

Rail Delivery Group



National Rail



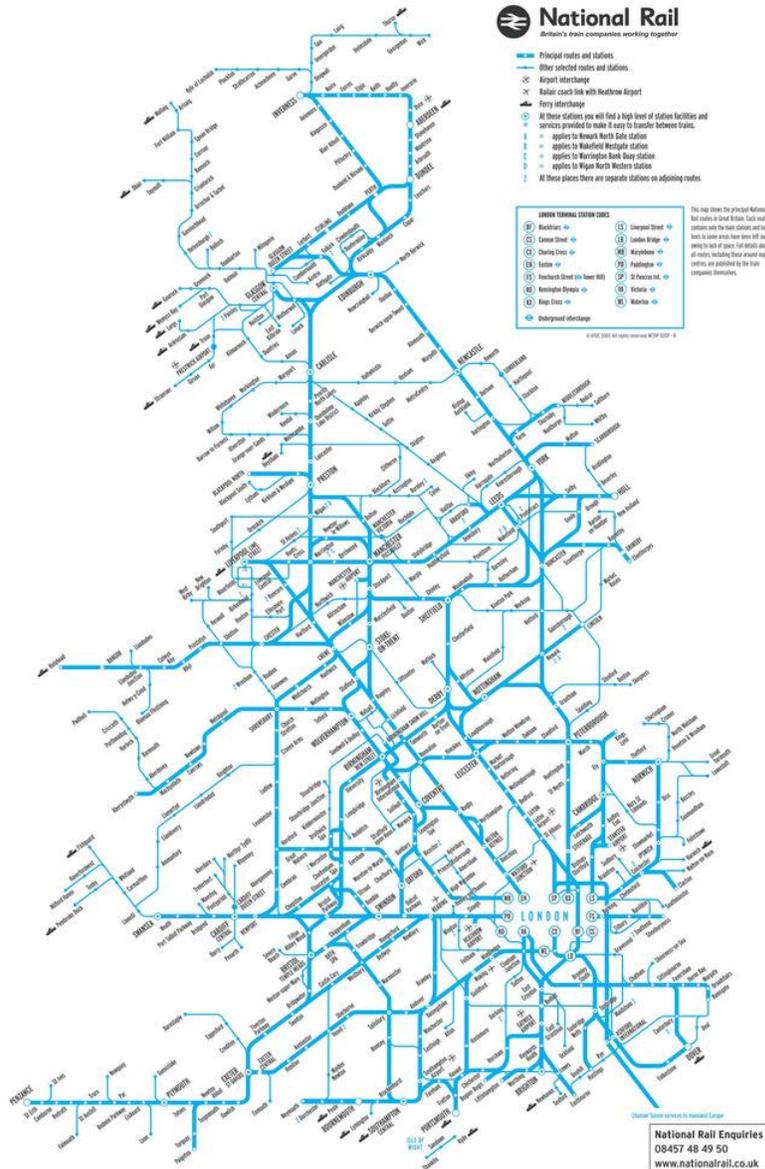
BRITAIN
RUNS
ON RAIL

An Introduction to Rail

- Rail industry
- Role of RDG
- Q and A



The GB Rail Network



User benefits for passengers and freight from travelling on rail are
UP TO £16.7BN PER YEAR



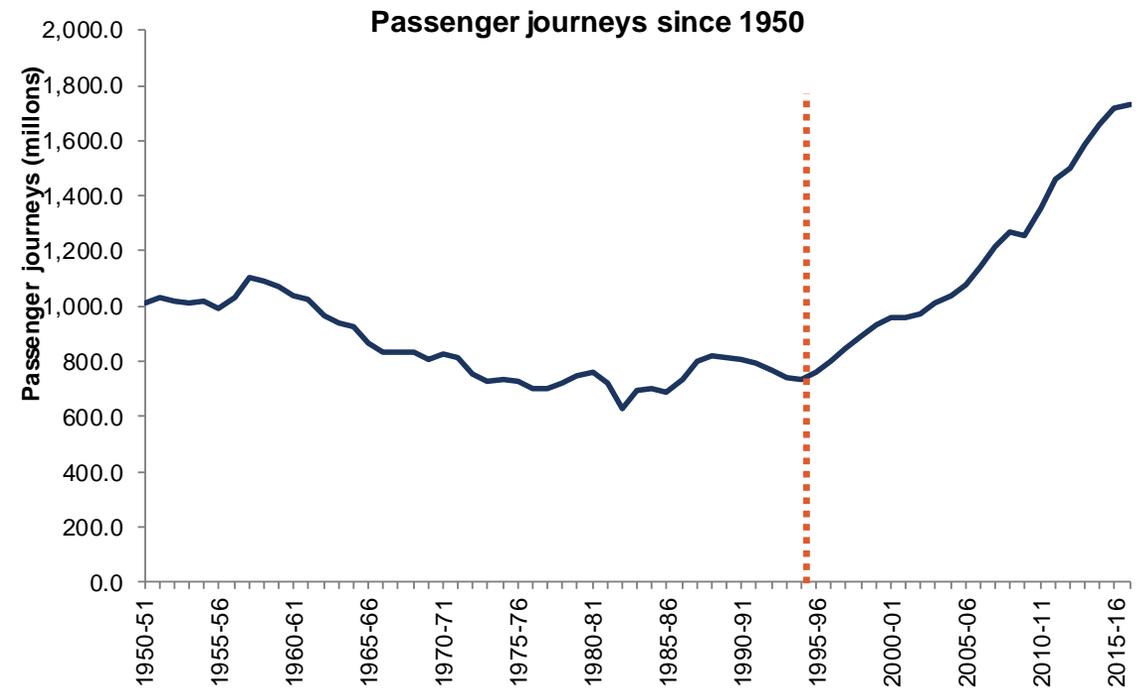
The rail industry & its supply chain employ
UP TO 240,000 PEOPLE



The rail industry & its supply chain contributes
UP TO £10.4BN IN GVA PER YEAR

Where we have come from

- Liberalised 20 years ago
- Passenger journeys have more than doubled
- Freight has had some of the strongest growth in Europe
- We have achieved this whilst maintaining high safety standards, second only in Europe to Luxembourg.



