of the rail sector.**

**With this document, we seek to celebrate and reflect on the achievements of the Rail Sector Deal and set out clearly the future direction of the Rail Supply Group.**

Our track record shows the partnership makes an impact but there is an enormous challenge ahead, matched by an immense opportunity for the whole industry to work together and deliver for our customers – both passengers and freight.

The Plan for Rail lays the foundations for the biggest change in the rail industry for 25 years and there will no doubt be a transformation in the rail industry. Its successful delivery is of paramount importance to the RSG, and our future plans have been developed with this in mind.

Irrespective of the timing of legislation, we will work to deliver the reforms that support the financial sustainability of our sector and improve the customer experience - many of the underpinning actions to create a better customer offer and a more efficient service can be delivered now.

Transformational change can only be achieved by industry and government working together to deliver shared commitments. A flagship example was, at a time of crisis, where the RSG led the rapid mobilisation of the industry's Covid-19 taskforce to address a set of targeted whole-system challenges faced by the rail industry and its supply chain. The RSG was able to rapidly identify the impact of the Covid-19 and lockdown on the supply chain and mobilise a set of 'Act Now' initiatives. With these initiatives complete, what has proven to be an effective model for facilitating and expediting industry change, will now be adopted to take on further initiatives.



# The Rail Sector Deal

The Rail Sector Deal in 2018 came at a critical time for the rail industry. The huge increase in rail use over previous years, with passenger numbers having more than doubled since privatisation demanded a new approach to ensure the railways continued to build on the enterprise that invented, innovated, and advanced rail travel throughout the world.

## Shared Commitments

One of the most important aspects of the Rail Sector Deal is that industry and government have been working in partnership to achieve shared rail priorities.

The Rail Supply Group was selected to oversee the delivery of the Rail Sector Deal and with its industry-wide representation from key stakeholders, it has used the opportunity to deliver long-lasting change.

New connections across the industry have been made and synergies developed and delivering the deal's commitments has created the momentum and levers to address some of the industry's biggest challenges as one-team.

Shared delivery of the deal means the rail sector is now better connected and lasting relationships have been already been established that will positively support the creation of Great British Railways (GBR).

Nearly all the specific commitments in the Rail Sector Deal have already been acted on and delivered and working groups and governance arrangements have been established so the remaining work will continue.





# Rail Sector Deal Achievements

- Developing the concept and securing £5m matched funding from industry and government to deliver the industry's Rail Data Marketplace, going live in Spring 2023.
- Development of a comprehensive supply chain capability mapping tool for the Department of International Trade to help identify UK export opportunities.
- The agreement of a Long-Term Deployment Plan for the roll-out of digital signalling including significant funding allocated to the East Coast Digital Programme, T190+ Research and Development Programme and further digital signalling schemes in CP7.
- The Routes into Rail website and portal to advertise opportunities and provide careers advice to attract new and diverse talent - helping address the immediate and near-term recruitment challenges within rail industry - is up and running.
- An export reference scheme has been established, supported by Network Rail, Transport for London and HS2 with ten 1st Tier referees also joining the scheme.
- A procurement balanced scorecard has been developed and used in the process of developing Network Rail's own, and other bodies', procurement scorecards.
- The Covid-19 Taskforce Act Now initiative to promote work pipeline visibility by both clients and suppliers throughout the supply chain and the creation of a Charter, signed by over 350 organisations.
- A study to look at whole-system whole-life productivity measurement using a balanced scorecard has been completed, providing fresh insight into the sector's productivity challenge and how it might be addressed.
- A Midlands schools' engagement programme is now being successfully delivered through its integration with the nation-wide Primary Engineers programme to promote learning and curiosity about the rail industry, change perceptions and overcome barriers to attracting future talent.
- Midlands SME engagement-based theme-based client-supplier Dragons' Den events, primarily focussed on rolling stock OEMs has helped many of the SMEs secure First of a Kind funding for product development from the Department for Transport via Innovate UK.
- Supporting the TIES Living Lab work that has delivered several successes including innovations in modular construction.





