

Network Rail not accountable enough, say MPs

Public accounts committee says taxpayers need answers as to why train fares are so high despite billions in state funding

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Regulated rail fares are set to rise at well above inflation again next year. Photograph: Frank Baron for the Guardian

The government hands over billions of pounds of taxpayers' money to Network Rail with little understanding and without proper accountability, MPs have warned.

The cross-party public accounts committee said passengers and taxpayers needed answers as to why train fares were so high despite the funding from the Department for Transport.

Margaret Hodge, chair of the committee, said: "It is unacceptable that Network Rail is still not fully transparent or accountable to parliament or the taxpayer. The department hands Network Rail over £3bn each year and underwrites debt of over £25bn and yet maintains the fiction that this is a private-sector company."

The committee demanded the National Audit Office be given full access to the train track operator's books as soon as possible.

The DfT was told in the 2010 spending review to cut its £12.8bn budget by 15% in real terms by 2014-15. Two-thirds of its spending is via Network Rail and Transport for London.

The committee said the department had improved its information and assurance over some third-party spending, but factors affecting passenger rail – the largest single area of spending – were "poorly understood". It warned that planned cuts of a third of the department's administrative budget would further reduce its ability to oversee spending.

Regulated rail fares are set to rise at well above inflation again next year. Last week the transport secretary, Justine Greening, said the industry would have to find savings of up to £3.5bn a year by 2019. A review of value for money last year by Sir Roy McNulty found that costs on British railways were 30% higher than necessary, compared with systems abroad.

A Network Rail spokesman said it was already heavily scrutinised by the Office of Rail

Regulation, which publishes dozens of reports on its performance and spending, but it was working to make itself more transparent by publishing additional information on its operations and performance.

The committee's report also raised concerns that the impact of cuts on road maintenance were not understood. It warned: "There is a risk that reductions in maintenance will be counterproductive – resulting in higher costs in the long run and increasing the risk of claims for vehicle damage."

Edmund King, president of the AA, said: "As drivers are paying billions of pounds in various motoring taxes they expect to be able to drive on main roads bereft of potholes. The last thing we want is a vicious circle where the declining state of roads leads to more claims for compensation due to damage and injury, which in turn means less spending on roads."

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