Key Players in the Rail Industry



- Infrastructure management (NR, HS1, HS2) separated
- Operators
- Regulator (ORR)
- Government (DfT)
- People (240,000 employees)

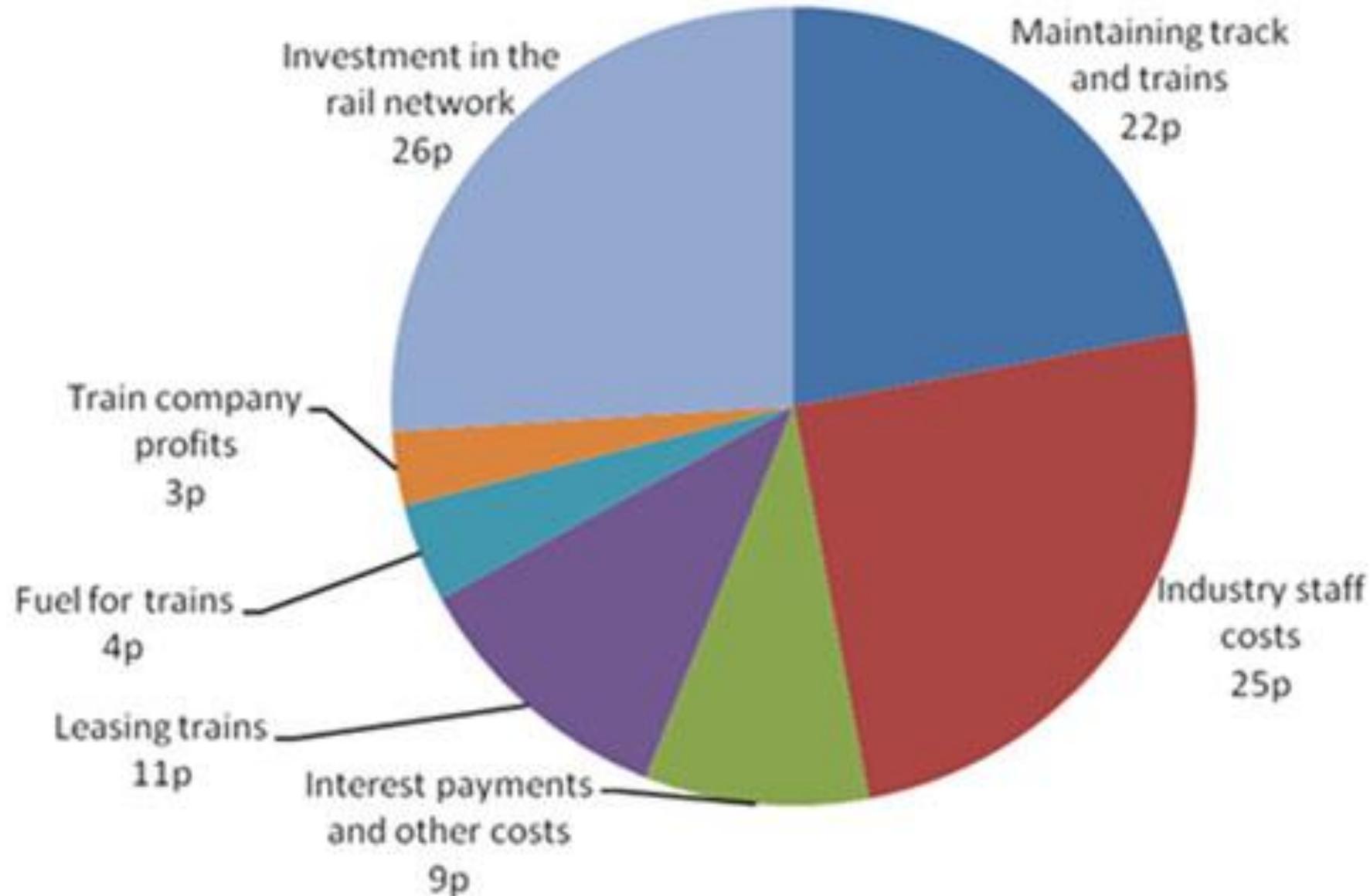
Rail Franchises

- Competition for the market:
 - 16 franchises
 - 7 to 10 years length
 - System has evolved
 - Government procurement
- Competition in the market:
 - Open access operators



