



Rail Forum East Midlands
Lonsdale House
Quaker Way
Derby DE1 3HD

April 2017

RAIL FORUM EAST MIDLANDS (RFEM) RESPONSE TO HMG'S GREEN PAPER "BUILDING OUR INDUSTRIAL STRATEGY"

East Midlands: The Heart of the Rail Industry

RFEM is a 'cluster' organisation with **over 150 rail supply chain company members** predominantly, but not exclusively, based around the East Midlands. As a not for profit company we are owned, led and governed by our industry members. These include a number of large and multinational organisations such as Alstom, Bombardier, CH2M and SNC Lavalin, however, the majority are drawn from the SME community representing the civils and rail engineering contractors, passenger information, technology and systems companies and rolling stock parts manufacturing, maintenance and refurbishment. Our current Chair is Paul Francis, Managing Director of Porterbrook Leasing.

The East Midlands is home to one of the world's largest rail clusters.

The region's DIT representative has over 400 rail related supply chain companies on their database and a recent report¹ commissioned by Derby City Council suggests there are 600 rail related companies in the region employing some 25,000 people and contributing over £2.6bn to the regional economy. The same report concludes almost 6000 people are employed in rail and its supply chain in Derby alone, however, this most likely understates actual employment (and hence economic value) as the report is more focussed on the rolling stock sub sector and in particular those engaged by Bombardier Transportation. These companies operate across all parts of the supply chain: from major clients, consultancies and OEMs to niche start up technology based companies and family owned manufacturers. They represent the Midlands great rail heritage and **together present a unique and compelling opportunity for UK plc** looking forward.

¹ Planes Trains and Automobiles Part 2, March 2017 (AECOM)

Lonsdale House, Quaker Way, Derby DE1 3HD

Tel: +44 (0)1332 593550

www.midlandsrail.co.uk

e: info@midlandsrail.co.uk



Summary

RFEM welcomes the opportunity to respond to this crucially important green paper on behalf of our members. We have worked collaboratively with the Railway Industry Association (RIA); holding a joint consultation event to seek member feedback and in addition have met with members individually to seek their input to our response. RIA will be responding on behalf of the Rail Supply Group (RSG) with whom we also have a close working relationship; our Chair Paul Francis and Executive Board member Anna Ince are both members of the RSG Council. We will leave RIA to outline the potential for a national sector deal with rail whilst in our response we focus on the issues important to our members and the potential opportunities to enhance and grow the East Midlands regional cluster.

The development of a forward looking Industrial Strategy is very much welcomed; in our view it is long overdue and the lack, until recently, of such a strategic approach to the rail supply chain has contributed to systemic weaknesses and a lack of confidence to invest in new technologies, equipment and skills. The proposals in the green paper provide an opportunity to address these issues.

Whilst much of our detailed response below can be applied industry wide it is written with specific reference to, and focus on, the East Midlands rail cluster and how the Industrial Strategy could work to support and develop this further into a world beating and thriving set of businesses making even more substantial contribution to UK GDP. We have not addressed all the individual 38 questions set out in the green paper rather we have aimed to capture the key points that will 'make a difference' over the coming years.

