



## PRESS RELEASE

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### Work Pipeline Visibility and Cash flow are Top Priority for Rail Businesses, says Rail Supply Group

Today, the Rail Supply Group (RSG) publishes two reports, its latest industry-wide Pulse Survey Results - detailing the impact of the coronavirus pandemic on rail businesses – and its ACT NOW update on improving 'Work Pipeline Visibility'.

In Spring 2020, the Government asked the RSG to form a Covid-19 Taskforce to put in place measures to support the rail industry and accelerate the [Rail Sector Deal](#) priorities that would bring about the best possible and fastest recovery.

The RSG undertook two surveys in Spring 2020 and in Winter 2020/21. The latest survey results from 399 companies showed that a large number of businesses across the rail sector remain very concerned about their future, and many are experiencing difficulty. However, there are signs of improvement, with fewer businesses reporting reduced revenue and demand than in Spring 2020.

*"It is great to see the resilience shown by businesses right across the sector which have quickly adapted to new ways of working and are determined to survive this crisis. The situation remains challenging for a significant number of suppliers, but I believe the sector can be stronger as it emerges from the pandemic," said, Philip Hoare, Chair of the Rail Supply Group*

The RSG has listened to the survey responses and, in partnership with the industry, has taken action to improve work pipeline visibility, part of its ACT NOW series of initiatives. To understand the practicality and appetite for making work pipelines visible on in-flight projects, the RSG undertook eight pilot projects involving 28 rail suppliers from all levels of the supply chain and spanning the entire industry.

#### Our key findings:

- Work pipeline visibility and sufficient cash flow across the entire supply chain remain the two most important factors for ensuring short-term survival and longer-term recovery, with 27% of businesses saying work pipeline visibility will be the most important area in 7-12 months' time and 23% saying cash flow.
- If the effects of Covid-19 were to continue for up to 12 months, only 62% of respondents would be confident of their organisation's survival, falling to 52% if the crisis goes on for longer. Although there is an increase in confidence since Spring 2020, the levels remain a cause for concern.
- The availability of labour and skills as a barrier to recovery is now more important than last summer and was identified by 35% of businesses, compared with 26% in Spring 2020.
- The pilot projects have shown 'improving work pipeline visibility' is a key enabler for increasing productivity in the short-term in relation to planning efficiencies and resource



utilisation; but also, in the long-term when looking at training, apprenticeships, staff retention and facilitating innovation.

- Each pilot project showed there is sufficient information already available to provide in-flight visibility of their work pipeline that could be shared with the supply chain, incurring minimal or nil cost, enabling forward planning horizons to be increased significantly.

The work by RSG has highlighted opportunities for further work. We will:

1. Establish an Industry Expenditure Transparency Charter to be signed by at least 250 organisations so it becomes an integral part of current contracts and future procurement.
2. Extend the equivalent of the work pipeline visibility commitments in the [Network Rail SME Supplementary Action Plan](#) to more suppliers.
3. Build on the alignment with the [Construction Playbook](#) which emphasises Strategic Supplier Relationship Management and Successful Relationships.
4. Demonstrate the value of taking action to increase work pipeline visibility.

The ACT NOW initiative to increase work pipeline visibility has been well received by all those involved. The RSG will now apply its findings across the industry to strengthen the mutual bond between government and industry.

**Philip Hoare, Chair of the Rail Supply Group, said:**

*“The Rail Supply Group together with the industry has worked incredibly hard to make ‘work pipeline visibility’ a reality. It’s evident that rail suppliers need confidence in order to invest in their people, skills, services and new ideas, and now there is an indisputable appetite and commitment from the biggest project sponsors to provide that confidence. What’s clear is that collaboration must now filter down the supply chain to make this visibility real at all stages of a project. The next step is to develop an industry-wide Expenditure Transparency Charter as part of future procurement and contracting processes.”*

**Business Minister Lord Callanan, said:**

*“It is good to see signs of confidence beginning to return to the rail sector, in part thanks to the role the Rail Supply Group has played in taking swift action to support the industry.*

*“Establishing a visible pipeline of work is a great example of industry-wide collaboration in practice, with some of the rail industry’s largest clients and many of their suppliers committed to far more transparency. This move should help to increase productivity and competitiveness and help the UK build back better.”*

**Rail Minister Chris Heaton-Harris, said:**

*“We are grateful to the Rail Supply Group for their work on this report.*

*We will continue to work closely with the whole industry to deliver a host of ambitious improvements, including the Transpennine Route Upgrade, restoring lines closed during the Beeching cuts, supporting innovation and building HS2, all focused on levelling up our country and building back better.”*



