

Speech: Challenges and opportunities facing the UK rail supply chain

Introduction

Thank you, David Begg

It is a pleasure to speak this morning. And it is a particular pleasure to see our country's great rail supply chain so well represented.

A time of challenge and opportunity

Now, if I was to try and summarise what the government's rail policies mean for the rail supply chain I would say that this is a time of opportunity.

But also a time of challenge.

It is a time of opportunity because of the way the numbers of those using our railways have grown.

In almost 25 years since privatisation, customer numbers have more than doubled.

While rail freight has grown by 75%.

More people are using our railways than in any year since the 1920s.

And we're responding to that record demand with record investment.

Last week we announced the [next round of rail funding](#).

Between 2019 and 2024, we'll spend around £48 billion to improve and maintain the network.

That maintenance is important.

We've increased the focus on renewals, to provide passengers with better reliability and punctuality

And this funding comes on top of record rail funding over the past 5 years as the government delivered the biggest rail modernisation programme for over a century.

But it's not just the money we're delivering.

Last week we announced that there will also be a new funding process for major upgrades and enhancements which will provide more rigour in investment decisions to make sure public spending best meets the needs of passengers and freight.

This is recognition of the vital importance of working closely with the industry and the rail supply chain.

All this investment is an opportunity to restore Britain's place in the world as a leading rail-building nation.

And an opportunity to deliver a railway fit for the future.

Time of challenge

But as well as being a time of opportunity, we must also recognise that this is a time of challenge, too.

And that's because we're attempting work of a complexity and scale unseen in a century.

And as a result, our railway is changing.

We are building new stations and refurbishing old ones.

We're getting Crossrail ready to open.

And we are bringing thousands of new train carriages into service.

And on top of all that, we've begun the groundwork for building HS2.

A year ago, the HS2 Bill for Phase One – the stretch from Birmingham to London – was a concept that had yet to be approved by parliament.

The route for much of the second phase of HS2 – from Crewe to Manchester and Birmingham to Leeds – had yet to be announced.

The procurement for the main engineering works, the rolling stock, and the franchise for operating the railway – all had yet to be triggered.

A year ago, HS2 was still in planning.

A distinct, stand-alone project.

But things have moved on.

Those plans are now being implemented.

On sites up and down the route, the enabling works are underway.

We have awarded the engineering contracts.

We've launched the competition to design, build and maintain HS2's trains.

We've begun the utility diversions, land clearance and environmental surveys.

We have announced our route for sections from Crewe to Manchester and Birmingham to Leeds.

By the end of this year, we'll deposit the bill for the stretch of track beyond Birmingham and on to Crewe.

And I have added the HS2 project to my responsibility for the rail industry.

So we're seeing the start of the integration of HS2 into the existing network.

And that's an important development for the whole industry.

It's time to start thinking of HS2 not as a railway apart.

Or as some kind of better, faster alternative to the classic rail network.

But rather as an expansion and enhancement of the existing network.

The greatest for a hundred years.

And that, naturally, has implications.

HS2 will inject greater competition into this industry.

It will give greater options for how we use the existing railway, providing more space for freight and local stopping trains.

And it will enhance the image of rail in this country.

None of this progress could have been achieved without our rail supply chain – many of whom are here this morning.

And it's because of this supply chain that we have the confidence to press ahead with plans such as HS2.

But you will know, as I do, that we can and must make the rail supply chain stronger still.

In many cases, we're making good progress on improving capability.

Our [Infrastructure skills strategy](#), for example, sets out a plan to get an extra 30,000 apprentices working in transport to help deliver £60 billion of transport investment up to 2020.

But the best, most effective and most far-reaching changes are always those led by the industry itself.

And that is why I was so glad to see the Rail Supply Group publish its sector strategy last year.

The strategy means that, for the first time, the rail supply chain has a common plan for how it will grow in numbers, productivity and expertise.

A plan for how, by 2025, the industry will:

- attract new talent

- develop new technology
- harness the energy, drive and innovation of the sector's SMEs
- become a global leader in high speed rail
- more than double exports

It's a strategy with some great ideas that are now being implemented.

For example, the rail industry, in partnership with a number of universities, has advanced plans for a network of innovation centres to speed up the introduction of new ideas and technologies into rail.

I know many of you contributed to the strategy, and are now working hard on putting it into action.

I would urge you not to lose the impetus but to continue to work hard.

The government will help wherever we can.

For instance, later this month we will be launching the rail 'first of a kind programme' with Innovate UK. This will help you to break down the barriers to commercialising high-value innovations that are close to market and allow passengers to experience today how your innovations will meet their needs tomorrow.

We will help to ensure that the radical rail innovations emerging from your investments play their vital role by improving their take up.

Earlier this year, we also launched what we're calling sector seals, as part of government's industrial strategy.

I know that RIA has been, and will continue to be, involved in the Rail Sector Deal – along with the Rail Supply Group and the Rail Delivery Group.

And I understand that it's due to be submitted to the government on Monday.

It should shape the future relationship between the government and the rail industry, putting the supply chain squarely at the front of this relationship, and should help the industry digitalise, and get the most value out of its data.

I would very much like to see the rail sector deal succeed, and I hope it will be included in the second wave of published deals in spring 2018.

2018 the Year of Engineering

Yet there's another great opportunity coming in the future.

2018 is going to be a special year for engineering.

It'll be the year that Crossrail opens.

The construction of HS2 will be well underway.

And Thameslink will be complete.

Rail engineering will have a prominence it hasn't had for a long time.

So we want to capitalise on it, and to make 2018 the Year of Engineering.

It'll be a chance to celebrate everything you do for our country.

It'll be a chance to show the world some of the brilliant railway projects delivered in the UK.

And, even more importantly, it will be a chance to inspire a new generation of rail engineers.

So we in the government would like to work with you over the next year to hear your ideas, to join forces, to make 2018 a landmark year for rail engineering.

Conclusion

And so in conclusion, I'd like to thank you for your commitment to our railways.

And thank you for doing so much to keep Britain moving.

Thank you.