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PRESS RELEASE

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Welcome McNulty Recommendations Must Not Delay Essential Work

Civil engineers have backed proposals published today that would see 'evolution, not revolution' of the rail sector as it reforms itself to meet the challenges of the 21st century.

Published this morning, Sir Roy McNulty's much anticipated Rail Value for Money study report makes a number of significant recommendations which, if implemented, will see considerable change to the way the UK rail network is managed.

Throughout this process, the Civil Engineering Contractors Association (CECA) has backed the reform agenda. But it has also highlighted members' concerns that any change must not get in the way of the delivery of current vital upgrades and maintenance to the network.

CECA director of external affairs Alasdair Reisner commented: "The McNulty study team has been allowed the time to carry out a truly comprehensive review of all aspects of the UK rail sector. All parts of the industry have had an opportunity to give their views, so it can genuinely be seen as speaking for the UK rail sector as a whole.

"Contractors with experience of previous shake-ups to the rail sector were wary, amid fears that implementation of the McNulty proposals could create a log-jam in the delivery of existing programmes of work. As such, we welcome Sir Roy's view that a 'big-bang' approach should be avoided, in favour of a managed transition over the coming years."

On more specific issues, CECA has made the following comments:

Rail Delivery Group

"We support the establishment of a Rail Delivery Group to allow the rail industry to take control of the change agenda. Working together in this group will help to achieve the partnership approach that is at the heart of much that the McNulty report suggests is needed to improve Value for Money in the rail sector. It is vital that the Group is populated by those who have the ability to deliver this change across the whole of the rail sector. As such, along with Network Rail, the train operating companies and freight operators, we believe it is essential that the rail supply chain's voice is heard, through organisations including the Civil Engineering Contractors Association.

Devolution in Network Rail

"McNulty recommends the decentralisation of Network Rail, a process that has already commenced with the creation in February of new devolved business units which are now being rolled out across the country. We support steps to ensure that those making decisions have an understanding of the local network. However we trust that the decentralisation process will be well managed, and will not lead to disruption to existing programmes of work as this transition happens."

Diverse ownership of infrastructure management

"McNulty's proposals for the creation, by 2013/14, of at least one route level concession being managed by an independent asset management provider represents a considerable change in the structure of rail management in the UK. We hope that this move will drive greater efficiencies, but would not welcome the fragmented industry structure that could be created should this approach be taken for each route."

Alignment between IM and TOCs

"The McNulty Study identifies a 'co-operation deficit' in the rail industry. Steps to address this will ensure that industry is focussed on delivering efficiency, rather than adversarial relationships with other in the delivery chain, through the creation of cost & revenue sharing approaches and joint ventures between Network Rail and the Train Operating Companies. This may even lead to full vertical integration through a concession agreement. Care must

be taken in this latter case to ensure that the current high levels of quality and safety on the UK rail network are not sacrificed as a result of a shift to more profit-driven models for management of the asset."

Stronger incentives to reduce costs while improving outcomes

"McNulty has recognised that rail suppliers will perform better if they have a better understanding of projected demand for their services. This is an issue that CECA has campaigned on for many years, and we have welcomed steps that Network Rail has already made in this direction. We hope that this approach will be allowed to flourish over the coming years, ensuring greater value for money across the board."

Early involvement of contractors

"Along with better visibility of programmes, McNulty also supports earlier appointment of contractors to provide the benefit of their experience as projects develop. CECA can give its 100 per cent support to this proposal, as it represents what we believe is increasingly being recognised as best practice across the whole of the construction industry."

Wider use of integrated project teams

"There is evidence from across the construction industry that exemplary performance will most likely be achieved where suppliers work together with clients in integrated teams, rather than as fragmented supply chains with little partnership working. Network Rail is looking to deliver more of its work in such partnerships in the future, and we welcome McNulty's support for this approach."

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For more detailed information, further comment or interviews please contact Calum Benson on 020 7340 0452 or calumbenson@ceca.co.uk

Notes to Editors

1. The Civil Engineering Contractors Association represents over 300 contractors of all sizes, covering approximately 80% of the civil engineering market in Great Britain. Our members build infrastructure that provides the basis for economic sustainability and quality of life in communities across the country.
2. Sir Roy McNulty's report, *Realising the potential of UK rail*, is available in full here: <http://www.dft.gov.uk/pgr/rail/strategyfinance/valueformoney/realising-the-potential-of-gb-rail/pdf/realising-the-potential-of-gb-rail-summary.pdf>