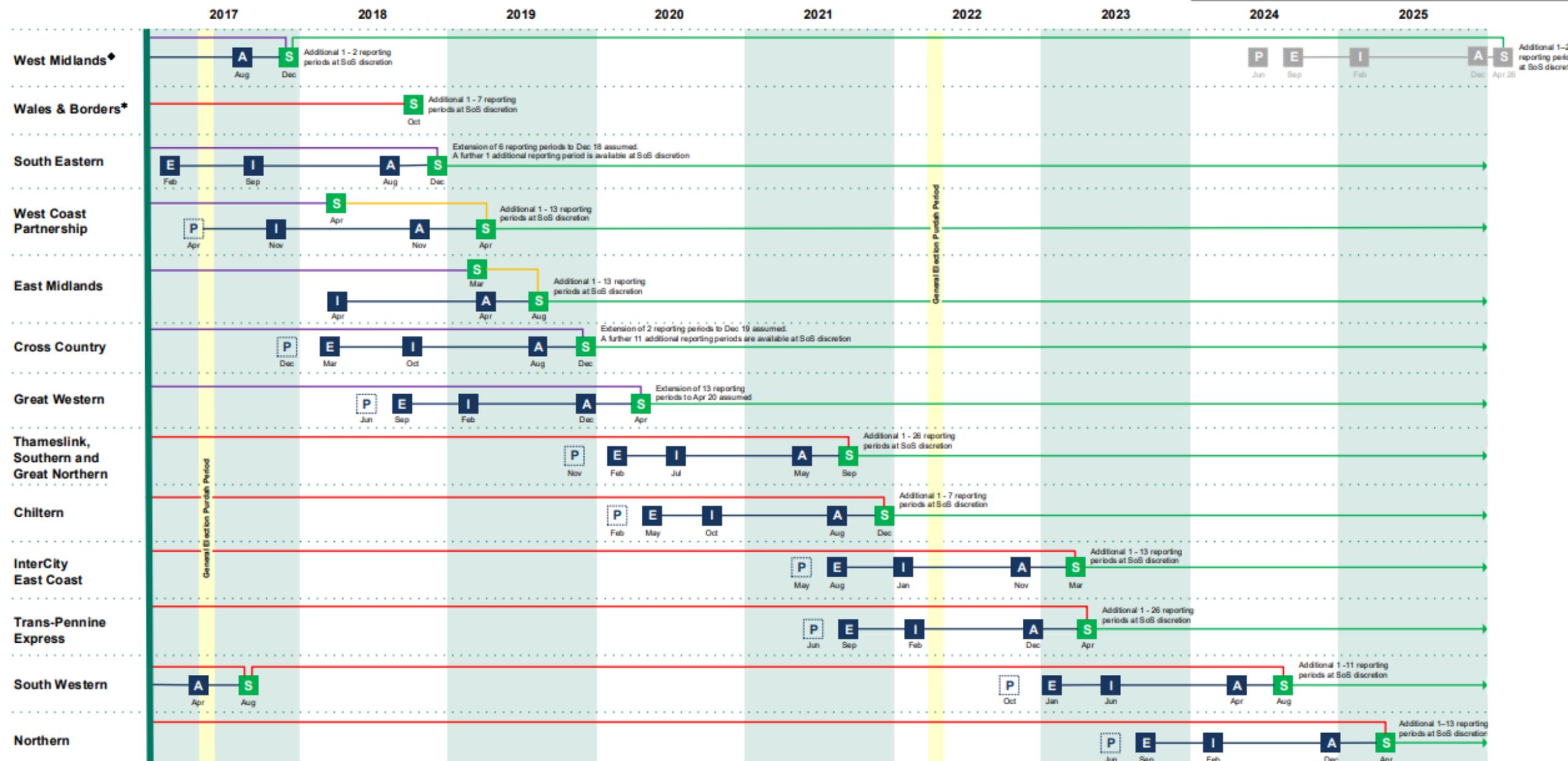
- A franchise is the right to run specified services
- Franchisees earn revenue primarily from fares and subsidy.
- Main costs are:
 - track access charges to NR,
 - employing staff,
 - leasing stations,
 - leasing of rolling stock.
- *RDG role: Developing a sustainable contractual framework for the procurement of passenger services to ensure best value for the taxpayer and the customer.*

97p from every pound generated by train operators goes towards running and improving the railway



