

# Whole Industry Strategic Plan

## Call for Evidence Response Form

09/12/2021

## Responding to this Call for Evidence

This call for evidence launches on 9 December 2021 and will be open for eight weeks until 4 February 2022.

You may respond as an individual or on behalf of an organisation or organisations (please let us know all the organisations you are responding on behalf of) and can submit a response in the following ways:

- Online via the call for evidence [webpage](#).
- Via email to [cfe@gbrtt.co.uk](mailto:cfe@gbrtt.co.uk) using this response template.

**We recommend you read the call for evidence launch document in full before submitting your response.**

Please send the completed response form, along with any supporting information or attachments, to [cfe@gbrtt.co.uk](mailto:cfe@gbrtt.co.uk).

In the email subject please include your name and/or organisation and 'WISP call for evidence submission'.

## Confidentiality

*The information you send to us may be shared with colleagues within Great British Railways Transition Team, the Department for Transport and published or referred to in the Response Summary Report response document. All information contained in your response may be subject to publication or disclosure if requested under the Freedom of Information Act 2000. If you want any information in your response to the call for evidence to be kept confidential, or if it contains sensitive information, you should explain why and identify the information clearly within your response. Extracts from responses used within the Response Summary Report will be agreed with the responder before publication, where information is not already in the public domain.*

**I am responding on behalf of: \***

**One or multiple organisations**

If you are responding as an individual, please move to Section 2. If you are responding on behalf of an organisation, please fill in Section 1 and Section 2.

**Section 1 – Organisation Details**

**Organisation name(s)\***

**Rail Wagon Association**

**Please identify the category, or categories that best describes your organisation(s)\***

If multiple categories apply, please list within the “other” field below.

**Rail organisation**

**If other, please state**

**Please provide a brief description of the organisation(s) you are responding on behalf of.**

This may include information about who the organisation represents, the size of its membership and how the views of members were obtained.

The Rail Wagon Association (RWA) represents the interests of owners, keepers, users, designers, manufacturers, hirers, ECMS, consultants, maintainers and operators involved in rail freight wagons based in the UK. This includes the main FOCs and Network Rail.

The RWA has 30 members who own, maintain and operate approximately 15,000 wagons, virtually all of the operational wagon fleet in the UK.

## Section 2 – Your details

### Name

Steve Taylor

### Email address

steve@railwagon.org

### Please choose the region you or your organisation(s) are based within\*

If multiple regions apply, please list within the “other” field below.

UK-wide

### If other, please state

### Please provide information about the reason for your interest in the Whole Industry Strategic Plan

RWA members have a substantial interest in the future success of rail freight and a positive outcome of the rail reform agenda.

## Strategic Objectives for the Whole Rail Industry

The UK Government has developed five strategic objectives for the Strategic Plan over the next 30 years: **meeting customers' needs, delivering financial sustainability, contributing to long-term economic growth, levelling up & connectivity, and delivering environmental sustainability.** We intend to put these objectives at the heart of the Strategic Plan, and we are using them to guide all of the questions in this call for evidence.

[Click here to see more information](#)

*We recognise that many of you are working to similar long-term objectives. We are very interested in how you define and quantify your objectives, and how they match or differ from our own. When considering your response to question 1, please use your experiences to inform your answers and share any examples, taking into account that in all future scenarios we expect affordability to be a significant constraint.*

### **Question 1**

- a) How would you apply these objectives to rail in your region or to your area of expertise within the transport sector? Do you have evidence you can share with us of how you have applied similar objectives in relation to rail, and do you consider the objectives to have missed any key areas?
- b) How is it possible to make progress against a number of the objectives simultaneously? Do any of the objectives have larger barriers associated with them than others, or do any objectives pose possible barriers to others? Where would you make the trade-offs?
- c) What long-term trends in wider society, the economy, and the environment will affect these five objectives over the next 5, 10, and 30 years? Please give evidence to support your response.

[Click here to see more information](#)

- d) What are the key uncertainties you consider that the Strategic Plan must be resilient to in order to be effective over the next 5, 10 and 30 years?
- e) Over the next 5, 10 and 30 years, which steps should the sector take to improve integration of rail with the wider transport system (including walking and cycling) in pursuit of these objectives?

Type your answer here or attach relevant documents to your email.

Please note the corresponding document titles or references for any attachments in this box.