# Acting to Take On the Challenge

## Initiative Priorities

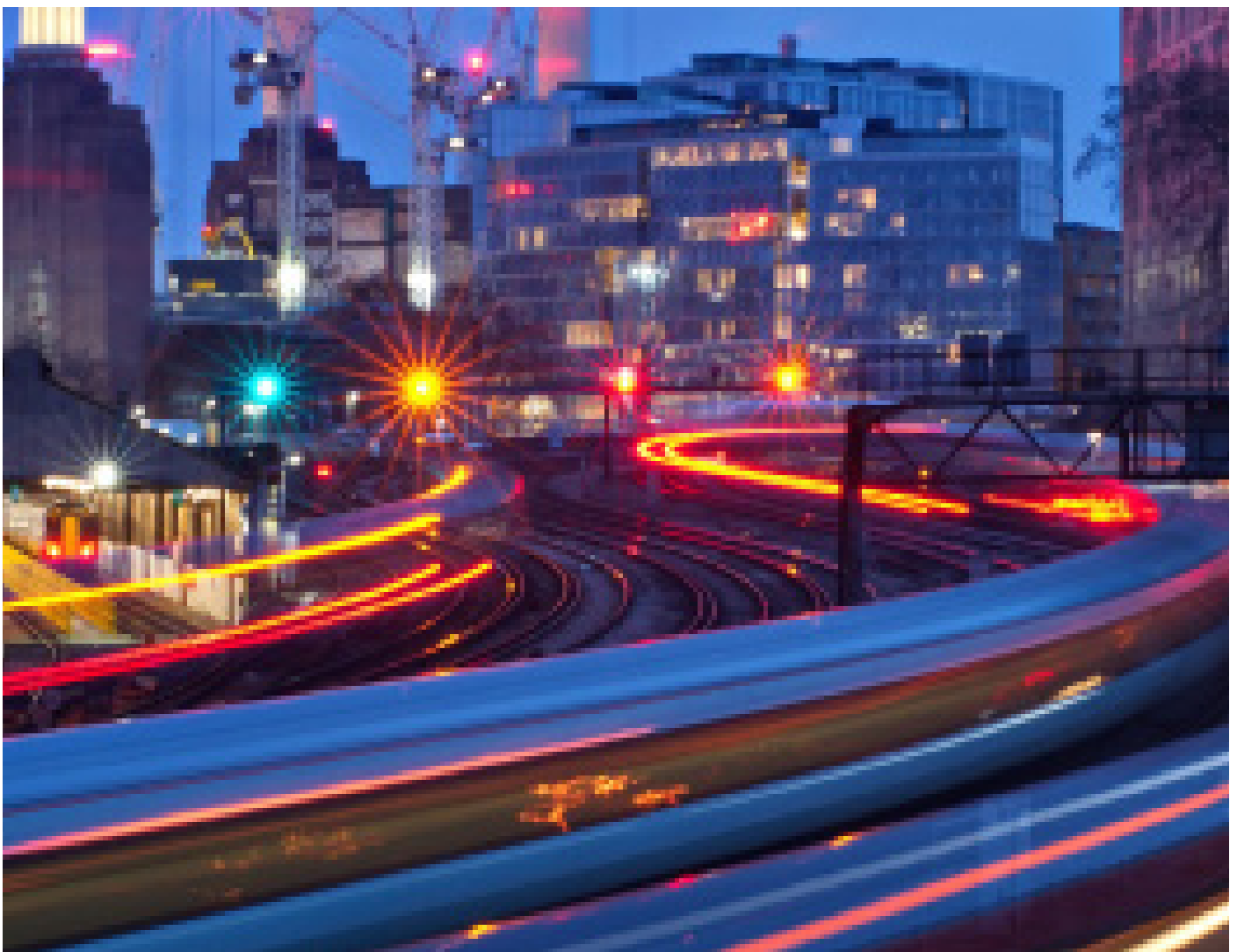
Two priorities have been identified that can add additional value to the industry initiatives already underway.

- **Industry Cost** - identifying and acting upon what can be done to reduce industry costs and create an affordable railway.
- **Rail Reform** - realising the benefits and opportunities of rail reform as soon as possible to ensure the future structure of the railway addresses the challenges set out in the Plan for Rail.

The initiatives will be looked at through three key pillars of the industry:

- **Customers and Communities**
- **Infrastructure**
- **Rolling Stock**

**This approach will help deliver sustainable growth in rail and the wider economy.**







# The Rail Supply Group

The Rail Supply Group (RSG) is unique in that it takes a whole-industry perspective to work in the best interests of the rail sector.

The partnership between government, clients and industry means the RSG can help facilitate industry-wide transformation across the railway through its thought leadership, influence, collaborative approach and, most importantly, acting.

As a sector council, acting in the industry's best interests means seeking wider engagement. We take an inclusive approach, and many of our industry's suppliers, not just the largest, take part in the RSG's programme of work to inform, enhance, and enrich an impartial contribution to the industry.

Transformation is welcome and provides a great opportunity for supply chain collaboration and partnership where our representation means we can provide a whole supply chain perspective to help develop, promote, and implement, a new sector operating model.