Lonsdale House, Quaker Way, Derby DE1 3HD

Tel: +44 (0)1332 593550

www.midlandsrail.co.uk

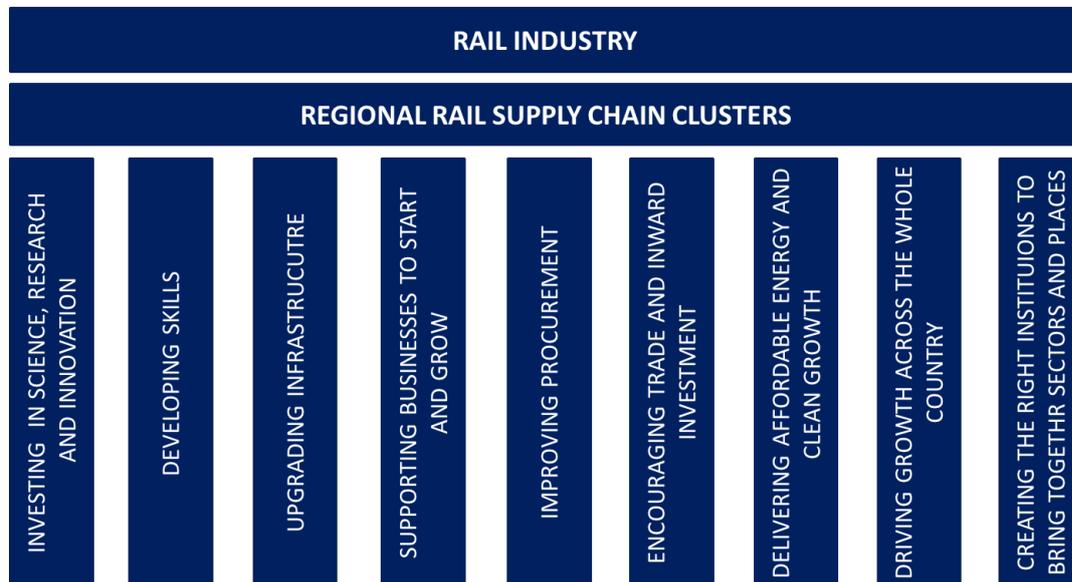
e: info@midlandsrail.co.uk

Registered Office: St Helen's House, King Street, Derby DE1 3EE
Company Registration No: 06832230 VAT Registration No: 974 1824 95

The Consultation Questions and the Ten Pillars

1. Does this document identify the right areas of focus; extending our strengths; closing the gaps; and making the UK one of the most competitive places to start or grow a business?
2. Are the 10 pillars suggested the right ones to tackle low productivity and unbalanced growth? If not, which areas are missing?

All of the strategic 10 pillars outlined in the green paper are important as part of the 'ecosystem' required for companies and sectors to thrive and we would advocate that the UK rail industry is already a world leading sector with significant potential to contribute further to UK plc. The 8th pillar '**Cultivating World Leading Sectors**', be they established or new, should be at the heart of the industrial strategy with major clusters and other pillars underpinning each of these sectors, as shown below. No doubt this concept will be reflected through individual sector deals with differing emphasis on each pillar depending on the sector in question.



Lonsdale House, Quaker Way, Derby DE1 3HD
Tel: +44 (0)1332 593550

www.midlandsrail.co.uk e: info@midlandsrail.co.uk

Registered Office: St Helen's House, King Street, Derby DE1 3EE
Company Registration No: 06832230 VAT Registration No: 974 1824 95

The green paper asks if anything is missing. We believe **further emphasis is required on digital and disruptive technologies**. There are two aspects to this:

- Support for such technologies to drive future UK plc growth and opportunity and
- To ensure that existing key sectors and 'success stories' are able to adapt to ensure they continue to succeed.

This is particularly important for rail with the development of the digital railway, the advent of autonomous vehicles and a move towards integrated smarter journeys.

3. Are the right central government and local institutions in place to deliver an effective industrial strategy? If not, how should they be reformed? Are the types of measures to strengthen local institutions set out here and below the right one?

There is a huge opportunity at regional level to work with and through local business forums such as RFEM who can act as sector focussed delivery partners across a range of issues with their businesses and in particular the SME community. Supporting co-ordination, driving collaboration and skills development, encouraging joint R&D projects and links with our universities and representing our clusters on the international stage are just some of the areas that could be incorporated into regional aspects of a sector deal that will help drive business growth.

From a Government perspective, there is a danger that treating the strategy as a set of individual 'pillars' could lead to a lack of clear purpose, sub optimisation and a fragmented approach across government departments. **It is imperative to ensure that the strategy and objectives in DfT, DBEIS, DofE, DIT are all aligned** so that maximum benefits can accrue both for the rail supply chain and Government. There is then a further need to ensure the strategy and objectives are aligned at a regional level to support important clusters such as the one in the East Midlands, be this through the Midlands Engine and Midlands Connect initiatives, local LEPs or councils.

Positioning the various sectors at the heart of the strategy will ensure that investment in science, research and innovation, skills development, procurement practices, trade opportunities and so on are closely aligned with employer's needs. This concept should apply at both national and regional or cluster level where appropriate.

4. Are there important lessons we can learn from the industrial policies of other countries which are not reflected in these ten pillars?

Lonsdale House, Quaker Way, Derby DE1 3HD

Tel: +44 (0)1332 593550

www.midlandsrail.co.uk

e: info@midlandsrail.co.uk

Pillar #1: Investing in Science, Research and Innovation

5. What should be the priority areas for science, research and innovation investment?

RSG has identified five areas where the UK is believed to be well positioned to develop world leading capability and these should inform initial investment priorities.

