

January 22, 2012 11:58 pm

Network Rail seeks link with train operator

By Rose Jacobs and Mark Odell

Network Rail is in talks with the operator of South West Trains to form a joint management team for the franchise, in the biggest step towards integrated running of track and trains since the roles were split when British Rail was privatised in the mid-1990s.

A “deep alliance” between the owner of the rail infrastructure and Stagecoach, a stock market-listed transport group, would form one management team in place of the two now running the rail network connecting London Waterloo and more than 200 stations in the south and south-west, according to documents seen by the Financial Times.

It would also be the first time since the break-up of state-run British Rail in 1997 that managers would be given responsibility for both rail infrastructure and the running of the trains.

Network Rail hopes to have a formal alliance in place by summer, although any agreement would have to be approved by both the Department for Transport and the Office of Rail Regulation, the main industry regulator.

Network Rail is expected to announce on Monday six other alliances with train operators, although those agreements will be less extensive than the South West deal. All the agreements aim to increase efficiency in the system by means of streamlined decision making, co-ordinated investment planning and aligned incentives.

The changes are consistent with those suggested by Sir Roy McNulty in his wide-ranging review of UK rail, which found the system much more costly to run than those in other European countries.

People close to the South West deal stressed that a deeper alliance hinged on being able to ensure that other train operators would not suffer from favouritism shown to the Stagecoach team. Network Rail has recently undergone a devolution programme, making closer working with private rail franchise holders easier.

Under the alliance agreement as it stands, Network Rail and South West Trains staff would remain under their old employers, with the same terms and conditions. One person said “less than a handful of positions” were at risk from the creation of a single management team.

Manuel Cortes, head of the Transport Salaried Staffs’ Association (TSSA), said the union supported reintegration of track and train, but condemned a piecemeal approach: “The [government] is making a dog’s breakfast of what should be one unified industry, not a collection of jigsaw pieces owned by different private companies.”

Network Rail, a government-backed company, took over the rail infrastructure after privately held Railtrack collapsed.

Printed from: <http://www.ft.com/cms/s/0/2b1b2f84-450b-11e1-a719-00144feabdc0.html>

Print a single copy of this article for personal use. Contact us if you wish to print more to distribute to others.

© THE FINANCIAL TIMES LTD 2012 FT and ‘Financial Times’ are trademarks of The Financial Times Ltd.