## The RSG's partnership model between industry and government means it is ideally placed to help transform the railways to:

- Maintain the established partnership between industry and government that actively supports the delivery of shared objectives.
- Lead targeted workstreams to address cross-cutting rail industry priorities.
- Support the supply chain to navigate the complex rail landscape and to identify opportunities to help deliver the Plan for Rail and the Long-Term Strategy for Rail.
- Strengthen the capability and competitiveness of the UK rail supply chain to grow business at home and abroad.
- Recommend how rail investment could be delivered in the most cost effective and efficient way.
- Encourage greater engagement and collaboration between the rail supply chain, the wider industry and government.





# Rail Supply Group

Industry and Government in Partnership

## Platinum Industry Partners



**ATKINS**

Member of the SNC-Lavalin Group



**SIEMENS**



## Gold Industry Partners



MOTT  
MACDONALD **M** **M**

## Council Members

The Department for Business and Trade

The Department for Transport

Great British Railways Transition Team

Transport for London

Industry Champions

Rail Delivery Group

Network Rail

HS2

Unite

Rail Freight Group

Railway Industry Association

Rail Forum

RBD Community





The original sector deal set out a new approach to the rail industry and government working in partnership to transform the rail sector by taking actions to increase the use of digital technology, boost productivity, improve the service received by those who use our railways and build the skills of the UK workforce to capitalise on these opportunities.



# Industry and Government Working Together

The Rail Sector Deal in 2018 came at a critical time for the rail industry. The huge increase in rail use over previous years, with passenger numbers having more than doubled since privatisation demanded a new approach to ensure the railways continued to build on the enterprise that invented, innovated, and advanced rail travel throughout the world.

There are many successes that have been delivered through the partnership and collaboration between industry and government. This includes the joint work to establish a platform to share rail industry data, better work pipeline visibility, increased industry-wide and railway access productivity, support for exports, SME innovation and addressing the sector's challenges in people and skills.

Since the agreement of the deal, the Plan for Rail White Paper has been published and rail policy has progressed to address both the industry's ongoing challenges and the new challenges that have arisen from the Covid-19 pandemic.

The bilateral commitments have led to a series of initiatives that are critical to delivering positive outcomes and impact across the breadth of the industry. These initiatives are agreed based on the shared priorities between rail suppliers, government, and other rail bodies.

The completed Act Now initiatives on Increasing Work Pipeline Visibility, Simplifying Data Access and Enhancing Railway Access are real examples of what can be achieved.

The collaboration and joint delivery model have typically included:

- Strong governance arrangements led by an Industry Champion working in the best interests of the industry.
- Establishing Task and Finish Groups chaired by an RSG Council Industry Champion and including representation from the Department for Transport and Department for Business, Energy, and Industrial Strategy.
- Engagement with the relevant stakeholders such as Network Rail, HS2, 1st Tier suppliers, SMEs, and trade associations.
- Joint development and review of initiative proposals and actions.
- Joint agreement of the Task and Finish Group's planned outcomes and programme of activities.
- Combined delivery using 'pilot projects' to trial the initiatives recommendations and measure outcomes.





## Rail Sector Deal - The Bilateral Commitments

In 2018, with much of the UK rail network either near or at capacity during peak periods the industry needed to improve in 3 key areas - the passenger experience, the economy and the rail supply chain.

The Sector Deal set out a new approach to the rail industry and government working in partnership to transform the rail sector by taking actions to increase the use of digital technology, boost productivity, improve the service received by those who use our railways and build the skills of the UK workforce to capitalise on these opportunities.

Area	Industry Action	Government Action
Ideas	Establishment of a platform for securely sharing rail industry data.	Promotion of the role of 'Platform Sponsor' working closely with industry partners and new entrants to the market.
People	Develop and implement a long-term Education and People Strategy by refreshing the Rail Sector Skills Delivery Plan.	Provide guidance and support to ensure the Education and People Strategy builds on the Transport Infrastructure Skills Strategy and Transport Infrastructure Efficiency Strategy.
Infrastructure	By the end of 2025 industry will achieve a whole industry whole system unit cost that is significantly lower than current UK conventional infrastructure only costs (equivalent to European Benchmark Costs).	Produce a detailed 5-year plan and longer-term roadmap of Digital Railway interventions with a more sustainable investment profile.
Business Environment	<p>Improved export performance – doubling by 2025 through:</p> <ul style="list-style-type: none"> <li>A UK rail supply chain capability map to identify strengths and weaknesses</li> <li>An analysis of overseas opportunities, barriers and to provide local market rail sector reviews.</li> <li>An export mentoring and secondment programme.</li> </ul> <p>Development of a productivity plan to support the Transport Infrastructure Efficiency Strategy.</p>	<p>To agree a mechanism for ensuring industry is actively engaged in the development of Control Period delivery plans, and ensuring the industry is an integral part of the development and deployment of longer-term rail investment opportunities.</p> <p>Examine how public sector organisations could better support UK rail exporters and provide ongoing access to government decision making through an exports consultation group.</p>
Places	<p>Implement a 'shared apprenticeship programme and a schools engagement programme, starting with a pilot in the Midlands to deliver:</p> <ul style="list-style-type: none"> <li>An increased number of SMEs recruiting apprentices</li> <li>Increase in the number of apprenticeships offered</li> <li>Increased impact and co-ordination of regional schools' engagement activities</li> </ul>	

