



10 reasons to continue to invest in rail

NOVEMBER 2020



*Railway Industry
Association*

The voice of the UK rail supply community

Introduction

During the Coronavirus pandemic in 2020, passenger numbers have fallen as low as 5% of past levels. However, rail has this year proved itself to be an essential service, transporting both key workers to workplaces, including hospitals and care homes, and freight, around the UK; whilst the rail supply sector continued to play its part in building a world-class railway network for the future. In September, passenger numbers recovered to 43% of previous levels, an encouraging sign that train travel will still be attractive when restrictions are lifted.

RIA believes that, going forward, policy decisions about the future of rail should not be based on the short-term impact of Coronavirus on passenger numbers - during a clearly exceptional period - nor should they be based on unsubstantiated forecasts of the

“ Policy decisions about the future of rail should not be based on the short-term impact of Coronavirus on passenger numbers in 2020. ”

future remembering that past forecasts have often proven to be underestimates. 2021 and future years will see the Government setting out an agenda which rail is in prime place to deliver on, what we call the three Gs: **i) Growth** - rail investment that can spur jobs and GVA, helping reboot the economy; **ii) Geography** – the railway can help ‘level up’ different towns and communities across the country; and **iii) Green** – rail can help decarbonise, promote active travel and help the Government deliver net zero carbon emissions by 2050.

Given all this, RIA sets out the following 10 reasons why we envisage the impact of Coronavirus is likely to be negligible to the long-term prospects of UK rail, and why investment in the railway should therefore continue in the months and years to come.



ABOUT RIA

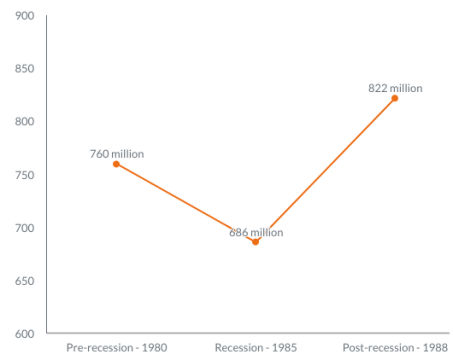
RIA is the voice of the UK rail supply community. We help to grow a sustainable railway supply industry, and to export UK rail expertise and products. RIA has 300+ companies in membership in a sector that contributes £36 billion in economic growth and £11 billion in tax revenue each year, as well as employing 600,000 people. RIA's membership is active across the whole of railway supply, covering a diverse range of products and services.

1

RAIL IS A LONG TERM GAME

Rail investment, whether in infrastructure or rolling stock, is often delivered over a number of years. A train fleet has an average life of around 30 years and infrastructure improvements take time to be planned and delivered. This means decisions shouldn't be made based on a temporary reduction in passenger numbers, particularly given the need to encourage more people onto public transport to meet the UK's decarbonisation goals.

1980s Recession - Passenger Numbers



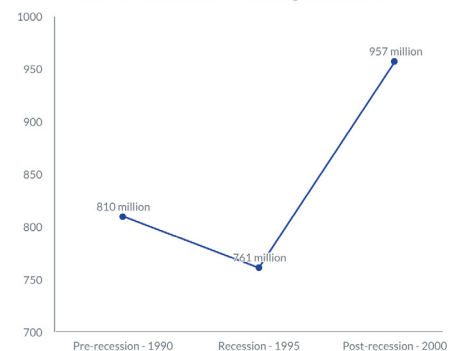
2

THE REDUCTION IN PASSENGER NUMBERS IS LIKELY TO BE TEMPORARY

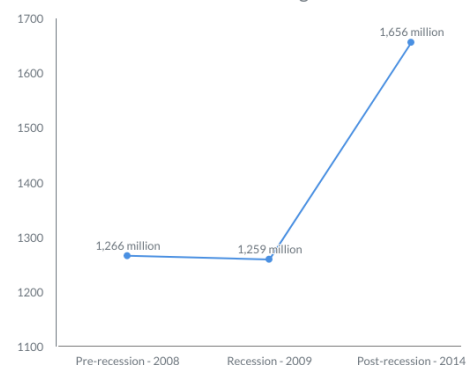
Based on past economic slumps, passenger numbers return quickly afterwards - with rail travel booming following recessions in the early 1980s and 1990s, and again post-2008 financial crash. Similarly, passengers have returned after past health crises, like the Spanish Flu, and, although technology has developed with the ability to now work from home, there is still an appetite for travel evidenced by the fact that automotive usage has almost returned to past levels. This shows that the public will continue to want to travel in future, but have heeded temporary Government messaging to avoid public transport during lockdowns.