To date there has been limited and fragmented interaction between the rail industry and universities/research centres. Too many 'research projects' have been led and driven by the universities responding to available funding pots where industry support is then sought. This approach needs to be reversed with industry in the driving seat and being recognised as the customer.

The potential development of the UK Rail Research and Innovation Network (UKRRIN) is very much welcomed and industry is supporting this initiative with £64m of private sector commitment. UKRRIN will include a number of East Midlands universities and their involvement is crucial to act as a catalyst for further development of specific expertise to support the cluster in the region and to drive those areas in which we have identified we can be world class. We would **like to see universities working more collaboratively, sharing facilities and making these more readily available to SMEs**; the UKRRIN network will provide the basis for this where research and testing can be undertaken local to the cluster but then shared nationally. It is vital that UKRRIN facilities are accessible to SMEs and that where gaps in facilities remain these are developed local to the SMEs needing them.

6. Which challenge areas should the Industrial Challenge Strategy Fund focus on to drive maximum economic impact?

7. What else can the UK do to create an environment that supports the commercialisation of ideas?

To secure a step change in performance across the rail industry **investment in research and innovation will be critical**, however, such investment will only pay off when ideas become reality and new products and services are brought to market. Current long lead times and approvals processes in the rail industry are presently a barrier to commercialisation and opportunities for clients/OEMs and the wider supply chain to work more collaboratively to reduce approvals timeframes should be strongly encouraged. This will also drive productivity, cost reduction and ultimately companies' ability to grow.

Existing processes also act as a significant barrier for new entrants; RFEM's previous work with the Midlands Aerospace Alliance identified that a number of

Lonsdale House, Quaker Way, Derby DE1 3HD
Tel: +44 (0)1332 593550

www.midlandsrail.co.uk e: info@midlandsrail.co.uk

Registered Office: St Helen's House, King Street, Derby DE1 3EE
Company Registration No: 06832230 VAT Registration No: 974 1824 95

aerospace companies found the accreditation and approvals processes in rail to be too prohibitive.

8. How can we best support the next generation of research leaders and entrepreneurs?

The word innovation means different things to different people and there is a need to educate the supply chain on what innovation is and the funding available. Further encouragement is required to ensure that OEMs and key clients work collaboratively with research institutions and SMEs to forge innovative ideas for the future.

9. How can we best support research and innovation strengths in local areas?

The UKRRIN collaborative partnerships should work closely with the regional clusters and their local universities to ensure that complimentary research capability is developed closest to where it is required. By way of example RFEM is already working with some of the universities included in UKRINN to establish local links with SMEs and to encourage such collaboration with other universities.

Some SMEs, particularly in manufacturing, work across transport supply chains. For many this is important to help them manage peaks and troughs and hence increase productivity and reduce costs. The Midlands Engine strategy provides an opportunity to encourage cross sector innovation through joint projects/funding and we would urge government to support such **industry led** approaches.

Pillar#2: Developing Skills

10. What more can we do to improve basic skills? How can we make a success of the new transition year? Should we change the way that those resitting basic qualifications study, to focus more on basic skills excellence?

Basic skills are a fundamental requirement within the sector and are a particular issue for parts of the East Midlands which is home to a number of the worst performing schools in England. Whilst the idea of a 'transition year' at 16 and improved maths and English teaching in FE colleges is understood we would argue this is too little too late. **Bold action is required in primary and junior education to ensure that children progressing to secondary school are achieving the required levels of numeracy and literacy at a much earlier age.** We do not believe it is for either the FE sector or employers (working with FE) to have to address what are failings in the wider education system later on. We would therefore urge a more radical approach than that currently proposed.

Lonsdale House, Quaker Way, Derby DE1 3HD

Tel: +44 (0)1332 593550

www.midlandsrail.co.uk

e: info@midlandsrail.co.uk

11. Do you agree with the different elements of the vision for the new technical education system set out here? Are there further lessons from other countries' systems?

The proposal to reduce the number of qualifications and provide a defined number of 'technical routes' is largely welcomed although a reduction to the 15 currently proposed could be a step too far and it is unclear whether these would really help support recruitment of the right calibre of people into the industry. We would suggest further work is required before the proposals are firmed up.