*RWA considers all 5 objectives as relevant to the UK wagon sector. In particular, meeting customer needs must be central to everything we do in railfreight, which remains a fully commercial part of rail.*

*There are significant barriers to meeting all of the objectives and in particular meeting customer needs, delivering financial stability and environmental sustainability. To make progress in these areas the industry needs to address some key challenges:*

- 1. Providing freight capacity*
- 2. Delivering long term certainty of access costs*
- 3. Embracing digital technology where it delivers commercial gain*
- 4. Meeting Net Zero and*
- 5. Ensuring industry technical standards are appropriate and not over burdensome.*

*Providing freight capacity means ensuring that trains have efficient and reliable paths on the network. The amount of freight that can be moved by a set of wagons is directly influenced by the journey time. Time spend idling in yards, loops and sidings whilst short and frequent (and often lightly loaded) passenger services take priority is detrimental to freight efficiency having a negative impact on cost, vehicle productivity and competitiveness with road.*

*Providing freight capacity also means ensuring that there are enough modern, efficient (and increasingly, intelligent) wagons available to respond to the demand for existing and potential traffic. This requires wagon building capacity and the availability of skilled labour to produce the required vehicles. (see also Q5)*

*The track access regime based on 5 yearly reviews has a direct impact on confidence when any potential customer is considering investing in wagons or freight facilities. In particular the treatment of traffic deemed to be captive to rail has a negative impact on other traffic where investors fear that having invested, their business will also be deemed captive in the next review. This is a point made many times previously and in other consultations.*

*The EU is very focussed on delivering intelligent freight trains through the fitting of various items of digital equipment for location tracking, load monitoring and for monitoring the condition of vehicle equipment. The UK could benefit from embracing such technology but often the industry structure does not deliver the full benefits back to the investor. (see also Q4) A good example of this is the use of track friendly bogies. The higher cost of such equipment is borne by the wagon owner, whereas the benefits accrue to the infrastructure manager. Whilst reduced track access charges go some way towards rebalancing the books, the recompense falls short of what is required.*

*The Meeting Net Zero requirement is a potential barrier to investment if no obvious way of achieving it has emerged as we approach the target date.*

*The wagon sector is governed by a myriad of legislation derived from EU law and a suite of Group standards and advisory documents. It is important that these documents are amended where necessary to deliver for the UK market using the freedoms that Brexit brings. An example is the Noise NTSN which is derived from the EU Noise TSI and has some onerous provisions which should not be applied in the UK. These provisions around noise testing and the replacement of cast iron brake blocks impose significant cost to rail to solve a problem which does not exist in the UK.*

*We believe that the long term trends which are likely to influence these objectives are:*

- 1. Patterns of global trade*
- 2. The development of ever larger deep sea container vessels*
- 3. The requirements of ports to clear container ever more efficiently and the continued Developments in container size*
- 4. Trends in labour markets and the challenge of making lower skilled manual work attractive to young people.*
- 5. The level of infrastructure investment in the UK.*

## Meeting customers' needs

Rail industry customers broadly fall into two types: passengers and freight. The rail network provides important benefits to the customers who rely on it. The Plan for Rail says that passengers must receive high-quality, consistent services day in, day out. This means accessible, reliable journeys that are well connected with other transport services and include new customer offers at stations and on trains.

Since the COVID-19 pandemic began, the rail freight industry has shown its resilience and agility, working to transport food and medical supplies around the country. This example, and others given in the Plan for Rail, highlight how important rail freight is to our economy now and in the future, and how we will develop growth targets for freight that will be included in the Strategic Plan. The Plan for Rail says of freight: 'national co-ordination, greater opportunities for growth and strong safeguards will put rail freight on the front foot.'

*When considering your responses, please take account of the likelihood of changes in levels or patterns of passenger and freight demand over the next 5, 10 and 30 years, what that would mean for the rail system, and what will the interventions be over that period that will provide the maximum value for money.*

### Question 2

- a) Passenger: how will rail passenger expectations, including accessibility requirements, evolve over the coming 5, 10 and 30 years, what will be the driving causes of these changing expectations, and how can they be most effectively met by the rail sector?
- b) Passenger: in your experience, how can we most effectively monitor and assess customer satisfaction? What is a stretching yet realistic ambition for this objective and what measures can we most effectively use to consider success over the coming 5, 10 and 30 years? What evidence can you share to support your view?
- c) Freight: what evidence can you provide regarding the advantage(s) of transporting goods by rail and what evidence can you share for how that could develop in the next 5, 10 and 30 years? What do you consider to be the most effective role for rail freight in the existing supply chains served and those that it doesn't? How could this change over that period? In answering, please explain and take account of likely developments in technology and in the wider economy.
- d) What is a stretching yet realistic ambition for this objective and what measures can we most effectively use to consider success over the coming 5, 10 and 30 years? What are the interventions over that period which will be the maximum value for money, and what evidence can you share to support your claim?