Rail Franchise Schedule

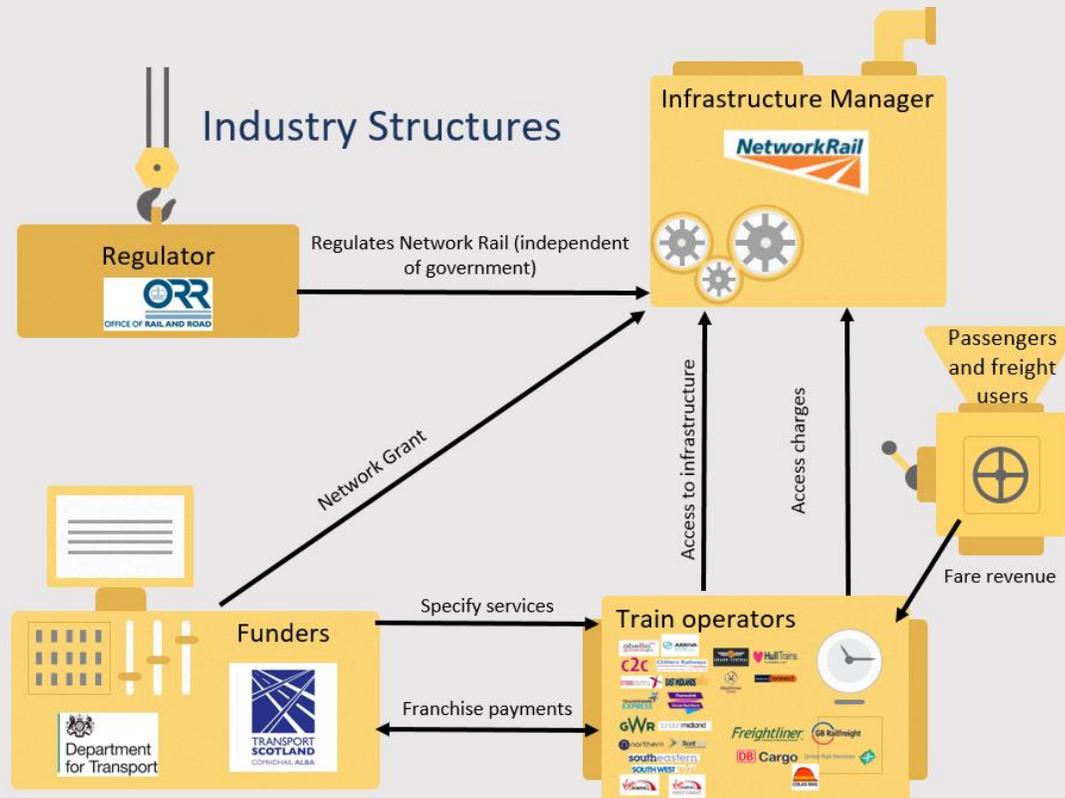
P	PQQ Passport Application Date (Deadline for non-passport holders)	Current Franchise
E	Issue of Franchise EOI	Direct Award - Contract signed
I	ITT (Invitation to Tender) Issued to Shortlisted Bidders	Direct Award - Planned
A	Contract Award	New Franchise
S	End of current Franchise Agreement / Start of new Franchise Agreement	Key Deliverable process link





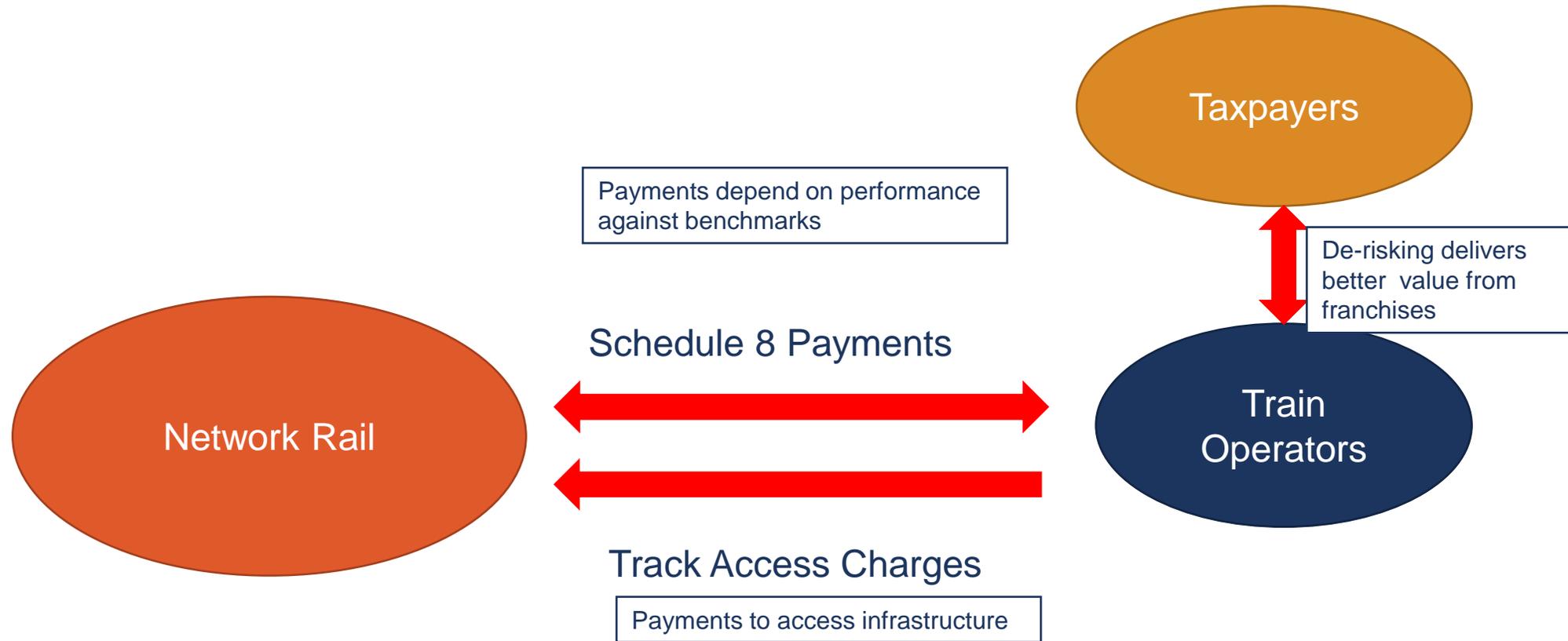
- 8 geographical routes and 1 FNPO route
- Network Rail maintains and develops Britain's rail tracks, signalling, bridges, tunnels, level crossings and many key stations
- Most Stations not managed by Network Rail are run by the train operator
- HS1 operates the high-speed infrastructure between London St Pancras and the Channel Tunnel
- HS2 will be the infrastructure manager for the new infrastructure between London Euston and the North of England

