

A summary of the government announcement on CP7

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Rail Business Daily's Advisory Director, Martin Little, has summarised the recent government announcement on CP7

In its statement published 05 December 2022 the UK Government sets out what it wants to achieve in the Operations, Maintenance and Renewal of the railways in England and Wales during Control Period 7 that runs 01 April 2024 to 31 March 2029.

The headline budget for the period is £44 Billion, comparable to CP6 (£47bn). The supporting Statement of Funds Available points out this does not include costs of the GBR transition.

A High-Level Output Specification (HLOS) sets out how Network Rail will continue to deliver and maintain the rail infrastructure. The statement does not enter detail of how the funding will be allocated, this being the duty of Network Rail and other stakeholders. With passenger numbers starting to return towards pre-COVID levels, and freight services increasing, there is renewed commitment from the Secretary of State for the UK railway's continued modernisation, while returning value for the UK taxpayer as part of long-term growth and levelling up strategy. Indeed, long-term asset stability as a core contribution to the

growth of the UK economy can be seen as central to Network Rail's CP7 planning.

Cohesive future-proofing

System-wide opportunities to improve whole system outcomes are foremost, at lower cost (more for less or the same) and with demonstrable alignment between operators' and infrastructure business plans.

Strong, evidence-based analysis for planning and procurement, not just for the network itself but as part of the broader transport infrastructure, should be customer-driven, inclusive and sustainable, particularly at regional level, where local economic welfare should be seen as a priority. The long-term financial stability of the railway should take into account the future economic growth its strategies deliver.

Asset management should therefore identify services that justify higher ongoing levels of service and support in what the document refers to as 'key revenue generative flows.' This extends to inclusion of local regeneration plans within greater infrastructure planning, in which rail forms a crucial role, and for which Government is to publish a guidance document for local authorities prior to CP7.

Efficiency and financial stability

Aside from the unsurprising presence of innovation and efficiency, clear evidence of productivity and a better understanding of costs prevails. 'Ambitious yet realistic' approaches are encouraged where achievement of further efficiencies has been maximised.

Network Rail's accountability seems particularly in scrutiny. Properly scoped costs by Network Rail prior to commencement of projects that support efficient delivery is a clear mandate. Business-as-usual efficiency gains shall not be "baselined" against previous Control Periods, nor should costs nor adverse financial consequences simply be passed onto other parties as routine in delivering financial performance. Significant and tangible reform shall be delivered through the mandate of Great British Railways and industry co-operation.

A more robust approach to contractual and commercial practice is also placed upon Network Rail to ensure that liability for cost and overrun sits with the appropriate party.

Safety

Broadly, strong levels of safety are recognised and are to be continued and enhanced as a priority, making best use of risk-reducing technology. Level crossings continuing as a focal point, alternative solutions are to be sought and progressed within the funding envelope itself.

Performance and reliability

Minimised disruption and punctuality of services should support the public's choice of rail as a mode of transport. Efficiencies to timetabling should be executed without disruption to customers.

Network Rail's devolved route structures will remain central to all delivery mechanisms, with passenger

and freight operators, the Office of Rail and Road, and customer representatives involved in determining outcomes that seek value for all parties.

Asset management is focused on signalling and control room decisions as the greatest potential contributor to whole system performance.

Freight growth

Reasonable demands from operators should be supported by Network Rail within finances and capacity. It is for operators to run additional services but that 'stretching yet realistic targets' should be achieved, in which Network Rail will be held accountable for growth.

Network Rail's business plan should deliver reliability of services specific to rail freight's mechanism of supporting national supply chain resilience and reducing environmental impacts.

Climate change and decarbonisation

Long-term strategies encourage and influence future investment in the railway. Cross cutting commitments to the Government's sustainability and environmental Net Zero targets are to be maintained, against which measurement and management of whole-life carbon for all schemes (construction, renewal and maintenance) are to be monitored throughout the product lifecycle. Decreasing volume of materials, adopting low-carbon technologies and operational efficiencies are encouraged alongside nature-based solutions to deliver biodiversity per the Rail Environment Policy Statement.

Maintaining and enhancing resilience of earthworks and water management systems through extreme weather is central to Network Rail's CP7 spend plan and shall be reviewed by each of its regions. Adaptation of previous plans should be prioritised in collaboration with relevant stakeholders.

Technology and skills

Expanding the network's digital operation, continued rollout of ETCS is specifically mentioned for signalling renewals. Aligned with the Rail Safety and Standards Board (RSSB) clear progress reporting by Network Rail is required throughout. This includes planning for cab fitment on vehicles throughout CP7. Across this activity in particular there should be a robust efficiency challenge to reduce costs and maximise value.

Continued research and development is mentioned in familiar terms, through the RSSB and the academic bodies, but requires more robust reporting, evaluation and accountability. Equally, workforce reform and sustainability needs better reporting and validation of use of resources.

Supply chain resilience

A strong private sector supply chain will invest in productivity, skills, decarbonisation and contribute to the greater national economy. Instruction for clear evidence of Network Rail working collaboratively with its supply chain and exercising its role as an engaged client concludes with a need to be more 'open for business.'

The expectation is that one third of CP7 outsourcing spend is to be through small to medium sized enterprises, either directly or indirectly. For optimal outcomes Network Rail is charged with a clear approach to promoting pipeline visibility, particularly around local opportunities. Importantly, timely notification of such is referenced, with reliability of project timelines and execution providing confidence and stability for the supply chain and limiting disruption.

Conclusion

Funding for the railways is maintained. However, there is a strong caveat in Network Rail's accountability. Management of risk, continued delivery of high profile projects and the ongoing maintenance and enhancements of all services expects strategies that deliver inclusivity, lower cost and higher value.

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