## Notes to Editors:

1. The [second RSG Pulse survey](#) was undertaken between 25<sup>th</sup> November 2020 and 20<sup>th</sup> January 2021, and was conducted by Savanta ComRes. It comprised 399 responses from companies across the UK rail supply sector. The [first RSG Pulse survey](#) was undertaken between 30<sup>th</sup> April and 18<sup>th</sup> May 2020.
2. The Covid-19 Taskforce 'ACT NOW' initiative is led by the Rail Supply Group and supported by the Department for Transport (DfT) and the Department for Business, Energy and Industrial Strategy (BEIS). To read the report visit [ACT NOW: Improving Work Pipeline Visibility](#).
3. The eight "Work Pipeline Visibility" pilot projects were led by Network Rail, HS2, Transport for London, Nexus, Porterbrook, Stadler Rail, the Transpire and REAL Alliances, the Balfour Beatty Vinci joint venture, and the Birmingham Centre for Rail Research and Education. They are:
  - TransPennine Route Upgrade Manchester Victoria to Stalybridge Enhancements
  - East Coast Mainline Power Supply Upgrade
  - HS2 Phase 1 North Infrastructure Delivery
  - Scotland Region Maintenance and Renewals Projects
  - Transport for London - London Underground Track Partnership
  - Nexus Train Fleet Supply and Support Services
  - Porterbrook Heavy Asset Maintenance Programme
  - HydroFLEX Development Project
4. The 28 pilot participant organisations were:

• BAM Nuttall	• Keltbray	• Stadler Rail UK
• Balfour Beatty Vinci	• Lanarkshire	• Story Contracting
• Birmingham Centre for Railway Research and Education	• Welding	• Transport for London
• Buckingham Group	• Lundy Projects	• Transpire Alliance
• Chrysalis Rail	• MHB Consultants	• TXM Recruit
• Gemini Rail	• Network Rail	• Unipart Rail
• Hanson UK	• Nexus	• Vital Rail
• HS2	• PLS Civil Engineering	• VolkerFitzpatrick
• ISS Labour	• Porterbrook	• VolkerRail
	• REAL Alliance	• Wabtec
5. The RSG is immensely grateful to all 28 project pilot participants for the open way they engaged in making industry-wide improvements, with special thanks to Network Rail, HS2, TfL, Nexus, Porterbrook, Stadler Rail, the Transpire and REAL Alliances, the Balfour Beatty Vinci joint venture, Story Contracting and BCRRE.
6. The RSG is the leadership body for the UK rail supply chain and was tasked by Government in 2018 to deliver its [Industrial Strategy: Rail Sector Deal](#).
7. The Rail Sector Deal sets out a new approach to the rail industry and the government working in partnership to transform the rail sector by taking actions to increase the use of digital technology, boost productivity, improve the service received by those who use our railways and build the skills of the UK workforce to capitalise on these opportunities.



8. In July 2020, the RSG was invited by Government - BEIS and DfT - to form a Taskforce to put in place measures to help the industry recover from the Covid-19 pandemic. Visit [RSGTaskforce](#) for regular updates on progress.
9. RSG's core activities are delivered by its four pillars: Digital Railway; Mobility and Data; Sustainable Railway; and Export and Inward Investment. These are supported by three themes: Midlands Pilots, Skills and People, and Productivity.
10. RSG Council includes senior representatives from the Department for Business, Enterprise and Industrial Strategy and Department for Transport, Sector Deal Industry Champions, co-opted suppliers, trade associations, client representatives and trade union representatives. The secretariat for RSG is provided by the Department for Transport.
11. The Chair of the RSG is Philip Hoare and the Vice-Chair is Anna Ince. Both Anna and Philip are available for interview.

**For more information or to arrange an interview with RSG, please contact:**

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# IMPACT OF THE PANDEMIC ON RAIL BUSINESSES PULSE SURVEY: OUR KEY FINDINGS

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Work pipeline visibility and sufficient cash flow across the entire supply chain remain the two most important factors for ensuring short-term survival and longer-term recovery.

**27%**

of businesses saying work pipeline visibility is the most important over the next 7-12 months



**23%**

of businesses saying that cash flow is the most important.

The availability of labour and skills as a barrier to recovery is now more important, than last summer and was identified by

**35%**

of businesses

compared with

**26%**

in Spring 2020.

In the medium to long-term, similar concerns around availability of labour and skills have risen to 11% from 6%.

**11%**

from

**6%**

Confidence of survival



of rail businesses are confident if the crisis continues for up to 12 months. And, only



of rail businesses are confident if the crisis goes on for longer than 12 months.