A number of rail businesses are engaging with local UTCs including the one in Derby to support curriculum delivery and to develop rail related projects for students to work on. We strongly support the concept of UTCs and would like to see greater support from government including better promotion of the opportunities they offer within their local communities as too few parents understand the choices available to their children.

12. How can we make the application process for further education colleges and apprenticeships clearer and simpler, drawing lessons from the higher education sector?

The FE sector has typically been very 'learner' focussed and not focussed enough on employer needs. There is clear evidence that this is changing and this is very much welcomed by our members. However, the majority of SMEs find it difficult to navigate the skills landscape, do not understand apprenticeships and the various options on offer and are not able to devote time to helping develop qualifications etc. Co-ordinated partnerships between the East Midlands rail cluster and FE are starting to bear fruit with the establishment of a Rail Employment and Skills Academy at Derby College which is overseen by an advisory board of some 16 employers chaired by an SME. This employer group is helping to develop the curriculum, provide work placements, site visits and so on and **demonstrates how collaborative working across the cluster can be used to address our skills issues whilst minimising the burden on individual employers.** This approach could be replicated with other colleges across the regional cluster and elsewhere.

SMEs in rail continue to struggle to offer apprenticeships as they have insufficient visibility/pipeline of work so do not have the confidence to recruit an apprentice (or graduate). The use by Network Rail of zero value framework contracts has done nothing to help this situation. Hence **cluster led group apprenticeship and even graduate schemes are needed to ensure we can collectively develop the future pipeline of talent the industry needs. It is unclear how such group schemes will work under the new apprenticeship funding regime and an urgent solution to this is required.**

Lonsdale House, Quaker Way, Derby DE1 3HD
Tel: +44 (0)1332 593550

www.midlandsrail.co.uk e: info@midlandsrail.co.uk

13. What skills shortages do we have or expect to have, in particular sectors or local areas, and how can we link the skills needs of industry to skills provision by educational institutions in local areas?

The current and anticipated future skills shortages in rail have been well researched and documented. The rail supply chain is incredibly diverse; it includes technology services and advanced manufacturing companies in addition to the more obvious rail engineering firms. This means that **our skills requirements, at all occupational levels, are broad and complex** and there is no single or simple solution. There is also a critical need for more/better leadership and management training across the sector, however, this is often not recognised by the people that perhaps need it most!

The example of the Derby College Rail Employment and Skills Academy outlined in Q12 above is an excellent example of a mechanism for educational institutions to work with local companies to address their skills needs.

There are countless commendable initiatives at national and local level supporting schools to engage with businesses and aimed at encouraging more interest in STEM subjects etc. with numerous agencies involved. For SMEs, this is a completely impossible landscape to navigate and hence support; whilst larger employers face a significant burden as the 'first choice target' for school visits and other activities. We would advocate a streamlining of the current position with sector cluster organisations leading for their region (where appropriate) to ensure consistent and accurate sector messages and a fair sharing of the workload involved.

14. How can we enable and encourage people to retrain and upskill throughout their working lives, particularly in places where industries are changing or declining? Are there particular sectors where this could be appropriate?

Pillar#3: Upgrading Infrastructure

15. Are there further actions we could take to support private investment in infrastructure?

RFEM submitted a response to the recent Hansford Review, we have nothing further to add on this issue at the moment.

16. How can local infrastructure needs be incorporated within national UK infrastructure policy most effectively?

Whilst the rail industry has its own part to play in providing a significant aspect of the national transport infrastructure it too requires good infrastructure to function; be this digital connectivity, good road, rail and air connectivity or

Lonsdale House, Quaker Way, Derby DE1 3HD

Tel: +44 (0)1332 593550

www.midlandsrail.co.uk

e: info@midlandsrail.co.uk

access to energy supplies. The Midlands Connect strategy published in March is generally welcomed although it is vital that this is viewed and progressed within the context of an integrated national plan and that equal emphasis is given to the needs of the East as is given to the West of the region.

In practical terms we either need a strong clear national framework that local infrastructure plans are developed within or we need a 'bottom-up' approach whereby local plans are fed into a national plan. Without this we risk a fragmented approach to infrastructure development that will be both costlier and less effective.

Local growth plans need to include development of appropriate commercial and industrial buildings, as part of the infrastructure, to support growing companies. Some of our members report that this is currently a barrier to growth.

