

RAILWAY ENGINEERS FORUM

Response to the Office of Rail Regulation on the proposed formalisation of the Rail Delivery Group.

The Railway Engineers Forum (REF) is a multi-disciplinary body drawn from those Professional Institutions with strong railway interests:

- The Institution of Civil Engineers (ICE)
- The Institution of Engineering & Technology (IET)
- The Institution of Mechanical Engineers (IMechE)
- The Institution of Railway Operators (IRO)
- The Institution of Railway Signal Engineers (IRSE)
- The Permanent Way Institution (PWI)
- The Railway Civil Engineers Association (RCEA)
- The Chartered Institute of Logistics and Transport (CILT)

The aim of the REF is to harmonise the various strengths of the constituent Institutions in devising and implementing their programmes of activities in support of the railway community. This will encompass conferences, seminars, lectures, training, information services, publications and statements of policy to Government and other Regulatory Bodies. The harmonisation process will aim to avoid duplication of effort and/or duplication of events, to promote joint ventures whenever this is advantageous and to maximise the visibility of such activities to the widest possible audience.

In response to the ORR document ‘Consultation on Proposals to formalise the Rail Delivery Group, dated 18 July 2012, ref ORR/006/2012, the specific questions asked are answered below:

Q1. Will the RDG drive the changes and improvements set out in the McNulty report?

In theory YES, but the REF is mindful that getting a consensus from a multi-party organisation, often with diverging business interests, is not easy. The REF has reservations about the proposed structure of the RDG in terms of its organisation and empowerment over constituent members to achieve effective collective decision making. The REF understands the difficulties that will be faced since it too has experienced problems in getting its members to agree a single position when responding to challenging technical and operational issues. However, the need for joined up thinking and action in the delivery of rail projects is recognised by the REF as vital and what is being proposed for the RDG is seen as a good starting position. As a final point, it should be remembered that the erstwhile Railway Forum was set up at the time of railway privatisation to try and ensure a co-ordinated approach to railway matters across the diverse industry and to act as a common voice on railway politics. The fact that the Railway Forum failed to survive should be noted by the RDG and the reasons for this understood so that similar shortcomings are not experienced

The Institution of Mechanical Engineers

The Institution of Engineering and Technology

The Institution of Railway Operators

The Institution of Railway Signal Engineers

The Institution of Civil Engineers

The Railway Civil Engineers Association

The Permanent Way Institution

The Chartered Institute of Logistics and Transport

RAILWAY ENGINEERS FORUM

Q2. Is the Structure proposed for the RDG membership criteria fit for purpose?

The REF recognises that not every organisation involved in the delivery of rail projects can have equal status within the RDG. Only Network Rail and the principal TOCs (those with a turnover > £250M) will be leadership members, other organisations either being Licensed Members or Associate Members. The REF has a concern that the large organisations within the supply industry are excluded from the main board. These organisations often provide the technical and engineering innovation that the industry will be dependent on for driving down costs. Equally a large proportion of the industry spend is with the supply organisations and obtaining best value for money is not always achieved by simple competitive tendering. Planning for a consistent work stream so as to avoid redundancies when order books are empty or manic recruiting when large tenders are won with all the problems of the ‘learning curve’ required for new staff, is equally important.

Thus, the REF would like to see the big ‘players’ in the supply industry – probably those with a rail sector turnover of > £250M – be included as leadership members. It is recognised that this may entail including firms not in UK ownership but equally this constraint will increasingly apply to TOCs as well. The REF is also aware that the inclusion of such firms must not lead to them using the position for competitive advantage.

Although not directly of interest, the REF views the almost certain non inclusion of Freight Operating Companies from being leadership members under the turnover rules as proposed with some concern. However, the REF notes that the RDG would consider the inclusion of the two largest Freight companies regardless of turnover, and supports this idea

Q3. How should the RDG best engage with Licensed and Associate Members?

By definition, these Members have a minority or interface interest in major rail projects. As such, they cannot be allowed to have rights that give them a veto over any major decision on project scope or progression. However, their view on any impact a project might have on their business could be important and thus a mechanism whereby concerns or alternative ideas can be voiced is important. The REF view is that the any Licensed or Associate Member should be able to formalise genuine concerns and to be allowed by invitation to attend the monthly Board meeting to put their case.