Even if a degree of remote working remains in future, traveling more flexibly, for leisure or business, will continue and the rail industry will be able to adapt to meet shifts in customer demand. According to the World Rail Market Study, it is expected that Coronavirus will not have any permanent effect that slows down the recovery of the rail market, with a quick V-shaped recovery expected. The Study envisages the rail market growing up to 2.3% every year to 2025.

1990s Recession - Passenger Numbers



2008 Recession - Passenger Numbers



Source: Department for Transport



3

THE RAIL NETWORK ISN'T JUST FOR PASSENGERS

The rail network is vital for freight, which provides £1.7 billion in GVA to the UK economy and delivers 4 billion tonnes of goods to businesses and consumers across the country each year. Rail freight plays a key role in decarbonising transport and is vital in supporting UK exports through our nation's ports.

There are strong forecasts of growth in rail freight, with the market returning to around 95% of pre-pandemic levels. However, freight needs the right capacity and capability from the rail network to thrive.

4

RAIL IS CLEAN AND SAFE TO USE

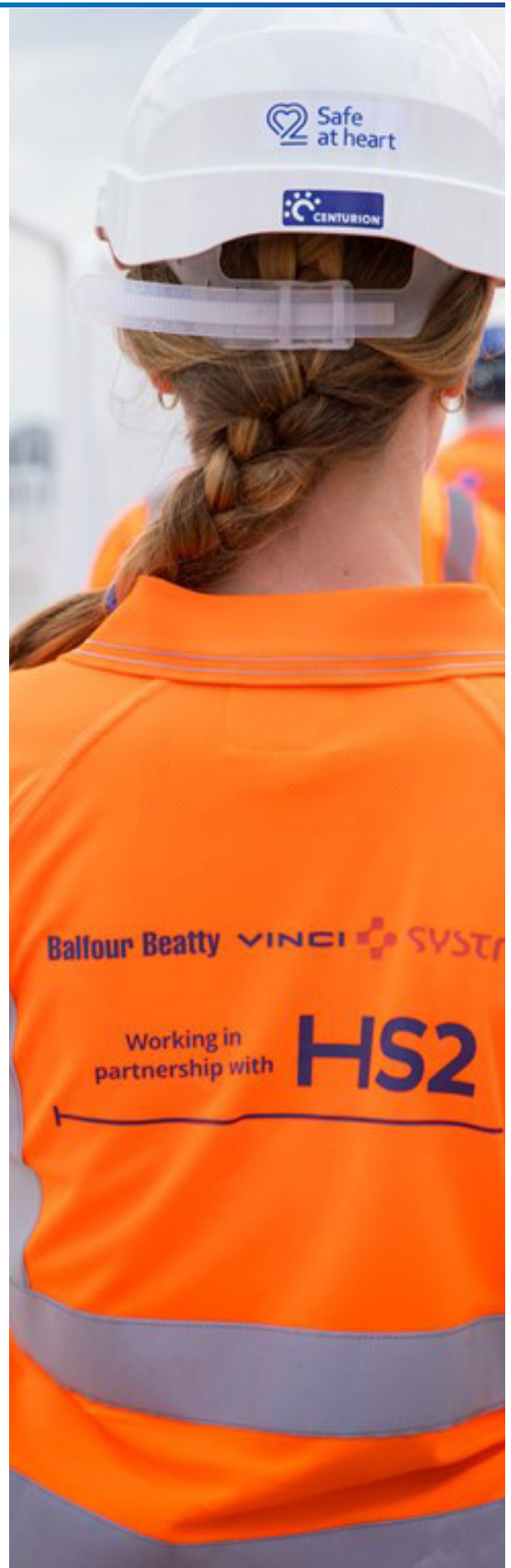
A study undertaken by RSSB in August 2020 estimated that the risk of infection per passenger journey is 1-in-11,000 journeys, even with no mitigation measures, such as masks. Similar studies in Germany have found "little or no evidence" that the disease has been triggered by a train journey. Operators are using hospital-grade anti-viral cleaning equipment every day on trains and masks are now mandatory across the rail network. Two separate tests for Coronavirus on the Underground network have found no traces of the virus.

5

RAIL INVESTMENT CAN SUPPORT THE WHOLE OF THE UK

The rail network touches almost every part of the country – whether from Inverness in Scotland to Penzance in Cornwall. Clearly, rail investment can help 'level up' the nations and regions of the UK, providing high skilled jobs and economic growth in towns and communities where they are desperately needed.