Industry structures and money flows

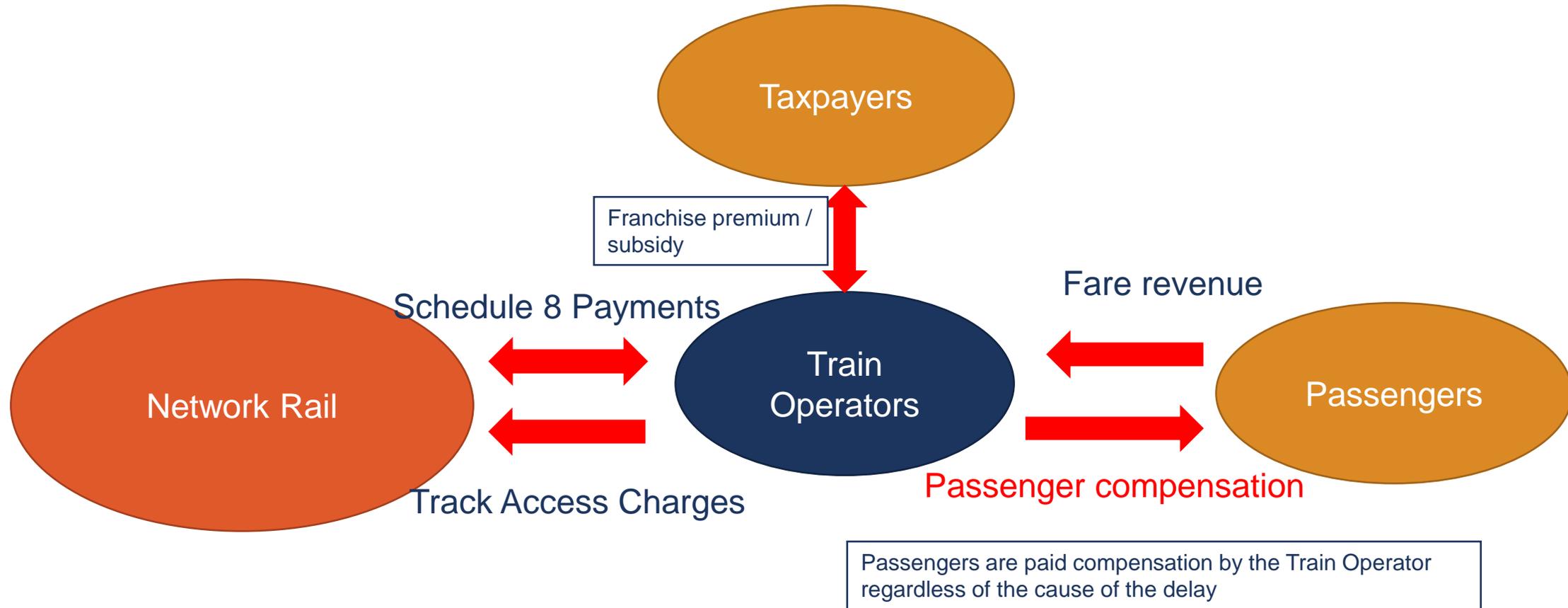


- Strong, independent regulation
 - Office of Rail and Road
- Funders
 - Government (DfT)
 - Transport Scotland/TfL
- Network Grant
 - £4.2bn
- Franchise payments
 - Mixture of payments and subsidies

Contractual compensation – Schedule 8



Customer is compensated



- Congested network

- In GB the network utilisation rate is about 60% higher than the EU average. The saturation of the network and continued demand increase mean that individual delays have a greater impact requiring more investment. **The industry is delivering £50bn+ investment in the next decade in part to address capacity.**

- Aligned incentives

- Developing consistency between the charges and incentives regime set by ORR, the incentives set by DfT in franchises and the incentives set by the fares and ticketing regime. **RDG is leading the industry in reviewing incentives and how they can be aligned between infrastructure manager and operator.**

- Sustainable operating models

- Understanding competition for and in the market and how different finance structures could support greater investment. **The industry has a working group looking at alternative financing.**

- Passenger information

- Putting in place clear and consistent information for passengers, particularly in times of disruption. **The industry is introducing the most transparent performance and punctuality measure in Europe.**

- Smart, simple ticketing

- In GB the fares structure is complex and inflexible due to regulation put in place at the point of liberalisation. **By the end of 2018, customers will be able to use mobile phones as tickets on seven out of 10 journeys.**

FARES STRATEGY STORYBOARD

Present State

Customer Expectations

Challenges

The Opportunity

The Future

Much of the industry regulation that has been in place since privatisation is obstructing rather than facilitating consumer understanding of fares. E.g. 1996 regulation was a temporary fix left in place for 20+ years.



Customers want fares to be simple, tailored to them and confident that they are paying the right price.



This will enable the commercial freedom and innovation necessary to ensure we can meet the customer needs of trust and simplicity in the fare structure.



Customers think in terms of buying a journey between one place and another but the industry tends to design and sell products.



But the split between franchising, TOC contracts and network requirements have stifled innovation and the industry's ability to meet customer needs.

