

ECONOMIC BENEFITS OF THE RAIL SECTOR DEAL

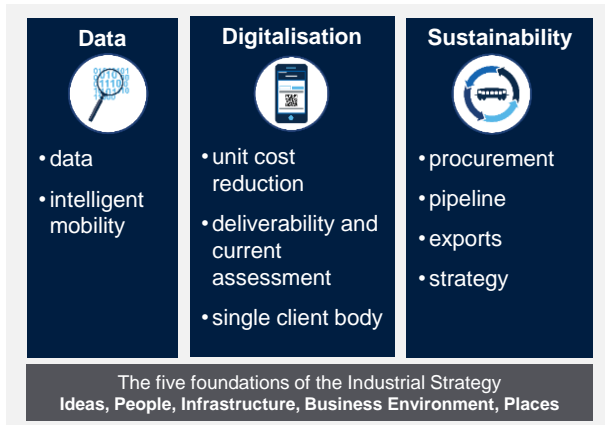


Prepared for: Rail Supply Group

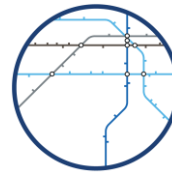
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Summary

The Rail Sector Deal is designed to transform the sector, using digital technology as a catalyst. It consists of three pillars that each contain several themes:



A reduction in unit costs could lead to savings from signal replacements of **£4bn.**



Moreover, in addition to the potential cost savings, digital technology has the potential to **improve connectivity** on the network, leading to a range of benefits for **people and businesses.**



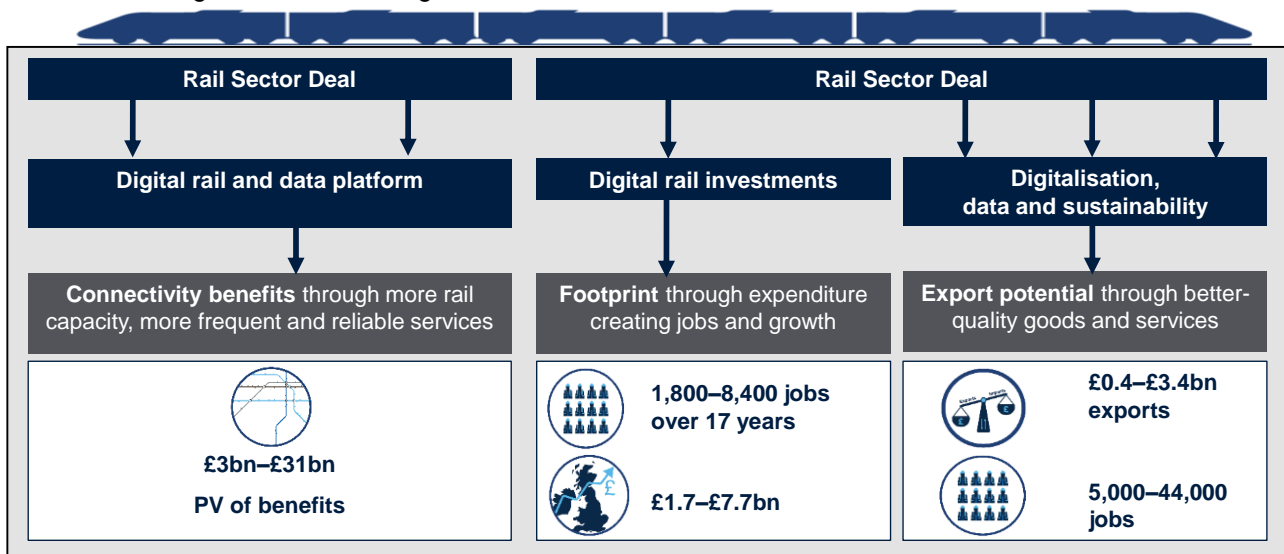
Expenditure on DR investments would also support **jobs and growth** in the rail supply chain itself, as well as in the wider economy.



An accelerated roll-out of DR technology has the potential to give the UK a competitive advantage in applying **ideas** and know-how. These could be **exported** internationally as other countries digitise their own rail networks.

The Rail Sector Deal seeks to create whole-life unit cost reductions and deliverability improvements for DR **infrastructure**, thereby allowing the DR programme to be **more ambitious** than what would be possible otherwise.

Productivity improvements could be achieved through a number of different channels. Most immediately, a **reduction in unit cost** in line with the Rail Sector Deal would mean that digital signalling across assets that are due to be replaced over 17 years from 2019 could be delivered at a significant cost saving.



Source: Oxera based on information provided by the Rail Supply Group and business cases from Network Rail. All prices in Q1 2018

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