There are a vast range of apprenticeship and career opportunities presented by the industry, both across the country and different disciplines. Rail has the potential unlock a new generation of talent.





6

RAIL CAN LEAD THE GREEN RECOVERY

Rail is already a green mode of mass transit, contributing in 2017 just 2.5% of total greenhouse gas emissions from the transport sector. It also supports active travel and modal shift to cleaner modes of transport, for example taking freight off roads, enabling carbon emissions to be reduced over the coming years.

Rail freight is also far less carbon intensive than road haulage – rail freight produces on average 76% less carbon than road, as well as fewer particulates, which reduce air quality.

2.5%

Rail's contribution to total transport emissions

0.6%

Rail's contribution to total UK emissions

7

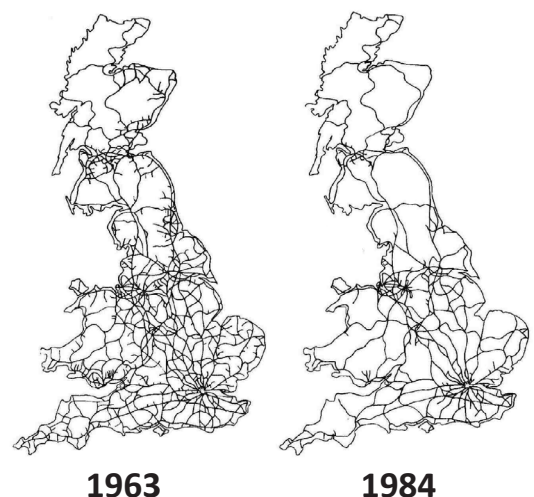
RAIL IS NOT EASILY 'MOTHBALLED'

As shown by Government's aims to reverse the so-called 'Beeching cuts', once rail infrastructure is decommissioned, it is not easily reopened. Following these cuts in the 1960s, the smaller rail network unexpectedly saw continued growth, with passenger numbers doubling from 1990 to 2020. This required the industry to 'sweat assets', putting significant pressure on existing infrastructure to carry greater traffic, whilst the industry sought to increase capacity to catch up with demand.

With rolling stock, whilst train fleets can be kept in 'warm storage', retaining the skilled staff and essential assets can lead to similar costs to if these train fleets were being run.

When it comes to the supply chain, halting investment in rail would lead to facilities shutting, skilled jobs being lost, multi-national companies moving to other sectors or overseas and SMEs struggling to find work. Once work is restarted it is more expensive as much of the capacity in the supply chain is lost.

UK Rail Network



8

RAIL INVESTMENT HAS A KNOCK-ON ECONOMIC IMPACT

For every £1 spent on the rail network, £2.20 is spent in the wider economy. According to independent researchers Oxford Economics, the industry provides £36 billion GVA to the UK economy and supports over 600,000 jobs. The sector also exports £800 million each year. The Government should want to support a sector which contributes so much to UK plc.

UK rail:



Contributes over £36bn annually to the UK economy



Provides around 600,000 jobs



Exports £800 million abroad each year



Generates £2.20 of income from every £1 spent on the rail network.

9

RAIL INVESTMENT CANNOT WAIT

Much of the rail spending planned over the coming years cannot be postponed:

- The UK now has a legally binding commitment to become net zero by 2050, requiring a rolling programme of electrification and orders for low carbon rolling stock – both of which need to be started now to be delivered in time for 2050. Starting now makes immediate energy and carbon savings too.
- During the five-yearly funding period, Control Period 6, most of investment is focused on renewing the network to ensure it does not become life expired.
- Over the next 15 years, 60% of signalling equipment units will become life-expired and will need to be replaced with new digital signalling.
- On rolling stock, train fleets such as on those the Piccadilly Line are due for renewal, and now HS2 has been given the green light, new fleets for the line will be required.

10

THERE IS A WINDOW TO GET WORK DONE

Passenger and freight usage will return, but during the Coronavirus period there is an opportunity to get work on the network done whilst there is less traffic. The rail industry has already shown it can act quickly to deliver work, such as in the case of the Kilsby Tunnel improvements where work was planned in only 10 days. Flexibility around track access can ensure work is delivered now for when passengers return.



Get in touch:

 22 Headfort Place, London SW1X 7RY

 +44 (0) 207 201 0777

 ria@riagb.org.uk

 www.riagb.org.uk

 @railindustry #Rail2Growth



**Railway Industry
Association**

The voice of the UK rail supply community