Rail Plant Association Update

RPA Management Committee Chairman Paul Helks reports on the current initiatives of the association.

A Happy New Year to all readers, but sadly not for everyone in the rail plant supply chain. A lot has happened since 2024 began and more will transpire over the next few months. It is with great sadness that another business has fallen by the wayside as TXM Plant is no longer trading. The ramifications will be far reaching and it is imperative that a reflection and understanding on supply chain fragility is explored. To name but a few considerations, terms and conditions, late changes and reward ultimately all have to be discussed at a senior level.

Review of the year

The Rail Plant Asoociation (RPA) made some bold step changes in 2023 and more will need to be pioneered in 2024. Summarised below, are some of the subjects as covered in these reports in *Rail Infrastructure*. Please take a moment to reflect and consider them.

■ **Issue No: 150 - November/December 2022.**
● Appointment of Steve Featherstone as RPA Consultant, followed by words from Steve on his personal history and development alongside concerns he has regarding the supply chain and contingent resources, particularly for holiday periods and during Covid-19.
● Summary of 25th October POS Panel Event Meeting.
● Remembering past incidents, corporate memory, never forget.
■ **Issue No: 151 - January/February 2023.**
● Standards update following withdrawal of the Quarterly PT&RS Standards Briefing Report.
● Work continues on the RPA fitter competence material.
● Recommendation to visit Safety Central and follow the link provided for electrical safety step-up.
● RPA 2023 AGM.
● Update from Steve Featherstone - Dramatic increase in late cancellation of work due to RMT strike action. The RPA asked Steve to independently chair a review and rewrite of RPA terms and conditions.
■ **Issue No: 152 - March/April 2023.**
● Proposal made to increase RPA Management Committee members from 10 to 12 (agreed with no objections). New committee is: Andy Black, Paul Price, Steve Bodman, Paul Helks, Jim Nabarro, Ian Morgan, Graham Pirson, Darren Matthews, Liam Ledger, Richard Romaszko, Andrew Shipley and David Richardson.
● Thanks to Steve Wadham for his long service and support of the RPA.

● Reference to AGM guest speakers Tom Male, Robin Lapish and Leigh Goble.
● Completion of RPA Management Committee Publication Review Groups' appraisal of rail industry standards.
● Jordan Skey appointed Technical Head of Plant, Network Rail.
● Steve Featherstone update - Primarily regarding Statement of Funds Available for Control Period 7 (CP7) - a slight increase compared to CP6. Also talk of potential enhancement schemes and how these can be justified.
■ **Issue No: 153 - May/June 2023.**
● An RPA conducted survey found around 50% of base plant and 90% of attachments did not have a Product Acceptance certificate. RPA and Network Rail in talks to find resolution.
● OTP community asked on behalf of Network Rail to complete a request for information document for a review of Network Rail's On-Track Plant (OTP) asset register.
● Rail Live Exhibition on 21st June.
● RPA Leadership Meeting to be held 4th July.
● Steve Featherstone update - Strains and costs incurred by the supply chain due to Covid-19, Brexit, Ukraine war and the rising prices caused by the aforementioned. Also talks of concerns regarding the government published rail network enhancements pipeline being outdated.
■ **Issue No: 154 - July/August 2023.**
● At the RPA Leadership Meeting on 4th July, Phil Bennett, Network Rail, gave an overview of the outlook for CP7. Tom Male, also Network Rail, presented a summary of the Christmas and New Year workbank. Leigh Goble shared the latest Rail PPS data.
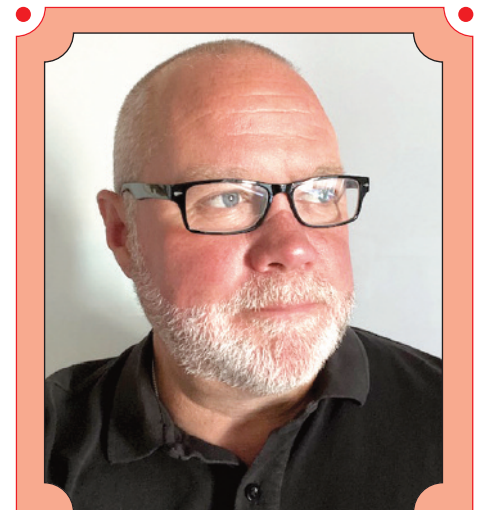● A brief summary of Rail Live 2023.
● Steve Featherstone update - Talks about the slight drop in construction productivity since 1997 and how this can be rectified and why potentially 'game-changing' plant and machinery has not seen use. Expresses concerns among Rail Live attendees about the difficulties of getting items through Product Acceptance.
■ **Issue No: 155 - September/October 2023.**
● Discussion regarding the aging rail workforce, the difficulty of new staff

progression and the potential fixes for this - a proposal to allow companies to train operators from scratch and an expansion of sentinel training courses.
● OTP Core now online. No consultation with OTP community.
● Calls for discussion with Network Rail regarding plant movement around public holidays. An increased interest from the Police and Highways department.
● Visibility of workbanks, imperative for security of supply chain.
■ **Issue No: 156 - November/December 2023.**
● Slips, trips and falls roadshow.
● Message from Jordan Skey regarding RIS-1530-PLT Issue 7 coming into force.
● One Big Circle was invited to RPA Management Committee meeting.
● Steve Diksa, Bridgeway Consulting, delivered a presentation on the COSS Enhancement Programme.
● Steve Featherstone update - Discusses other concerns such as: the amount of work for the supply chain being lower in CP7 than 5 and 6, high inflation and interest rates and the average asset age of the track system being allowed to deteriorate.