This would be particularly important for Licensed or Associate Members who are separate organisations to the national railway network e.g. London Underground, Eurotunnel, HS1, Light Rail and Tram networks, who interface with Network Rail and where project works can be seriously delayed if insufficient consultation and/or planning has not been undertaken on the interface requirements. Quasi TOCs that operate under a concession arrangement, e.g. Merseyrail Electrics, London Overground, may need to have similar access rights to the RDG Board as indeed might Open Access operators

The Institution of Mechanical Engineers

The Institution of Railway Operators

The Institution of Civil Engineers

The Permanent Way Institution

The Institution of Engineering and Technology

The Institution of Railway Signal Engineers

The Railway Civil Engineers Association

The Chartered Institute of Logistics and Transport

RAILWAY ENGINEERS FORUM

Q4. Not applicable for a REF response

Q5. Are the proposed Voting and Quorum arrangements sufficient to ensure the RDG has cross industry support?

The REF considers that this can only be determined after some experience with the proposed arrangements has been gained. The RDG should be prepared to change the arrangements if necessary. The REF's terms and conditions do not allow a single member to have a right of veto over any major proposal as this could become a show stopper on something quite trivial. The RDG may wish to have similar safeguards in place

Q6. Should any special commercial protections be put in place to ensure competition compliance?

The RDG will include members with committed contracts in place. It is envisaged that RDG proposals will from time to time conflict with these contractual commitments and such situations will need to be handled sensitively. The RDG should however not be overly constrained by such contracts and should seek to have contracts modified if by so doing an improved delivery service can be obtained. The Regulatory structures of the DfT, Transport Scotland and TfL need to be understood as they differ and can impact on how projects are implemented. The RDG also needs to take account of EC Directives relating to engineering interfaces and interworking

The REF strongly believes that a major factor in getting better value delivery is to ensure the continuity of work in the engineering sector. The advent of Framework contracts is helping this but more needs to be done to ensure that the supply industry has good knowledge of the on-going programme of work for at least a five year period and preferably longer than that. The growing usefulness of formal Control Periods is welcomed and the RDG should have a major input to their formulation and content. Engineering resources take a long time to train up and become useful, and it is disheartening for firms to have to lay off staff because no work is available.

The RDG should take note of the efforts being made by the National Skills Academy for Rail Engineering (NSARE) to create a better qualified and more numerous engineering workforce. Part of the RDG challenge will be to ensure that commercial and contractual arrangements are in place to obtain maximum value from the created workforce. It is noted in the Questionnaire Introduction that one aim of the RDG will be to introduce a cross industry Graduate Scheme. This is welcomed by the REF and its member Institutions would be willing to assist in ensuring that multi-discipline opportunities are available to graduates during their industry training period

Q7. Are funding arrangements appropriate?

The Institution of Mechanical Engineers

The Institution of Railway Operators

The Institution of Civil Engineers

The Permanent Way Institution

The Institution of Engineering and Technology

The Institution of Railway Signal Engineers

The Railway Civil Engineers Association

The Chartered Institute of Logistics and Transport

RAILWAY ENGINEERS FORUM

The proposals seem reasonable with Network Rail having to pay the greatest amount towards the running of the RDG. However leadership members will have to justify the expenditure to their respective boards and will need to demonstrate value for money. Lessons may need to be heeded from the former Railway Forum where membership fees were around £10,000 per member per annum. This had to cover accommodation as well as the salaries of the permanent staff employed. The REF considers that it is essential that RDG running costs are kept reasonable and that an annual cap is set

Other Points

In Annex B, reference is made to English and Welsh Law but no mention is made of Scotland. Can the position with the work of the RDG in Scotland be clarified?

The REF hopes that the ORR and the current RDG personnel find this response useful and would be willing to meet with appropriate persons to discuss any arising issues.

Clive Kessell
REF Secretary

8 September 2012

The Institution of Mechanical Engineers

The Institution of Railway Operators

The Institution of Civil Engineers

The Permanent Way Institution

The Institution of Engineering and Technology

The Institution of Railway Signal Engineers

The Railway Civil Engineers Association

The Chartered Institute of Logistics and Transport