# Ideas

The Rail Data Marketplace (RDM) concept was born from the Sector Deal and initially overseen by the Rail Data Council as part of its Joint Rail Data Action Plan. Its aim is to establish a platform for securely sharing rail data, an approach that was subsequently endorsed by the Williams-Shapps Plan for Rail.

A substantial level of work has been undertaken to deliver the Sector Deal commitment. The work of the RSG led to securing £5m of matched funding from industry and government<sup>1</sup> to deliver the RDM programme.

Once funding was secured, the Rail Data Council's work on the Joint Rail Data Action Plan was then merged into the Sector Deal RDM programme - laying the foundation to create a marketplace comprising two key components: the technology solution and the commercial model. Hence the key principles for each were already developed to enable the Rail Delivery Group to take the RDM programme forward to establish a secure cross-industry data-sharing platform.

The Rail Delivery Group is now working with the selected supplier to successfully develop a production system, with the initial version launched in 2023. Producers and consumers of data are already engaged, and the future roll-out programme will stimulate innovation, make information more transparent, and enable new customer-focused products and services to be developed to enhance the passenger experience, connect communities, and drive operational efficiencies through the use of data.

## The Purpose of the Rail Data Marketplace

The Rail Data Marketplace will deliver a new way of sharing data between data producers and consumers – including app developers, tech firms, academia and the rail industry. New data sharing opportunities will drive innovation, leading to the development of innovative passenger-facing applications, operational efficiencies and improved transparency.

It will remove barriers and make it easier for partners to work across the industry. Greater access to trusted rail data can be a key enabler to improve the customer service and accelerate innovation across the industry, as highlighted in the Plan for Rail.





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## Infrastructure

The scale of investment in new signalling technology infrastructure led to a focus on digital signalling costs. The nature of the deployment programmes means there are many touch-points with other large and complex infrastructure programmes comprising a technology component, so the learning can be applied more widely.

The cost reduction journey is underway and will continue. As a flagship project, the initial focus of government, suppliers, and Network Rail has been associated with the delivery of the East Coast Digital Programme (ECDP).

As such, the Government action has been delivered through the development of the Department for Transport's Digital Signalling Long-Term Deployment Plan (LTDP) with the ECDP at its core.

In parallel, the industry action has been focussed on increasing productivity under the Network Rail T190 Plus programme, which is targeted to deliver a reduction in whole industry capital expenditure costs of less than £190k per signalling equivalent unit.

The T190 Plus programme comprises a range of work packages with a key enabler to reduce ETCS deployment costs being the development of a synthetic environment for off-track pre-deployment design, simulation, optimisation, validation, and testing. Procurement and early-stage delivery of the synthetic environment has commenced and it will now be available in the middle of CP7.

Additional enabling work packages under the T190 Plus programme have been completed including:

- Establishing an innovative collaboration model on the East Coast Digital Programme.
- Development of a standard digital railway system architecture.
- Development of a control system business continuity plan.
- The publication and dissemination of lessons learned to date.





## Business Environment

The actions related to this area have been focussed on productivity improvement, and export and inward investment. The productivity challenge is a high priority within the industry and has featured in several workstreams.

### Work Pipeline Visibility

Work Pipeline Visibility was identified in the original Sector Deal as a key enabler to deliver productivity benefits. Subsequently, the impact of the Covid-19 pandemic also highlighted it is closely linked to rail industry supplier resilience.

As part of the COVID-19 Taskforce, led by the RSG, an 'Act Now' programme was mobilised. Eight pilot projects were completed looking at how to improve work pipeline visibility across the whole supply chain to allow organisations to plan and deliver with confidence and drive improvements in productivity and outcomes - in the short, medium and long-term.