Moving forward

With all that is going on behind the scenes with the RPA, we must focus on workbank visibility, terms and conditions that fairly reflect late cancellation, staff demand, and the upskilling process. The challenges ahead will test us all, but now more than ever we must pull together, rather than pull apart.

Paul Helks, Management Committee Chairman, RPA.

Steve Featherstone update

In mid-2023, Network Rail hit the emergency brakes on its spending in order to stay within its Control Period 6 (CP6) spending allowance. The fall-out from the rapid reduction in spending for the railway plant supply chain has been catastrophic.

In October 2023, XYZ Rail went into administration. In November 2023, Total Rail Solutions was only saved from administration by a last-minute purchase by Readypower Group. In January 2024, TXM Plant, one of the big three road/rail suppliers, went into administration. The rapid downturn in work volumes was the final factor in the perfect storm of events that we have seen over the last few years.

The perfect storm started with the Department for Transport (DfT) taking control of the enhancements pipeline at the beginning of CP6. Even before Covid-19, the additional bureaucracy that this introduced saw the regular volume of enhancements work reduced. The forward visibility of the enhancements pipeline remains a contentious issue and it is now over four years since the last update by the DfT.

The Covid-19 pandemic itself did not directly impact on the workload volumes. As safety critical infrastructure, carrying key workers and freight, work continued to be delivered on the railway when the rest of the country was locked down.

However, expenditure during Covid-19 was significantly over budget with, for example, four vans required to transport four people when previously they would have all travelled together. The extra costs of Covid-19 were a contributory factor to Network Rail running out of money in CP6 and applying the emergency brake last summer.

There was then the longer lasting impact of Covid-19 on passenger behaviours with more working from home, leading to reduced passenger revenues and significant cost-efficiency challenges going forward into the CP7 forecasts. The longer term impact of Covid-19 on passenger numbers is still unknown but the DfT have used this as a reason to maintain enhancement expenditure at significantly lower than historic levels. Both of these Covid-19 impacts led to reduced work volumes for the supply chain to deliver.

Somewhere around the same time as the Covid-19 impacts, the Brexit impact also started to be felt with cost increases for products and spare parts coming from Europe. The Brexit impact on costs, combined with the post Covid-19 economic boom, led to inflation rising across most market sectors including the railway. Inflation led to increased costs and reduced margins for the supply chain. For Network Rail, the impact of inflation also contributed to it running out of money in CP6 as the risk of inflation sits with Network Rail once the control period funding has been agreed.

The government response to higher inflation was to increase interest rates. This was a very significant element in the perfect storm of events. Plant of all types is expensive. Plant hire companies own a lot of assets and these have to be financed, either via returns on investment to funders or via interest rates to lenders. For example, if a company has £40 million of assets, and the cost of capital increases by 5%, then that is an extra £2million that has to be found each year.

Another element of the perfect storm has been the changes to access patterns. This has happened slowly, over many years. The railway is there to serve passengers and freight customers. Over the last 15 years, passengers have wanted earlier and later trains during the week and more trains for leisure at a weekend. The move to put more freight on to the railway has seen a demand to operate more freight paths overnight. The combination of these is that, with each timetable change, the amount of engineering access time for the railway gets squeezed, pushing more and more work into the Saturday night to Sunday morning window. This means for many pieces of plant, their operators, controllers and fitters, there are regularly only one or two shifts per week and sometimes no shifts at all.

For plant hire businesses to be successful, they require a certain number of shifts per year for each piece of plant and increasingly, with the changes to access, it is more and more difficult to achieve this break-even point.

The increasing peak volume of work over a small number of shifts has driven the need over many years for the so-called 'weekend warriors'. These people have traditionally been zero-hours workers who are called in as required. Under pressure from the trade unions and the government, Network Rail has increasingly pushed companies within their supply chain to directly employ workers on PAYE contracts. This works when there is a stable and predictable workbank but, as we have seen in recent years, the workbank is often neither stable nor predictable. With an increasingly volatile workbank, companies struggle to manage their costs when they have larger numbers of PAYE employees and smaller numbers of weekend warriors.

The lack of stability and predictability in the workbank has been an issue for many years. The contractual terms and conditions, which have been used for many years, push the risk of work cancellation onto the supply chain. A client can cancel work as late as a Thursday afternoon, for work at the weekend, with complete impunity from any commercial liabilities. Over the last couple of years, with resource shortages in the client organisations and financial shortfalls, compounded by strike action by various trade unions, the volume of short notice cancellations has been at unprecedented levels. Way beyond anything which suppliers would have factored into their rates. The new RPA model terms and conditions for plant hire now include sliding scale cancellation charges so that the client holds more of the risk for cancelled work.

With all of the above storm factors in place, Network Rail then hit the emergency brakes on spending and set in place the perfect storm which has already pushed three significant plant suppliers over the edge of being able to survive. Let us hope that with the reduced supply capacity, as a result of those companies which have gone into administration in recent months, and the arrival of CP7 funding, we will again have a balanced supply/demand position where companies can again start to grow and thrive.

In December 2023, I led a delegation from the RPA to meet with senior DfT officials to explain our concerns. We took them through everything that I have discussed above and asked for their help, as the ultimate funders of the railway, to assist in resolving some of the issues.

I will continue to work with the RPA to raise these important issues on behalf of our members.

Steve Featherstone, RPA Consultant.