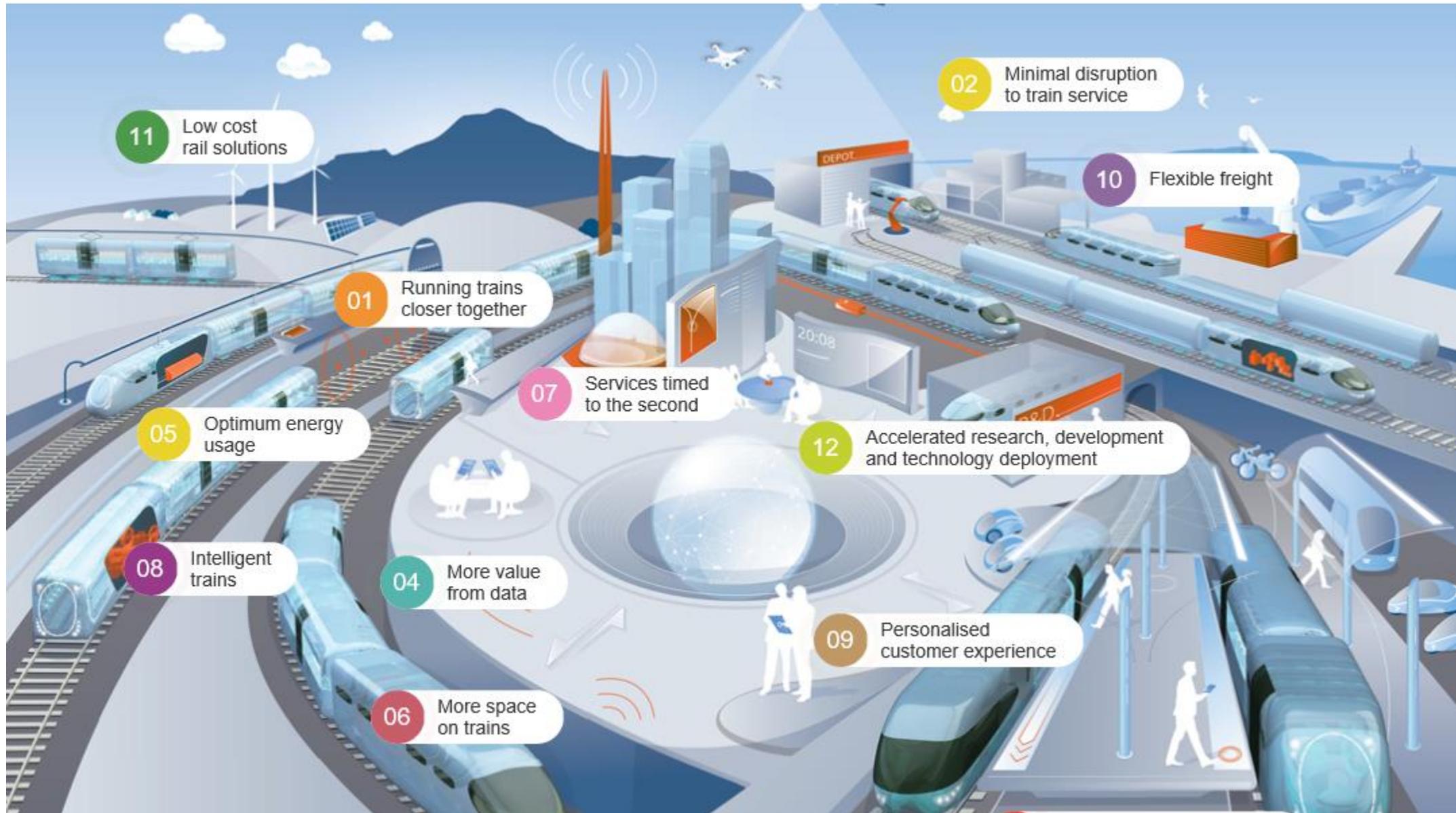
Therefore, the Industry will lead an effective, joined up and far reaching strategic approach to significantly reform fares.

Our challenges: HS2



- Minimising disruption during construction
- Ensuring good integration with “classic” rail network
- Maximising opportunities for freight and passengers
- Embedding industry best practice
- Skills, innovation and technology

Harnessing technology: the Rail Technical Strategy



- The Rail Delivery Group (RDG) brings together all the companies that run Britain's railway into a single team with one goal to deliver a better railway.
- Working together as one railway, we published *In Partnership for Britain's Prosperity* our long term, joint industry plan.
- Our vision for RDG – to be a unifying and challenging force for change with an influential voice.



Externally Facing Visions

Customer Experience

A railway which has the **customer at the heart** of every interaction and the capability to provide **consistent relevant experiences** making it great for Britain, the Industry and customers.

Today's & Tomorrow's Railway

A **modern, planned, continuously improving** railway that fulfils **customers' needs** and generates **economic growth** by connecting businesses, communities and people.

