

BY EMAIL

6 January 2025

Rt Hon Heidi Alexander MP
Secretary of State for Transport
Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR



📍 Kings Buildings, 16 Smith Square, London, SW1P 3HQ

☎ +44 (0)20 7201 0777

✉ ria@riagb.org.uk

🌐 www.riagb.org.uk

Re: Open letter to Transport Secretary, the Rt Hon Heidi Alexander MP on UK rail, six months into the new Government

Dear Secretary of State,

Congratulations on assuming your new role as Secretary of State for Transport last November. I am now writing an open letter to you on behalf of the Railway Industry Association (RIA), to consider the first six months of rail policy since the Government assumed power in July 2024 (marked this week) and to highlight some broad 'offers' and 'asks' that we believe the DfT and rail suppliers can work together on in 2025.

On a positive note, as you may be aware RIA welcomed Chancellor Rachel Reeves' commitment to capital rail projects in last October's Budget, including: ensuring HS2 Phase 1 is funded and reaches Euston; taking forward the Transpennine Route Upgrade and East West Rail projects; and pledges to strengthen national and regional rail connections. And we also welcomed the commitment made by your predecessor for a long-term rolling stock pipeline and news announcing further train orders. These are all encouraging developments in the first half-year of the Government.

In terms of 'offers', RIA and our members will:

- Redouble our efforts to push for and deliver greater efficiency and innovation through initiatives like Project SPEED, where we collaborate with Network Rail;
- Endeavour to lead research on options for lower cost electrification and decarbonisation;
- Develop a proposition on ways to attract private investment, for example, to improve stations;
- Work with suppliers to prepare for the Cabinet Office's upcoming Procurement Reforms; and
- Work with your Department to champion better, collaborative and effective relationships, between Government, rail clients, and suppliers.

Please do feel free to work with RIA as a partner to help solve the challenges the industry faces.

The immediate outlook for businesses in that industry, does unfortunately remain strained after a difficult 2024. A recent RIA-commissioned Savanta survey of 250 rail business leaders last October showed business confidence very low in the rail supply sector, following an extended period of political and policy uncertainty before July 2024 and a slower-than-anticipated start to Network Rail's Control Period 7 since April 2024.¹

Redundancies in highly skilled roles are being reported right across the industry, with 9.4% of the rail workforce leaving the industry in the last year as work moves to other sectors, overseas or workers choose early retirement.² Skills shortages – if unaddressed – will increase future costs not just for the rail industry but for the taxpayer too.

¹ 'Annual survey of rail business leaders: confidence in the rail supply industry still low':

https://www.riagb.org.uk/RIA/RIA/Newsroom/Press_Releases/Annual_survey_of_rail_business_leaders_confidence_in_the_rail_supply_industry_still_low.aspx

² National Skills Academy for Rail, Workforce Survey 2024: <https://www.nsar.co.uk/projects/rail-workforce-survey/>

So in terms of the 'asks' required by the railway industry, clear direction is required as we enter 2025. These 'asks' fall into three broad areas:

1. End 'boom and bust' investment cycles to reduce costs and support high skilled jobs

- Feed into the Treasury's work on its 2025 Spending Review this coming summer, to seek a strategic re-set for rail and set out a plan to ensure visible and smooth volumes of work. Only by providing a long-term steady rate of work – whether for new rail lines, rolling stock, or electrification – can projects be optimally, efficiently and cost-effectively delivered, with rail companies incentivised to invest in innovation, recruitment and training in the UK.
- The Cabinet Office's new Procurement Act, due next month, is an opportunity – in addition to the Treasury's economic Spending Review – to support the Government's 'Missions' related to local job creation and social value, through setting clear requirements in national and devolved procurements.

2. Promptly set out clear investment plans, leveraging opportunities for private investment

- Many key decisions cannot wait until the establishment of Great British Railways (GBR), which is not set to be operational before late 2026 at the earliest. So bringing forward decisions earlier, and setting out a more detailed pipeline – such as announcing plans for major rail projects and enhancements and publishing a rolling stock strategy – will help attract business investment.
- As an example of the former, despite recent mixed reporting on this issue, the DfT's High Speed Rail (Crewe-Manchester) Bill remains in the Parliamentary process and is an opportunity to confirm legal provision for much needed potential future north-south rail capacity (notwithstanding the review of HS2 Ltd's costs and schedule, now being undertaken by its new Chief Executive Mark Wild). This is essential to addressing ongoing significant passenger growth and the growth forecast in the RIA-commissioned Steer Report³ with freight increasing too. Developing and delivering this capacity would also secure skilled jobs and enhance future productivity in key cities in the Midlands and the North, which is a key plank of the Government's devolution proposals.
- Many aspects of the UK rail network would benefit from increased private investment, for example in stations or the potential for housing development to be linked to the railway. So RIA would like to work with the Government to clarify opportunities, criteria and the role of third parties, to make it clear where, when, and how, private investment could be used for rail-related development.

3. Deliver rail reform in partnership with the rail supply sector

- Finally, as 'track and train' operations are brought closer together under GBR, there is an opportunity for a more collaborative, integrated, railway, supported by a supply sector that is agile, responsive, and aligned with the relevant Government 'Missions'. With over 50% of rail expenditure currently going through the supply chain, RIA is clear that suppliers need to be fully involved in developing the reforms.
- So RIA asks the Government to ensure that not only does rail reform progress in a way which gives the railway industry some certainty as soon as possible – especially considering the process was initially started back in May 2018 – but that it is also informed by the rail supply sector as the plans are developed.

I hope that the above is a useful contribution, as you and your colleagues look back on your first six months in Government and plan for 2025, a landmark year for UK rail as it celebrates its 200th Anniversary. We at RIA look forward to working with you over the course of the year.

Yours sincerely,



Darren Caplan
Chief Executive

Cc: Rail Minister Lord Peter Hendy CBE

³ Government should seize opportunity to grow passenger rail, February 2024:

https://www.riagb.org.uk/RIA/RIA/Newsroom/Publications%20Folder/Government_should_seize_opportunity_to_grow_passenger_rail.aspx