



March 2012

Network Rail's Strategic Business Plan

CECA Response to the Office of Rail Regulation

Dear Ms Licata,

[Re: Opportunity to comment on Network Rail's strategic business plan for control period 5](#)

The Civil Engineering Contractors Association (CECA) welcomes the opportunity to respond to the above named informal consultation.

CECA is the representative body for companies who work day-to-day to deliver, upgrade, and maintain the UK's transport and utility networks.

With more than 300 members throughout England, Scotland and Wales, we represent firms who together carry out up to 80 per cent of all civil engineering activity in the UK, in the key sectors of transport, energy, communications, waste and water.

Our members include some of the largest construction firms as well as a range of small specialist and regional contractors. Our industry supports the employment of over 200,000 people in the UK with annual activity worth £25 billion.

The last decade has seen unprecedented growth in demand for rail travel. One million more trains run every year than ten years ago. Alongside this, public subsidy for rail has reduced, almost halving from its peak in 2006.

Network Rail's (NWR) Strategic Business Plan is its response to the High Level Output Specification (HLOS) requirement and the Government's wider economic objectives. The plan is a key document for Office of Rail Regulation's (ORR) 2013 Periodic Review. It addresses how NWR will meet the estimated growth in passenger volumes while maintaining commitments to running a safer and greener railway.

CECA welcomes NWR's plan as many of the schemes have specified civil engineering content. We especially welcome the dedicated funding allocated for Earthworks and Structures in recognition of the state of the asset and that less was spent on these items in Control Period (CP) 4 than was required.

The current large schemes (Crossrail, Reading, Northern Hub, et cetera) will provide continuity from CP4 to 5 but CECA is concerned that smaller projects that will be part of the Structures and Earthworks schemes may not be shovel-ready by the start of the control period.

NWR recognise in the plan that the transition between one control period and the next must improve and state that systems have been introduced to reduce and avoid past problems. However, CECA remains concerned that these difficulties have not yet been fully resolved. As we prepare to enter the final year of CP4 some of our members can report an increase in spend by NWR, but we feel that there is more that

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NWR and the supply chain must do to ensure schemes are ready to go forward at the start of CP5.

The NWR plan makes many comments about supply chain involvement and collaboration. These commitments are already being seen; recently Southern published an Official Journal of the European Union (OJEU) tender asking for expressions of interest for the Framework Contracts the company anticipates creating. The timescales for overall submissions and final assessments of bids appear to be quite generous and it is stressed that final decision criteria will be based on behaviours and a demonstration that suppliers are able to work collaboratively. CECA expects other Infrastructure Project Regions to follow this pattern. However, there is concern from some CECA members about the majority of work being let through large frameworks.

The NWR Strategic Business Plan offers an efficiency of 18 per cent and this is expected to come through greater collaboration by all parties involved and through innovation. CECA is of the view that there will be opportunity for this in the Structures and Earthworks schemes provided a clear programme is established which delivers continuity of work and planning timescales which allow for innovation. Engaging suppliers through frameworks and thereby allowing Early Contractor Involvement should also enable efficiencies to be realised.

CECA is of the view that the transition from one Control Period to the next must be seamless and welcomes dedicated funding in the plan to provide early preparation for CP6.

Despite this, there may be some pinch points in the plan around particular resources. For example, there will be much piling associated with the Electrification Schemes but NWR have recognised this as an issue and will be communicating with piling companies at an early stage. CECA believes that this vast workload will offer opportunity for innovation and investment in equipment if addressed in the early stages. There is also some concern over design resources given the large and ongoing commitment to HS2.

Finally CECA welcomes the £100m identified for new equipment to improve trackside safety.

CECA hopes that the ORR will support the plan and work closely with NWR to ensure it is delivered. Any substantial change will result in uncertainty for the industry.

We hope that you will find our comments helpful and that they will be taken into consideration.

Yours sincerely,



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