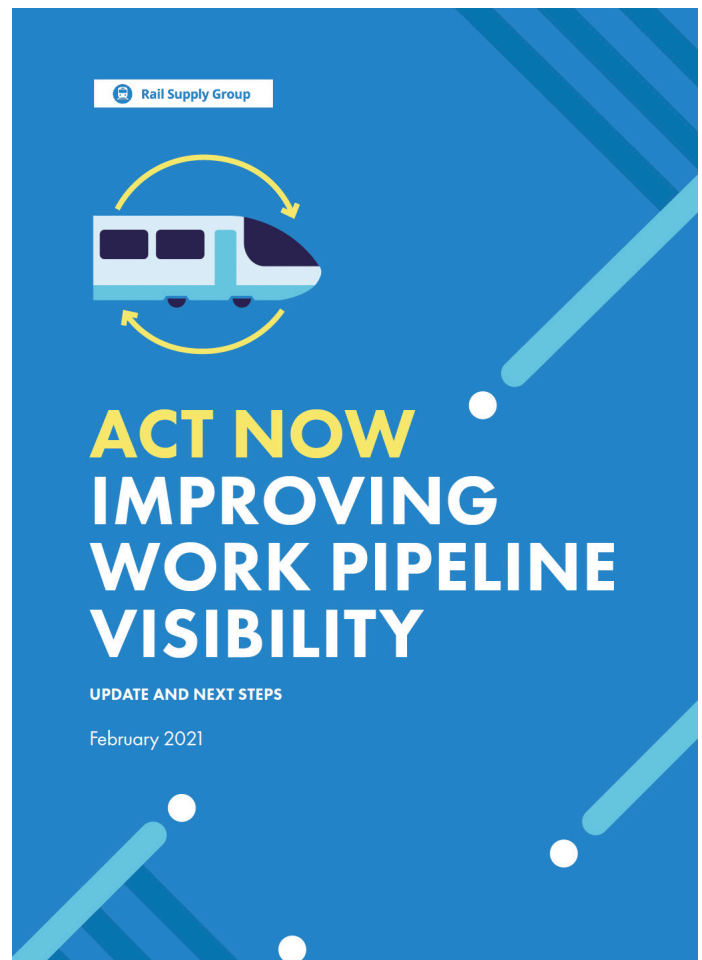
The pilot projects spanned breadth of the rail industry and included infrastructure enhancements, maintenance and renewals, new train fleet supply and support, rolling stock maintenance and development projects.

The outcomes showed that with much of the information readily available, the whole of the rail industry is in a position where all its customers and their suppliers can provide visibility of their short term in-flight project expenditure profiles and procurement pipelines at minimal or nil cost. This delivers a wide range of benefits including increased productivity improvement and collaboration.

The pilots led to the development and publication of a Work Pipeline Visibility Charter<sup>2</sup> that has since been signed by over 350 companies and associated actions included within the Network Rail SME Action Plan.

This has extended the equivalent of the work pipeline visibility commitments in the Network Rail SME Action Plan to other customers.<sup>3</sup>

- Building on the alignment with Construction Playbook which emphasises Strategic Supplier Relationship Management and Successful Relationships.
- Demonstrating the value of taking action to increase work pipeline visibility.
- Increasing advocacy and the provision of work pipeline visibility within the industry to make it 'Business as Usual'.



## Enhancing Railway Access

A collaborative project was undertaken in partnership with Network Rail to examine how productivity can be improved during railway possessions. A study to look at previous research and reports on railway access productivity improvements was completed and a findings report published that identified the most likely areas for productivity improvements.

The opportunities for productivity improvement during possessions were broken down into four stages: access planning, taking access, delivering the work and handing-back access.

Joint pilot workshops led by Network Rail and the Rail Supply Group were held to look at two recently completed projects in the Southern Region and a third pilot that explored potential improvements associated with railway access that might reduce programme timescales and increase productivity on the Midland Mainline Electrification and future electrification projects.

The initiative led to several findings and practical actions that can be implemented and the outcomes have been included within Project SPEED, led by Network Rail.



## Procurement Balanced Scorecard

A balanced scorecard for procurement has been developed as a template for the industry and Network Rail have since launched their new Procurement Balanced Scorecard, based on its principles. Similar procurement scorecards have also been developed with other buyers and 1st Tier contractors.

The adoption of the scorecard will help ensure that procurement criteria consider value in its widest sense, not just cost, when clients are making buying decisions.

The scorecard includes criteria promoting social value, climate impact, community and legacy benefits, and supply chain learning.



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## Productivity Measurement

The Rail Supply Group have, and will be, engaged in various initiatives related to productivity improvement. However, the impact of any initiative or intervention can only be assessed by first answering the question:

How can productivity be measured?

Hence a study was completed to provide a measure of the scale of relative change in productivity following an intervention, with the intention being to answer the question:

Has productivity improved, remained the same, or fallen?

A productivity balanced scorecard has been developed that provides insight about the impact of interventions on the different aspects of productivity. This could help reframe the way the industry looks at productivity and value-add regarding, for example, investment in technology, electrification, and digital signalling schemes and in-flight project innovation and interventions.

