

FCP promotes Alliances and Collaboration



Rail privatisation in Britain was based on the track authority model with separately owned

Rail privatisation in Britain was based on the track authority model with separately owned infrastructure making up the national network over which train operating companies provide passenger and freight services with track access contracts.

The aim was that the merit of applications for track access would be evaluated by an independent regulator to prevent monopolistic behaviour which it was feared would result if integrated companies provided both infrastructure and train services.

As the structure has matured it has become clear that distancing infrastructure and operational management can lead to poor customer outcomes and higher costs where functions are duplicated.

The potential for efficiency savings was identified by the wide ranging McNulty *Rail Value for Money Study* produced in 2011. In response to this an alliance was established by South West Trains and Network Rail to provide greater integration in the management of Wessex route operations. This was later abandoned as the companies found that reporting structures lacked clarity although the joint operational control room was retained as well as the Wessex Capacity Alliance that is expanding Waterloo Station.

The UK Government is now making another attempt to improve the interface between track and train by requiring joint boards to be established as part of the franchise bidding process. It mirrors a successful alliance structure that is part of the Scotrail franchise where there is a £1.7 billion infrastructure budget during the five years to 2019.

FCP has provided strategic advice in creating the alliance in Scotland between Network Rail and Abellio the passenger franchise holder. Our experience draws on the earlier Wessex alliance and the drivers for infrastructure spending. A core part of the work has been to devise enhancement mechanisms which share efficiencies whilst operating within the constraints of the separate parties.

FCP starts this process with a comprehensive stock take to gain an in-depth understanding of a company's current situation and then identifies the steps that a business must take to ensure it is able to collaborate with others in the way required for future franchise bids.

In the future the Department for Transport will expect franchise bidders and other suppliers to meet the requirements of the Collaborative Business Relationship Standard BS11000 with a view to obtaining certification at a target date. This process is also used by Network Rail.

Many companies lack the resources and expertise to undertake a self assessment of this type and involving FCP can often make the difference between collaborative plans being accepted or not.



There will be other forms of collaboration in the future with third party organisations becoming more involved. It is likely that local public sector bodies and other investors will put together enhancement funding for projects that are not at the top of Network Rail's wish list and as a result alliancing themselves with contractors able to provide project delivery.