Industry Reform

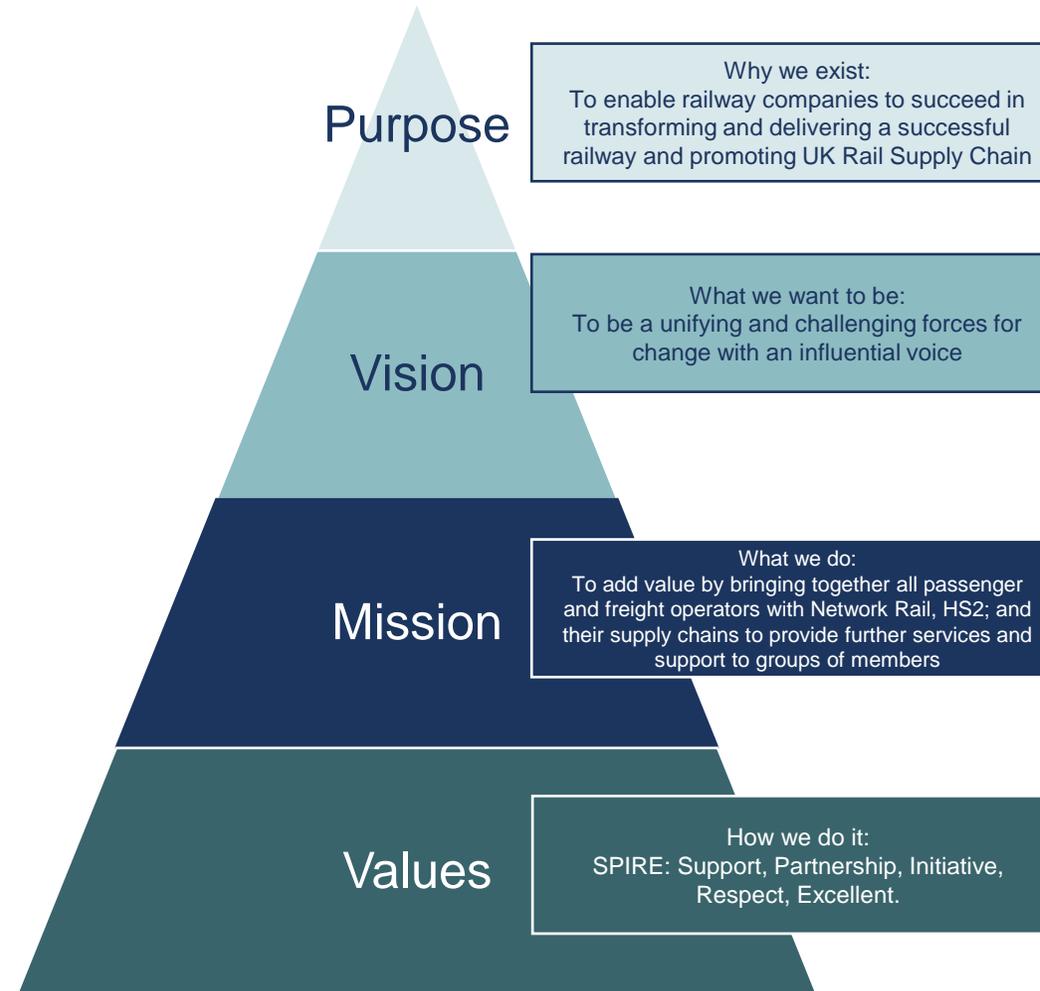
Enabling vibrant **markets** to **work** in a **joined up** way for **customers, the economy and businesses**

Communications & Engagement

A **clear mandate** from government and public to succeed as **one railway** connecting businesses communities and people