For example, insight can be enhanced by outcomes-based productivity measures that might include punctuality, capacity, and network availability. These could be applied to customer experience initiatives, where the return on data-led innovation to improve customer outcomes could be compared with the infrastructure investment to deliver the same or similar customer outcomes.

The quadrants in the productivity balanced scorecard are:

- Activities – looking at asset deployment on site or work package completion
- Capital Expenditure – measuring the overall expenditure associated with different size programmes of asset renewal or enhancement
- Whole-Life Whole-System – assessing the through-life total expenditure supplier productivity, combined with client cost analysis to understand whole-system productivity
- Outcomes – focussing on the metrics that matters most to customers such as punctuality, quality of service, service capacity, carbon emissions, alongside social and economic regional and national impact.



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## Export and Inward Investment

There are several critical enablers that can help increase exports including the provision of information and signposting for suppliers, capturing export capability, and providing references that can be relied upon to support suppliers exploring first time entry into overseas markets.

### Supply Chain Capability Mapping

The development of a supply chain capability map (SCCM) to capture, increase visibility and promote the rail industry's SME export capability has been a long-standing challenge for government.

The SCCM was deployed in March 2022 for use by the Department for International Trade and Department for Transport. It provides an accessible platform using the Power Bi desktop or cloud applications to access over 4000 companies' capability data via one portal.

The database can be filtered to search for and identify companies by name, supplier category, turnover, employees, region and whether they have expressed an interest in export activity to the Railway Industry Association. This helps to join the dots between supplier capabilities and market opportunities.

### Export Reference Scheme

A brand-new reference scheme for suppliers looking to enter export markets has been created. With government support, Network Rail, HS2, Transport for London and several 1st Tier suppliers have agreed to provide references to suppliers who are looking to secure work overseas.

The contacts and tools needed to make the provision of references simple and workable have been established, with the scheme now being managed by the Railway Industry Association.

Moving forward, similar commitments are now being sought from other major buyers, businesses, and network operators. This will ensure the important role of UK SMEs in delivering internationally recognised projects in the UK, such as Crossrail and HS2, can help them enter and grow overseas markets.

### Export Survey

The RSG Export Survey, published in 2020, provided a detailed analysis of rail supplier exports by region, size of business, supplier tier – alongside their appetite to trade in international markets and the barriers to increasing exports.<sup>4</sup>

Not only did the report contain comprehensive feedback from a sample of almost 140 companies, but it also provided a detailed directory of where to find support for exports including:

- Tools and advice on how to access the Department for Transport's support and services
- Taking part in export events, trade missions and trade exhibitions
- Applying for Trade Access Programme (TAP) Grants
- Accessing UK Export Finance
- Securing written references from Network Rail, HS2, Transport for London and 1st Tier contractors





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# People

Investment in people and skills is a key theme within the Rail Sector Deal, and one that touches many parts – the link between recruitment, retention, skills and productivity are obvious examples. In an industry that can benefit from exponential changes in technology from other sectors, expanding the diversity of knowledge and expertise will help the railway be more resilient in the future.



Several actions have been taken to make the first steps of the long-term skills strategy a reality.

- A Social Inclusion Infrastructure Training Scheme has been established to address long-standing industry skills challenges within rail and the wider levelling-up of opportunity challenge.
- To attract people to work in the rail industry, the 'Routes into Rail' website was successfully launched on 27th November 2020. It provides careers advice, information on the types of different roles in the sector and a 'live' jobs board.
- Provision of a variety of reports and analysis on strategic workforce planning and skills requirements, including Skills Shortages in Rail.
- New apprenticeship standards applicable to the rail industry, including digital skills, have been identified and apprentices recruited.

## Place

The Rail Sector Deal recognises the importance of increasing prosperity across the UK and contains commitments to increase the number of apprentices and the impact and co-ordination of school engagement.

The Midlands was identified as a cluster for the piloting of initiatives associated with SME growth and engagement in the supply chain, schools' engagement programmes and apprenticeships.

The work to date has involved:

- Dragons' Den events have been held to look at rolling stock challenges, providing opportunities for SMEs to pitch their products and solutions to large Asset Managers and OEMs and, where appropriate, seek funding for future development. This model has shown early signs of success, with several projects supported by Innovate UK as part of their First of a Kind funding programme. The initiative is being continued and expanded to look at rail infrastructure innovations.
- A Midlands schools' engagement programme is now being successfully delivered through its integration with the nation-wide Primary Engineers programme to promote learning and curiosity about the rail industry, change perceptions and overcome barriers to attracting future talent. The delivery of the programme is co-ordinated with the Routes into Rail initiative and other activities to promote careers in the rail industry.
- Exploring the feasibility of shared apprenticeships and identifying the barriers that need to be addressed to create shared apprenticeships schemes across multiple SMEs in a region.