Type your answer here or attach relevant documents to your email.

Please note the corresponding document titles or references for any attachments in this box.

*The advantage(s) of transporting goods by rail are well known and subject to numerous studies in recent years. It has been calculated that railfreight generates benefits to the UK economy of almost £2.5 billion each year and its role in serving the nation during the pandemic was widely acclaimed by Government.*

*Meeting customer needs requires a value for money, reliable offering as part of an integrated, commercially focused, supply chain. Moreover, customers expect services to be provided in a safe and sustainable manner, something the freight sector is especially focussed on at present. Providing accurate information on consignment location and condition will become more of an expected component of good service. These can be delivered by the adoption of technology within the wagon sector.*

*It is worth highlighting here that the freight business (other than the infrastructure wagon fleet) is a private sector, commercial enterprise operating in a highly competitive environment where margins are slim. (see Q 4)*

## Delivering financial sustainability

Rail is both a public service, supported by the taxpayer, and a business, run by private operators, with paying passenger and freight customers. The railways have received unprecedented levels of public support throughout the pandemic, protecting the essential services that people, including commuting key workers, rely on. As the recovery and rail reform gains pace, as with all areas of public expenditure, there is an onus on the rail sector to ensure value for money for users and taxpayers in how funds are used, and it must harness the incentives of the private sector to deliver the service in the most cost-effective way.

The railway, accordingly, must seek to deliver infrastructure and services more efficiently, in order to maximise beneficial outcomes while balancing costs against revenue and taxpayer funding. This is more than just a short-term issue: we are clear that reducing the cost of the railway, increasing efficiency including through innovating with private partners, and achieving a better deal for users and taxpayers is a critical priority over the next 30 years.

*When considering your answer to the question below, please consider how we can support greater efficiency (such as joined up operations), innovation, alternative sources of funding and/or cost base reduction. Similarly, what steps you would propose to improve the efficiency and reduce the cost of infrastructure projects, operation and maintenance, and what evidence you have to support your response.*

### **Question 3**

Where are the most significant opportunities and barriers to delivering financial sustainability in the rail sector over 5, 10, and 30 years and how do we achieve/overcome them? How can we most effectively monitor and assess this? What is a stretching yet realistic ambition for this objective and what measures can we most effectively use to consider success over the coming 5, 10 and 30 years? What are the interventions over that period which will be the maximum value for money?

Type your answer here or attach relevant documents to your email.

Please note the corresponding document titles or references for any attachments in this box.

*Financial stability in the freight sector is far from guaranteed with profit margins amongst the major players being slim, posing an existential risk to the freight operation.*

*With strong competition from road haulage and significant load transfer costs in multi-modal freight operations, being competitive requires the slimmest of margins in the rail sector. Without increased recognition of externalities in road transport, rail freight participants will struggle to achieve financial stability and generate the investment required for future growth. Increasing fuel and labour costs and the removal of some caps on track access charges in CP7 all pose a significant threat to the continued operation of railfreight.*

*We believe that a healthy wagon sector is essential to underpin the railfreight offering needed to support the long term economic growth of the UK, but it too faces cost pressures and slim margins. With customers often looking at short time horizons but the wagon assets lasting for 20 years and more, there is an element of risk to new builds which cannot easily be offset.*

*Leasing charges provide a significant challenge to the financial sustainability of the freight sector. Actions to reduce the finance costs of the lessors should be a high priority and initiatives such as implementing the Luxembourg Rail Protocol (LRP) should be strongly supported. The LRP is an international treaty that the UK Government has signed but has not yet implemented into law. Once in force it would facilitate more and cheaper private finance to support new rolling stock procurement, lowering barriers to entry for smaller, lightly capitalised operators and creating greater choice and flexibility for the freight wagon sector in the cost and type of funding available to it.*

*By harmonising security law over rolling stock, the Luxembourg Rail Protocol makes investment risk in railway wagons more easily understood by investors. This in turn makes the assets more attractive to new investors such as pension funds and other equity investors. Rolling stock becomes seen as a more stable asset as far as investment managers are concerned.*

*All of the benefits of the Luxembourg Rail Protocol are expected to be available to the UK rail sector imminently and certainly within the next 5 years.*

## Contributing to long-term economic growth

Rail helps to boost productivity and growth through improved connectivity and job creation, enables supply chains, delivers goods to businesses and consumers and directly employs over 240,000 people (source: the rail sector in numbers). Among other factors, such as population growth, long term economic growth is influenced by emerging technology, and innovative, more effective ways of thinking and doing things. Over the next 30 years, wider economic, social, environmental and technological trends will change the role rail plays in our economy. It will be for the whole sector to demonstrate that it cannot only continue to deliver wide economic benefits in the face of a changed economy but that it can find new ways to catalyse growth and prosperity.

