

[National Assembly for Wales](#)

[Enterprise and Business Committee](#)

[Inquiry into the future of the Wales and Borders Rail](#)

Evidence from Angel Trains – WBF 90

**Response to Enterprise and Business Committee’s inquiry into the future of the
Wales and Borders Rail Franchise**

Angel Trains Ltd

1. Angel Trains Ltd

1.1 Angel Trains Ltd owns, leases and maintains trains for Train Operating Companies (TOCs). We are the largest Rolling Stock Operating Company (ROSCO) in the country and our customers include all 19 franchised TOCs and two open access operators. We are one of the largest private investors in UK rail and since 1996 we have invested over £3.5 billion in new trains and the refurbishment of existing trains.

1.2 Angel Trains Ltd owns and maintains more than 4,450 passenger vehicles and 280 freight locomotives in the UK, which is about 37% of the nation’s rolling stock. One of the roles of the ROSCO is to act as a conduit between the international capital markets and the UK rail industry. The ability to secure financing against a diverse portfolio of assets also offers Angel Trains Ltd, and other ROSCOs, a significant degree of choice in determining the optimal sources of finance to arrive at the most cost effective solution for the industry.

1.3 Our workforce consists of over 100 individuals who are specialists in many aspects of train leasing, from finance and engineering to commercial and customer service. From our offices in London and Derby, we provide expertise in the procurement of maintenance for our leased trains and know-how on the purchase of new rolling stock. In addition to our own resources, we have a network of suppliers and contractors, from large companies through to specialist SMEs, who are sustained by the work we generate for them. Every year we channel over £60 million through our supply chain.

1.4 Angel Trains Ltd owns the Class 158 fleet which is leased to Arriva Trains Wales (ATW).

More information about our company is available on our website: www.angeltrains.co.uk

2. Introduction

2.1 Angel Trains welcomes the opportunity to respond to the Enterprise and Business Committee’s inquiry. In responding to the Committee’s call for evidence we intend to focus on rolling stock, as the other questions posed are outside our areas of expertise.

2.2 While rolling stock only accounts for a small proportion of whole industry costs, we are very conscious of the need for the whole UK rail industry to work together to reduce the

overall unit cost of the sector. Angel Trains recognises that it has an important role to play in the delivery of an effectively operating railway that delivers value for money.

- 2.3 Following the publication of the McNulty report Angel Trains Ltd has worked constructively with the Rail Delivery Group and other industry stakeholders to review and develop many of the work streams in the report. We recently supported the development and publication of a high level, long term, industry wide rolling stock strategy.
- 2.4 Figures released last year by the Association of Train Operating Companies (ATOC) show that passengers are increasingly choosing to travel between Britain's major cities by railway. The organisation also predicts that rail is set to replace air travel as the most popular choice for long-distance travel in the UK.¹ This modal shift is occurring partly because of road congestion, increased petrol prices, concern about carbon emissions, and increase in security at airports. However, it is also a function of the improvements made in terms of quality of service and customer satisfaction since privatisation. We believe that the Welsh Government and UK Government visions for railways should be focused firmly on customer satisfaction, just like any modern service industry.

3. Wales and Borders Franchise

- 3.1 Rolling stock should not be considered in isolation but rather as part of a wider long term rail strategy and demand forecasting that links to economic development strategies and plans for future employment distribution in Wales. Angel Trains Ltd would like to work closely with Network Rail, industry stakeholders, the Welsh Government and the Department for Transport on the development of an industry rolling stock strategy, which naturally flows from the forthcoming electrification programme.
- 3.2 We would welcome clear communication by government with the rail industry on their vision for the future of the Wales and Borders services so that the resulting franchise fulfills the specific needs, and future projected needs, of the Welsh population as set out by Welsh policy makers. Transport Scotland is an excellent example of how open, consistent and clear communication to industry of its strategy and needs has led to a positive response from industry in helping to provide solutions to challenges and meet Transport Scotland's requirements.
- 3.3 The current Wales and Borders franchise was procured on a lowest cost basis. Careful consideration should be given in the next procurement to the balance of affordability with the type and quality of service for the passenger, based on the UK and Welsh Governments' assessment of what the future of the service should look like in Wales.
- 3.4 By virtue of the length of their franchises TOCs are focused on the short-term. Rolling stock, however, has a life-cycle of up to 40 years. Angel Trains therefore has an interest in the long-term outlook for the rail sector, given our significant investments. A longer franchise would provide greater certainty to encourage further investment in rolling stock and reduce whole life costs, which would bring mutual benefit.
- 3.5 An essential element of a longer franchise period would be clear points within this to measure performance against set criteria (and either break away or revise the criteria), re-assess requirements, and adjust rolling stock provision accordingly. This would provide flexibility to respond to technological advances and changes in the infrastructure

¹ <http://www.atoc.org/media-centre/latest-press-releases/shift-from-air-to-rail-heralds-turning-point-in-how-people-travel-between-uks-main-cities-100571>

capability, and could allow procurement of new rolling stock at a point when it may be more affordable within the franchise.