# Priority Initiatives

## Why Focus?

The railway is a complex industry with many stakeholders that face similar challenges and opportunities. And many of these are being looked at from different perspectives based on government, arms-length body, operator and supply chain initiatives.

The industry's challenges are not finite. There is no starting point nor end to the journey of improving the customer experience for both passengers and freight, increasing productivity and affordability, accelerating innovation, and reducing carbon emissions.

Similarly, there is a need for pace to make the transformational change that sticks.

## What are the priorities?

The industry, in 2023, faces unprecedented challenges, with the most immediate being those associated with reducing industry costs and delivering rail reform. Making change at the same time as improving the experience of the railway's customers, both passengers and freight and delivering for communities is a complex task.

The RSG has chosen to focus on two key priorities where it can add additional value to existing industry initiatives already underway and deliver short-term and medium-term impact. Each one is focused on areas deemed to be beneficial to the future of the whole industry which are not being dealt with at scale elsewhere, but that support accelerating growth at the same time as focusing on customers and communities.

- **Industry Costs** – identifying and acting upon what can be done to reduce industry costs and create an affordable railway.
- **Rail Reform** - realising the benefits and opportunities of rail reform as soon as possible to ensure the future structure of the railway addresses the challenges set out in the Plan for Rail.

## Perspectives

The initiatives will also take into consideration the three key pillars of the industry that its supply chain support:

- Customers and Communities
- Infrastructure
- Rolling Stock

Each initiative is supported by RSG Council members who reach out to engage with key stakeholders from across the rail industry and other sectors where there are opportunities for sharing expertise and learning.

The initiatives are underpinned by short-term (up to 12 months) and medium-term (up to 36 months) action plans with clear deliverables.

The following sections include more detail on the initiatives and the challenges.





## Our Priorities - Industry Cost

The requirement for the rail industry is to improve the passenger and freight customer experience, connect communities, stimulate economic growth, level-up and boost productivity and competitiveness remains - with total industry expenditure of around £30bn per annum.

The industry's national importance is recognised by the government's support for the railway, during a time when passenger revenues have fallen, through its continuing investment in major schemes such as HS2, the Transpennine Route Upgrade, East West Rail, and by allocating £44 billion of funding to Network Rail for the next rail control period from April 2024 to March 2029.

In this environment, the challenge for industry and government is to look at whole-system factors and whole-life costs to provide an improved and safe customer experience at the same time as increasing productivity and making the railway affordable.

This involves exploring total industry expenditure - its implications and the opportunities it brings for change.

### The Opportunities

- A review of previous industry studies can help identify areas where cost savings can be delivered without compromising the passenger or freight experience, or industry revenues.
- Whilst capex approaches on civils projects dominate supplier expenditure decisions, the factors affecting whole-life cost can be explored to help the industry optimise long-term affordability.
- The opportunities to reduce costs and/or improve the customer-offer using new-to-rail or proven technology can be increased by identifying the enablers of industry innovation.
- To take action to increase productivity, the reasons why past initiatives have failed to address the industry's systemic issues and make improvements 'stick' needs to be understood.
- Previous industry reports have shown there may be opportunities to implement changes that can increase cost certainty and programme certainty on complex projects.
- There is an opportunity to promote and build on the RSG's and other stakeholders' work to increase work pipeline visibility throughout the supply chain.



## Our Priorities - Rail Reform

The role of the private sector is an integral part of rail reform, and suppliers must be actively engaged in the rail reform programme. At a time of change, leveraging the breadth and depth of supply chain expertise from 1st Tier suppliers, SMEs, start-ups and new entrants to the industry will help uncover and create options to implement short, medium and long-term change that sticks.

An important factor is the interdependence of arms-length bodies and the supply chain in making change. As counterparties with shared intent, culture and behavioural change is needed across the industry. Changing culture will also accelerate innovation in the industry, enabled by a change in mindset focussed on solving the industry's most complex problems by turning ideas into sustainable value.

### The Opportunities

- Rail Reform opportunities not requiring legislation changes that build on public and private sector collaboration can be leveraged to break down silos across the sector
- The process to develop the new Sector Target Operating Model provides an opportunity to engage the expertise and capability of the supply chain.
- Current industry culture, mindset and behaviours can hold back industry-wide change but there is an opportunity to think and work differently which reform can unlock.
- There is great potential for SMEs new entrants and disruptive innovations to support rail reform.
- Reform provides the opportunity for restoring confidence in the rail sector for both the passenger and the taxpayer.