*When considering your answer to the questions below, please share examples of any relevant local, regional and national growth and productivity, and examples of innovations and technology from the UK and abroad, research into trends that may influence rail's contribution to economic growth, and/or new ways of thinking that should be used in or for the rail sector over the coming 5, 10 and 30 years.*

### **Question 4**

- a) As Britain recovers from the effects of the COVID-19 pandemic, what evidence do you have for how rail can contribute to wider economic growth over the next 5, 10, and 30 years? What is a stretching yet realistic ambition for this objective and what measures can we most effectively use to consider success over the coming 5, 10 and 30 years? What type of interventions over that period will provide maximum value for money from rail's economic contribution, and what evidence can you share to support your views?
- b) In the context of enabling development and regeneration opportunities both in the immediate vicinity of stations and within the surrounding area, how can rail best facilitate improvements to places and local growth, through improved connectivity and unlocking commercial activity, housing, and employment over the next 5, 10 and 30 years?
- c) What innovative and modernising ideas do you have which would benefit the railway while supporting the strategic objectives? Please give evidence and make reference to how they would maintain or enhance the railway's safety record.

Type your answer here or attach relevant documents to your email.

Please note the corresponding document titles or references for any attachments in this box.

*Rail can contribute to wider economic growth by taking the increased traffic generated and relieving the bottlenecks which will otherwise occur on the road network as trade increases. This was seen during the pandemic as better access to the network was afforded by the slimmed down passenger service.*

*Funding Technology; there are technological solutions to some issues such as the monitoring of wheel condition which could be applied to the freight sector. These may enhance the railways safety record by enabling the earlier detection of wheel problems and preventing network disruption.*

*Whilst there is lineside wheel condition monitoring equipment installed already at several locations, many suffer from reliability issues. In the case of Hot Axle Box Detectors, some of the functionality is switched off. We believe that this needs to be addressed urgently to ensure that the incidence of derailments such as that at Llangennech is reduced. We believe that the Infrastructure Manager should investigate further new technology options for the lineside monitoring of axles, brakes and bearings.*

*The wagon sector can also contribute to the use of technology to enhance safety but the fragmented nature of the industry means that the costs and benefits from such investment are not brought together. For example, a piece of kit which reduces track damage may bring benefits to the Infrastructure Manager whilst the cost of providing it is borne by the wagon owner. The industry needs to find a method of cost:benefit share which makes such investment possible.*

*The EU rail freight sector is actively pursuing the adoption of Digital Automatic Coupling (DAC) which it sees as crucial to achieving growth in modal share to its 30% target. The adoption of DAC in the UK could propel the freight sector into a new era as it would lay the foundations for future brake and wagon enhancements, integration with ETCS and better consignment monitoring. The cost of DAC is however such that it requires state subsidy – a point that is widely accepted in the EU. Without it, the UK wagon sector will fall behind Europe significantly, remaining with a low technology offering, losing opportunities to develop safer, better freight. Not adopting DAC will also make the roll out of Level 3 ETCS much more difficult.*

*Skilled Labour: there is a shortage of labour in the wagon sector, just as other sectors are finding. Some of this is due to training, the work aspirations of the current generation and the thrust of the educational curriculum away from vocational work. Action is required from sector participants and government to deliver vocational training and recognition schemes which support the next generation of wagon fitters*

*and engineers. The present offerings seem to concentrate on graduate entry training and fails to deliver this important need.*

## Levelling up and connectivity

The Secretary of State for Levelling Up has outlined four key outcomes on which the government will focus:

- Empowering local leaders and communities;
- Boosting living standards by growing the private sector and improving productivity and connectivity;
- Spreading opportunity and improving public services; and
- Restoring local pride.

Rail has an important part to play in working toward these outcomes, and particularly so in connecting the nations, regions and communities of the UK. Improved rail links can connect people to jobs, education and skills, high-quality housing, social opportunities, services, and green spaces, as well as encouraging the growth of businesses, and attracting leisure visitors into an area. Improving stations and surrounding areas can also act as a catalyst for regeneration and development and a cause for local pride.