17. What further actions can we take to improve the performance of infrastructure towards international benchmarks? How can government work with industry to ensure we have the skills and supply chain needed to deliver strategic infrastructure in the UK?

There are a number of opportunities to improve productivity and reduce costs in the rail supply chain. These have been recognised by RSG and include:

- **Longer rolling control periods to smooth out the peaks and troughs caused by the current five yearly cycles.** This would encourage more companies to invest in skills, innovation and equipment as they would be able to plan better;
- Incentives to eliminate similar peaks and troughs on the operational side of the railway driven by franchising periods;
- **Greater use of output based specifications and earlier contractor involvement to encourage innovation and reduce costs.** If resultant cost savings could be shared between the client and contractor this could also encourage greater investment in skills development etc.;

A sector deal can address the above and has the potential to drive significant improvement in productivity, reduction in costs and improved customer experience.



Pillar#4: Supporting Businesses to Start and Grow

18. What are the most important causes of lower rates of fixed capital investment in the UK compared to other countries, and how can they be addressed?

19. What are the most important factors which constrain quoted companies and fund managers from making longer term investment decisions, and how can we best address these factors?

20. Given public sector investment already accounts for a large share of equity deals in some regions, how can we best catalyse uptake of equity capital outside the South east?

21. How can we drive the adoption of new funding opportunities like crowdfunding across the country?

22. What are the barriers faced by those businesses that have the potential to scale-up and achieve greater growth, and how can we address these barriers? Where are the outstanding examples of business networks for fast growing firms which we could learn from or spread?

The Rail Supply Group (RSG) is already undertaking specific work looking at what is required to support rail supply chain companies to thrive. A number of barriers currently exist which are experienced by RFEM members regionally; many of these relate to procurement and these are outlined in the section below entitled 'Improving Procurement'.

Other barriers include difficulty accessing finance and navigating the plethora of funding and business support schemes available both at regional and national levels and those available on a sector specific basis.

One of the strengths of the East Midlands rail cluster is its ability to foster collaboration enabling SMEs to share product development ideas and costs, collectively tackle skills shortages and collaborate to win broader and larger contracts. Fostering such collaborative working should be central to government thinking in relation to supporting regional clusters.

Lonsdale House, Quaker Way, Derby DE1 3HD

Tel: +44 (0)1332 593550

www.midlandsrail.co.uk

e: info@midlandsrail.co.uk

Registered Office: St Helen's House, King Street, Derby DE1 3EE
Company Registration No: 06832230 VAT Registration No: 974 1824 95

Pillar#5: Improving Procurement

23. Are there further steps that the Government can take to support innovation through public procurement?

Procurement practices are one of the single biggest sources of frustration across rail supply chain companies, they therefore provide one of the greatest opportunities. Opportunities include:

- Smoothing out peaks and troughs in workload driven by control periods (on the rail infrastructure) and franchise timetables (for rolling stock). Such peaks and troughs make it difficult for all but the largest and most diverse companies to invest in skills development, new technologies, new equipment and premises. These all have a consequent impact on productivity. Industry has repeatedly called for workload pipeline visibility but this in itself is not enough as without definite orders businesses do not have the confidence to invest. **A co-ordinated 'cluster' approach to skills investment and in some cases research activity would help.**
- **Greater focus on the whole life cost of a project/programme rather than the 'lowest price'.** Current approach to whole life costing is variable and sometimes hindered by different project managers being employed on different GRIP stages of the same programme within Network Rail leading to a fragmented and silo approach.
- A move to more output based specifications rather than detailed input driven contracts. **Other industries have successfully used output based specifications to improve quality, reduce costs and encourage innovation.** As part of a sector deal a 'profit sharing' regime should also be considered between clients and the supply chain; this could include commitments by supply chain firms to increased investment in technology and skills development.
- **Improved early contractor engagement to ensure right first time design and aligned commercial and performance objectives.**
- Tangible commitment from Government to supporting local UK businesses through procurement. Our members consistently report difficulty breaking into certain European markets; with larger **European countries and the USA regarded as being much more proactive in supporting their 'home based local suppliers'.** This is important as without similar levels of support in the UK our employers will lose out. Without reference projects 'at home' it is more difficult for companies to sell their products internationally. Some organisations advocate mandated UK content similar to the approach in the USA. Either way there is an urgent

Lonsdale House, Quaker Way, Derby DE1 3HD

Tel: +44 (0)1332 593550

www.midlandsrail.co.uk

e: info@midlandsrail.co.uk

need to ensure that procurement regulations are reviewed and procurement specialists, be they in clients or OEMs, fully understand the 'bigger picture' benefits to supporting UK businesses going forward. To this end we strongly support the work being undertaken by RSG to review the UK regulations that enacted the 2014 EU procurement directive; specifically in relation to its intent re SMEs and research and innovation.