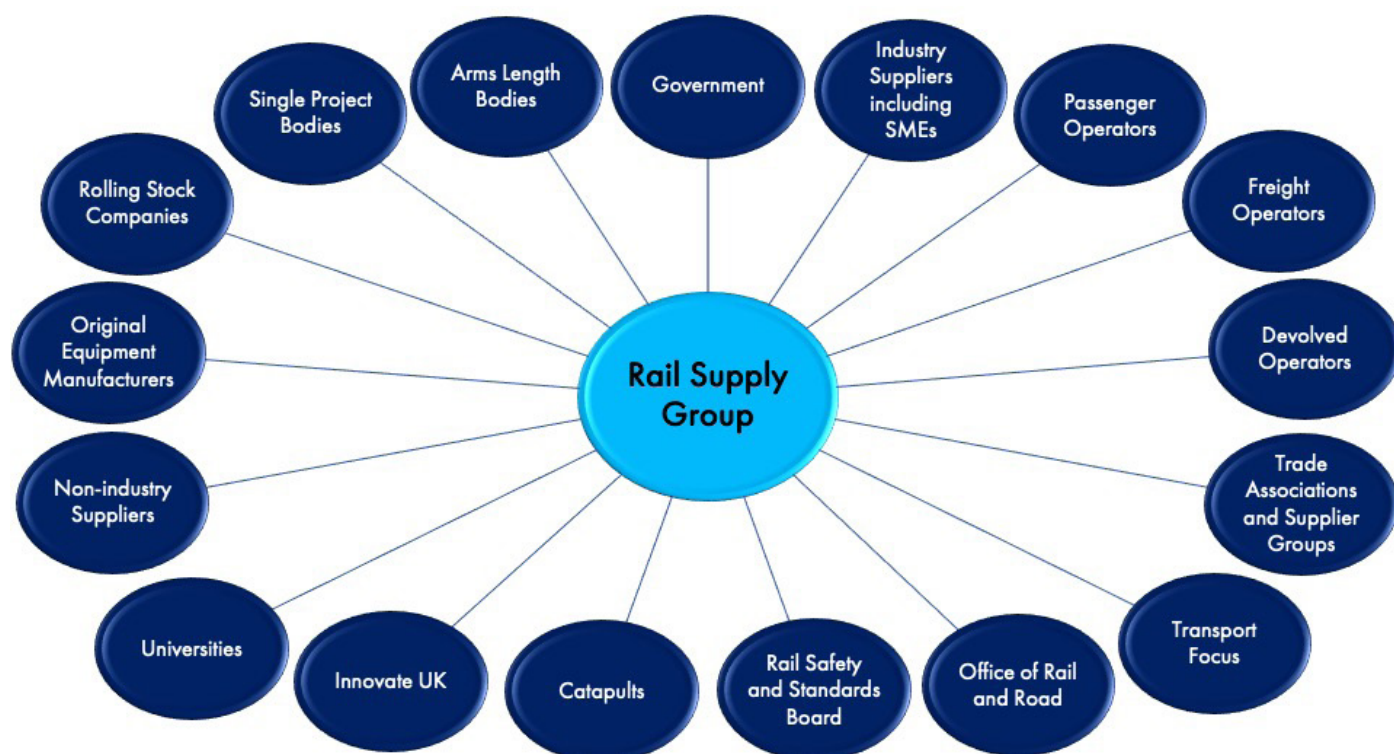


# Increasing Industry Engagement

The diversity of experience and capabilities within the industry is colossal.

And increasingly developments in other industries will be applied to the rail industry, many of which may be foreseeable, and some not.

So to meet the enormity of the current challenges facing the industry will at the right times require input to the RSG initiatives from a wide range of stakeholders.



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## Background Reading

1. [Department for Transport, Joint Rail Data Action Plan \(August 2018\)](#)
2. [Rail Supply Group: Coronavirus Taskforce Research](#)
3. [Rail Supply Group, Work Pipeline Visibility Charter \(May 2021\)](#)
4. [Rail Supply Group Act Now Update Report \(2020\)](#)
5. [Rail Supply Group Act Now - Improving Work Pipeline Visibility \(2021\)](#)
6. [Network Rail, SME Action Plan \(November 2019\)](#)
7. [Rail Supply Group, Rail Sector Deal: UK Exports Survey Report \(October 2020\)](#)

## Acknowledgements

All of the Rail Supply Group's Council Members have worked together to deliver the rail sector deal and set out its future direction.

This report has been compiled by Interimconsult.





# Rail Supply Group

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Industry and Government in Partnership