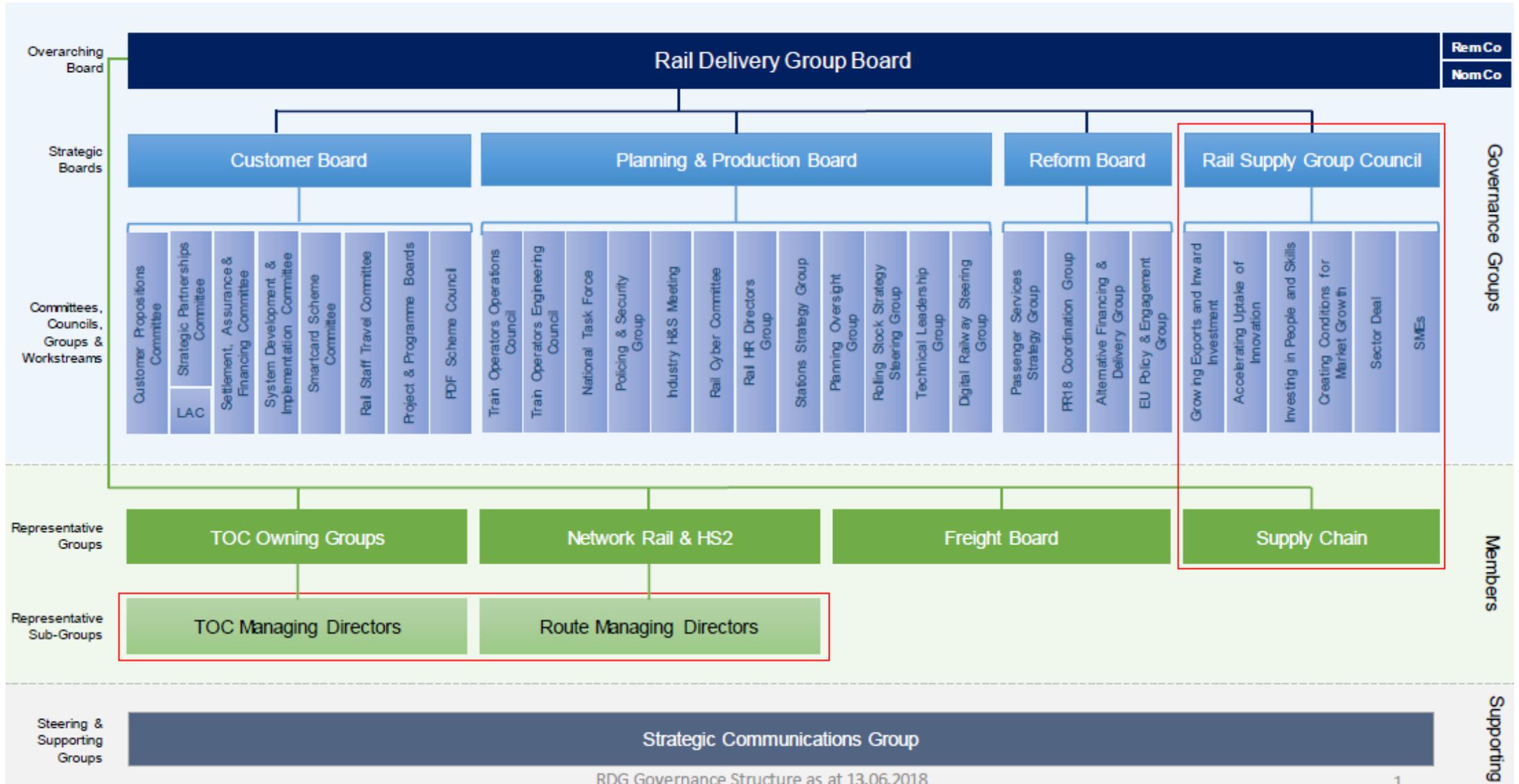
Rail Supply Group

Maximising the growth potential of the UK rail sector



RDG governance architecture

Tom Ollason
Project Engineer



In Partnership for Britain's Prosperity – 4 Commitments

Rail Delivery Group



- Commitment 1: strengthen the railway's contribution to the economy, keeping **running costs in the black**, freeing up taxpayers' money.
- Commitment 2: **increase customer satisfaction** by improving the railway to remain top-rated major railway in Europe
- Commitment 3: **boost local communities** through localised decision-making and investment.
- Commitment 4: **create more jobs**, increase diversity and provide our employees with rewarding careers



**In Partnership For
Britain's Prosperity**

*The rail industry's plan to secure growth across our country
Together we are changing, investing and improving for Britain*



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IN PARTNERSHIP WITH *Rail Delivery Group*

ONE RAILWAY:

DIGITALLY CONNECTING
THE NATION

[Click here](#) for an
introduction video

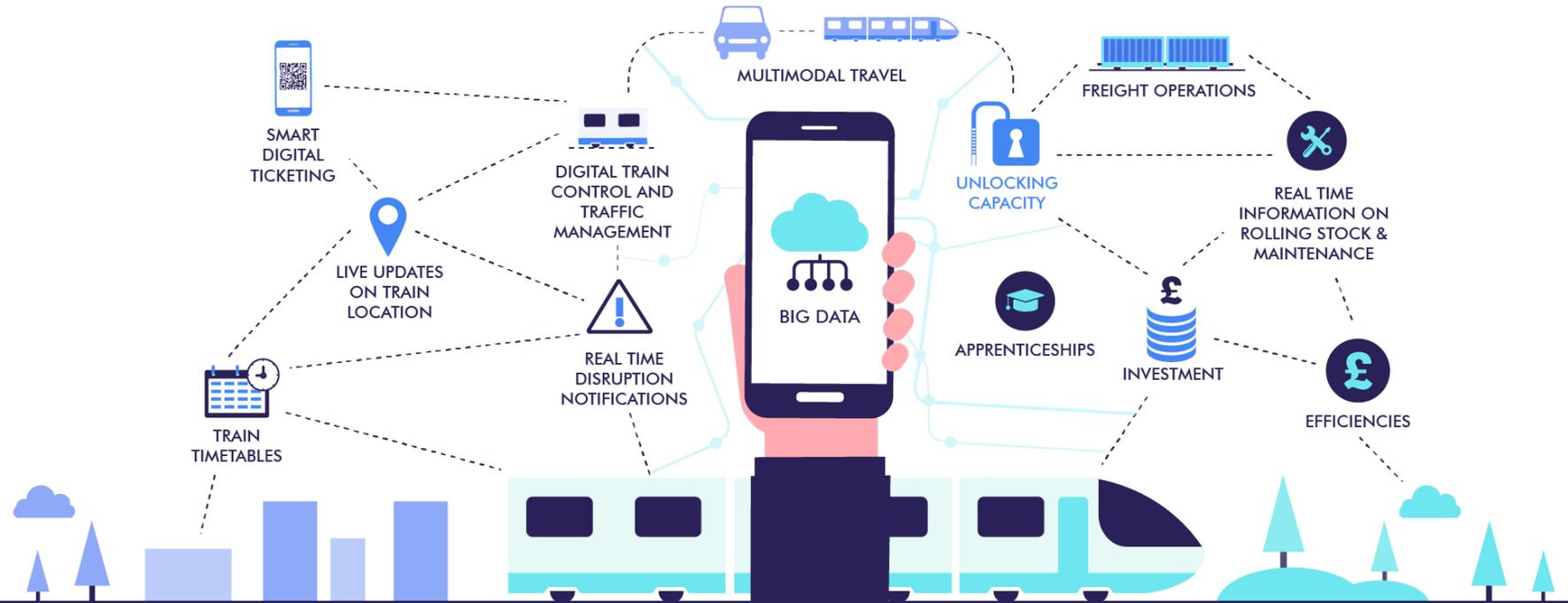


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IN PARTNERSHIP WITH *Rail Delivery Group*

- ***“Our aim is to improve living standards and economic growth by increasing productivity and driving growth across the whole country.”***

CORE PILLARS



1

TRANSFORMATION THROUGH DIGITALISATION: UNLOCKING CAPACITY AND CONNECTING COMMUNITIES

2

SIGNIFICANTLY ENHANCING CUSTOMER EXPERIENCE: PIONEERING INTELLIGENT MOBILITY

3

DELIVERING A SUSTAINABLE UK RAIL SECTOR: SUCCESSFUL AT HOME AND ABROAD

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