24. What further steps can be taken to use public procurement to drive the industrial strategy in areas where government is the main client, such as healthcare and defence? Do we have the right institutions and policies in place in these sectors to exploit government's purchasing power to drive economic growth?

There is significant scepticism amongst SMEs that they will genuinely benefit from HS2 contracts; particularly as HS2 have said they will not 'police' how work is being pushed down via their tier one contractors. **Government should ensure that HS2 is held to account for its statements about the % of work that will be contracted to UK based SMEs.**

Pillar#6: Encouraging Trade and Inward Investment

25. What can the government do to improve our support for firms wanting to start exporting? What can the government do to improve support for firms in increasing their exports?

RSG has set ambitious targets for increasing exports and the government's increased focus and emphasis on encouraging trade and supporting export is welcomed. Whilst we fully support the concept of 'free trade' we would also ask government to note previous comments that clearly demonstrate certain countries actions to strategically support their local supply chains.

In order for the rail supply chain to make the step change necessary on exports concerted industry and government action is needed; this should be a key feature of any sector deal. In addition, we would suggest that **DIT funding be made more flexible to suit individual sectors** (and even clusters) as the current 'range of products' do not always suit our member companies. For example, funding should be considered to support the development of international selling skills, cultural awareness briefings etc.

Whilst we welcome initiatives to make doing business abroad easier, government should be under no illusion as to just how time consuming and difficult this can be for SMEs, particularly if they are busy in the potentially 'easier' home market. Ultimately there is no point in businesses investing in growing sales unless these have a positive impact on the bottom line and ultimately the value of the business.

Lonsdale House, Quaker Way, Derby DE1 3HD
Tel: +44 (0)1332 593550

www.midlandsrail.co.uk e: info@midlandsrail.co.uk

A joined-up approach to trade and inward investment across the Midlands Engine provides a great opportunity to showcase the breadth of expertise and hence attract more interest in the region. It is crucial that any such approach involves and benefits the whole of the Midlands Engine region.

Strengthened support for UK presence at major international trade shows should be considered. We would advocate the concept of a Midlands Rail approach similar to the Midlands Aerospace Alliance in aerospace and the Midlands Engine approach to MIPIM 2017.

26. What can we learn from other countries to improve our support for inward investment and how we measure its success? Should we put more emphasis on measuring the impact of Foreign Direct Investment (FDI) on growth?

Further thought should be given to how Network Rail Consulting and TfL Consulting could support and 'pull through' UK businesses. This also applies to international aid where aid might be provided in the form of 'activity' such as design works rather than 'cash'. This approach is adopted by other countries providing opportunity to develop their skill sets and grow their expertise.

Pillar#7: Delivering Affordable Energy and Clean Growth

27. What are the most important steps the government should take to limit energy costs over the long term?

28. How can we move towards a position in which energy is supplied by competitive markets without the requirement for ongoing subsidy?

29. How can the government, business and researchers work together to develop the competitive opportunities from innovation in energy and our existing industrial strengths?

Rail supply chain companies can contribute to the 'clean growth' agenda through the development of new technologies and Energy Management is one of the five key areas that RSG has identified that the UK can be world class. This is a good example of a technology that should be a priority for ongoing research funding, encouraging collaborative working across our universities and early adoption through appropriate procurement.

Additional government focus is required to both support and grow rail freight which has a significant part to play in helping to reduce road congestion and in helping the UK meet its carbon emissions commitments.

30. How can the government support businesses in realising cost savings through greater resource and energy efficiency?

Pillar #8: Cultivating World-Leading Sectors

31. How can the government and industry help sectors come together to identify the opportunities for a 'sector deal' to address – especially where industries are fragmented or not well defined?