- 3.6 Quality can be maintained through the franchise specification by including a performance regime that looks at every aspect, from service to carpet cleanliness. This has been implemented in Scotland through the Service Quality Incentive Regime (SQUIRE).
- 3.7 The leasing model works well; we know that passenger vehicles have improved since privatisation, leading to measurable, positive changes in passenger satisfaction.² Crucially, the leasing model allows for flexibility in rolling stock requirements over time so that the numbers of trains can be expanded or reduced if needed.
- 3.8 Operational safety and efficiency should be taken into account when considering different models of ownership and operation. Angel Trains Ltd and other ROSCOs have unique expertise; one third of all Angel Trains staff are engineers working on configuration, maintenance and solving problems to ensure safe and efficient running. TOCs similarly have expertise in carefully identifying passenger flows and managing services.

4. Delivering value for money

- 4.1 Having taken a collaborative approach for many years, Angel Trains is continuing to work with others across the industry to deliver sustainable value for money. This includes bringing about effective procurement of rolling stock, increased standardisation of trains and whole system cost reduction in the asset management of vehicles to the overall joint benefit of the industry.
- 4.2 Angel Trains believes that it is possible to provide lower cost rolling stock solutions through continued service operation of existing fleets, and we would like to emphasise the benefits of upgrading existing stock in reducing the cost of the UK rail industry.
- 4.3 As an example, earlier this year Angel Trains worked closely with ATW and rail maintenance specialist LNWR to complete a total overhaul and refurbishment of 24 Arriva Trains Wales Class 158 trains running on the Cambrian line. The refurbishment of this rolling stock, funded by the Welsh Government, created a new carriage interior in addition to improvements such as the installation of power sockets for passengers and low energy lighting. Passengers have been so impressed with the work carried out that many thought that the trains were new.
- 4.4 In 2012 Angel Trains Ltd signed a £7m contract with Bombardier for the re-traction and interior re-design of a Class 317 unit. This trial should confirm the anticipated benefits of reduced energy usage (including regenerative braking), lower maintenance costs and improved reliability and establish if the whole Class 317 fleet can be developed in this way; a partial alternative to manufacturing new electric trains which would also have an impact on UK rail costs in a shorter time scale.
- 4.5 Refurbishing an existing train can provide as comfortable and economic an experience for passengers as new trains, and refurbishment still allows for trains that are specifically designed for each market need within Wales. For instance, the Valleys lines could be served by trains with metro-style interiors which include standing areas for shorter commutes, whilst more rural services and typically longer journeys would be

² National Passenger Surveys (2005-2010), published by Passenger Focus, <http://www.passengerfocus.org.uk/research/nps/content.asp?dsid=496>

served by trains with further seating. Variants of refurbished train interiors could be developed in response to clear specifications from government as to the needs of passengers on different routes to support their future vision for the Welsh economy.

- 4.6 It is important to remember that the 'bread and butter' business of the rail supply chain is maintenance and upgrade work, rather than the construction business which tends to make headlines. This is an additional benefit which should not be ignored in the current economic environment.
- 4.7 A move towards standardisation of rolling stock could reduce costs for the railway. Angel Trains supports the development of common platforms or "families" of fleets, with variants designed to meet with needs of specific market sectors (as outlined above). Indeed, where common platforms have previously been developed they have demonstrably brought about benefits in terms of reliability and operational cost in addition to capital savings. A good example of a successful common platform is the Siemens Desiro, which is consistently among the most reliable trains on the network. This is a common platform train with multiple variants including EMUs with vehicle lengths of 20m and 23m, a variety of seating configurations to match market sector needs, with both 3rd Rail DC and 25kV AC electric and diesel-powered variants.
- 4.8 In addition to the potential savings in capital costs, procuring common platform trains can also bring about a range of benefits relating to the reliability and operating cost of the train. For example, maintenance of the Siemens Desiro fleet by the manufacturer has led to efficiency savings being realised whilst maintaining and enhancing the reliability of the fleet. Additional costs, such as the provision of spares and special tools, can be minimised by the owner procuring a pool of common spare parts and tools to service a number of sub-fleets from the same common platform, and the cost of training for drivers and maintenance engineers can be reduced.
- 4.9 Long-term flexibility and savings across and within franchise periods can be further achieved if common branding is used. Transport Scotland provides a good example of common branded trains to reduce costs, whereby rolling stock is customised with Transport Scotland branding rather than that of the TOC.

5. Sustainability

- 5.1 Angel Trains recognises the drive for sustainability by the Welsh Government and wider public sector in Wales and the need for the rail sector to further encourage a modal transfer from road to rail (passenger and freight) to help meet the UK's CO² emission targets. In conjunction with TOCs and manufacturers, Angel Trains is supporting the development of key modifications including driver advisory systems, to help reduce a train's energy consumption, and are investing in projects such as energy metering for London Midland and South West Trains to help improve energy efficiency. We also assess our suppliers on their environmental policies and how they manage environmental issues.
 - 5.2 In terms of manufacturing and maintenance, Angel Trains Ltd believes that the industry can go even further to use more environmentally friendly materials, more sustainable refurbishment activities and greener disposal methods for obsolete trains or materials.
6. We would be happy to discuss this in more detail with the Committee.

Contact

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