At present, usage of rail differs widely across the UK; before the pandemic, almost two thirds of all rail journeys made were in London and the south east ([Rail Sector in Numbers report from 2019](#)).

*When answering your questions, consider the ways in which rail can be used to improve connectivity and local economic growth over the next 5, 10, and 30 years.*

### **Question 5**

- a) What evidence can you provide for how the rail sector contributes to the four levelling up outcomes and to improving connectivity across Great Britain, including through cross-border services? How does this change depending on the type of place where the sector operates (including in cities, towns and rural areas), and what are the most cost-effective ways at the sector's disposal to improve that further during the next 5, 10, and 30 years?
- b) How could the rail industry, over the next 5, 10, and 30 years, become more responsive to, and more accountable to, local communities and passengers? Please give evidence and examples in your response.
- c) What is a stretching yet realistic ambition for this objective and what measures can we most effectively use to consider success over the coming 5, 10 and 30 years? What are the interventions over that period which will be the maximum value for money, and what evidence can you share to support your views?

Type your answer here or attach relevant documents to your email.

Please note the corresponding document titles or references for any attachments in this box.

*Levelling up: in recent years there has been significant investment in rail vehicle facilities in the North of England (eg Newton Aycliffe, Doncaster) made possible by generous passenger franchise agreements with DfT.*

*By contrast, the UK wagon sector has just one builder, based in the East Midlands. Investment in this and other facilities could provide skilled work and the wagons the UK needs and in areas which have seen a decline of traditional industry. Moreover, investment in UK wagon building and testing facilities will be essential for delivering the increase in the wagon fleet required to meet the freight growth targets in the next decade.*

*Building new wagons abroad may not be an easy option in future as many EU wagon builders will have full order books as the EU strives to achieve its target for growth in rail modal share to 30%.*



## Delivering environmental sustainability

The Plan for Rail commits to the creation of a comprehensive environment plan that will establish rail as the backbone of a cleaner future transport system, one that aims to protect and enhance biodiversity and the natural environment. That plan, the Sustainable Rail Strategy (SRS), will be one of the inputs to the Strategic Plan, and will build on and develop a strategy for achieving the policy commitments set out in both the UK's [Transport Decarbonisation Plan](#) and the [Rail Environment Policy Statement](#) that were published in July 2021, as well as the Net Zero Strategy from October 2021.

In addition to tackling the causes of climate change, the rail network must also be able to adapt to the changes already being seen. This means preparing for the impact of extreme weather events and increasing the resilience of the rail network to the impacts of these events – for example, flooding.

*When answering your questions, consider the ways in which rail and the rail estate can contribute to wider national and regional environmental policy agendas, support decarbonisation, conserve and enhance biodiversity, improve air quality and increase renewable power generation.*

### **Question 6**

- a) What is a stretching yet realistic ambition for this objective and what measures can we most effectively use to consider success over the coming 5, 10 and 30 years? What are the interventions over that period which will be the maximum value for money, and what evidence can you share to support your views?
- b) What use can the rail sector make of emerging or existing technologies to reduce its impact on the environment and enhance biodiversity over the next 5, 10, and 30 years, and, in a proportionate and cost-effective way, help national and regional authorities to meet their environmental objectives?
- c) How can rail best invest in climate resilience, supported by smarter forecasting, planning and technology, over the next 5, 10, and 30 years and what evidence do you have to support your view?

Type your answer here or attach relevant documents to your email.

Please note the corresponding document titles or references for any attachments in this box.

*Rail freight is acknowledged as the most environmentally friendly form of transport with each train displacing as many as 70 lorries from road. Despite this, modal share in the UK remains significantly lower than in the rest of Europe. Following Brexit, the sector has no access to EU Green Deal funds and is significantly disadvantaged in several areas. Responding to a potential 31% increase in domestic freight will be impossible for rail unless several significant obstacles are removed, in particular access to the network, skilled labour and funding for the adoption of technology.*

*In the short term the environmental impact of rail freight services could be reduced in several ways:*

- *Better pathing with less time for diesel locomotives idling in sidings, yards and loops*
- *Replacing older, smaller wagons with larger, modern equivalents*
- *Utilising all opportunities to run longer, heavier trains*
- *Introducing Investment in better, cleaner engines*
- *Adopting start/stop technology, and*
- *more route electrification, including branches to significant freight locations.*