The RSG already provides a focal point for industry and governmental dialogue. Whilst there is a natural tendency for such groups to be dominated by larger companies RSG has made significant effort to ensure SME representation and voice; this could be **further strengthened by engaging with significant regional clusters such as the one in the East Midlands in a more formal way.**

32. How can the government ensure that 'sector deals' promote competition and incorporate the interests of new entrants?

33. How can the government and industry collaborate to enable growth in new sectors of the future that emerge around new technologies and new business models?

As previously mentioned the RSG has highlighted five key areas where the UK is believed to have potential to be world class. **It will be critical to ensure that the intellectual property associated with such technology developments reside with UK companies so that it can be exploited for the benefit of UK plc.**

Pillar #9: Driving Growth Across the Whole Country

34. Do you agree the principles set out above are the right ones? If not what is missing?

The rail supply chain comprises a vast array of firms; some with numerous offices and sites spread across the UK with others operating from sole premises. These companies are spread far and wide to service a national network however there are **significant clusters in specific geographical areas that if nurtured can lead the rebalancing of the economy.** Supporting the development of clusters such as the one in the East Midlands will help drive growth across the country and help to encourage greater inward investment be this from the UK or further afield.

Lonsdale House, Quaker Way, Derby DE1 3HD
Tel: +44 (0)1332 593550

www.midlandsrail.co.uk e: info@midlandsrail.co.uk

Registered Office: St Helen's House, King Street, Derby DE1 3EE
Company Registration No: 06832230 VAT Registration No: 974 1824 95

35. What are the most important new approaches to raising skill levels in areas where they are lower? Where could investments in connectivity or innovation do most to help encourage growth across the country?

Pillar #10: Creating the Right Institutions to Bring Together Sectors and Places

36. Recognising the need for local initiative and leadership, how should we best work with local areas to create and strengthen key local institutions?

At a national level, there are a number of institutions serving the rail industry. Whilst there is clear evidence of increased collaborative working across these organisations there may be some scope for rationalisation; however more important is ensuring absolute clarity on the role of each and the benefits these bring to our employers and ultimately rail passengers and customers.

Regional initiatives such as Midlands Engine and Midlands Connect and local LEPs should be encouraged to work with sector clusters to ensure priorities, activities and funding are aligned to sector deals.

37. What are the most important institutions which we need to upgrade or support to back growth in particular areas?

38. Are there institutions missing in certain areas which we could help create or strengthen to support local growth?

Regionally in the East Midlands RFEM has provided strong links to both national institutions and government agencies and more recently local LEPs and the Midlands Engine. This model is not replicated across other parts of the country making it difficult to 'connect' local initiatives into a 'bigger picture'. Furthermore, it is important to note that RFEM works closely with RSG and others to ensure a 'joined up' approach to delivering national rail strategic priorities – local initiatives that don't align to the national strategy result in sub optimisation and confusion.

There is significant scope for regional organisations to play a key role as delivery partners to local LEPs and regional initiatives such as Midlands Engine and Northern Powerhouse. With a clear sector focus, linkage to major 'anchor' firm's as described in the green paper and our cluster of SMEs we can:

- drive and support cross cluster innovation;
- develop joint / shared apprenticeship programmes,
- co-ordinate programmes of outreach into schools and communities that are both under represented and underperforming to raise

Lonsdale House, Quaker Way, Derby DE1 3HD
Tel: +44 (0)1332 593550

www.midlandsrail.co.uk e: info@midlandsrail.co.uk



standards, aspiration and encourage our next generation of professional workers;

- encourage collaboration and sharing of knowledge to drive growth both at home and abroad and
- connect larger companies with SMEs.

Finally, whilst a clear sector focus is important we also need to ensure that our supply chain can learn from other sectors and vice versa. Many SMEs in rail also work or have the potential to work in other transport sectors. Similarly, the rail industry needs new companies to move into rail so we can benefit from their knowledge and expertise. Working across the Midlands Engine with other key clusters such as aerospace we can ensure that ideas and solutions to challenges are shared and drive a synergy that to date has been largely ignored. RFEM is already working with the Midlands Aerospace Alliance to this end.

ENDS

Lonsdale House, Quaker Way, Derby DE1 3HD

Tel: +44 (0)1332 593550

www.midlandsrail.co.uk

e: info@midlandsrail.co.uk

Registered Office: St Helen's House, King Street, Derby DE1 3EE
Company Registration No: 06832230 VAT Registration No: 974 1824 95