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Rail compensation model should be shunted aside



Herald View

IN principle, it is right that Network Rail should have to pay compensation for train delays it has caused.

But, as the most recent figures published by The Herald today demonstrate, the payouts have become part of a compensation merry-go-round that is no longer serving passengers, or the industry, as well as it should.

The figures show that Network Rail, which owns and operates the track and signals, is due to pay the train operator First ScotRail more than £2million for the delays that hit the network last winter and the winter before. However, ScotRail has not profited from the payments largely because it has to pay out compensation of its own to passengers who were supposed to travel on the cancelled services. The train operator has also had to pay compensation to Network Rail. Between 2004 and 2010, it was £2million.

What these figures demonstrate is that millions of pounds – most of it public money in private hands – is simply moving from one company to the other; in other words, one part of the rail industry is compensating another part which leaves little in the way of incentive to improve the service for passengers. As the watchdog Passenger Focus has pointed out, there is a need for companies such as Network Rail to be kept on their toes – and there is nothing quite like a big bill to do that – but little of this money is reaching the people who really suffer: the passengers.

Aileen McLeod, the SNP member of the Scottish Parliament's Infrastructure Committee, says she broadly agrees with these points, but the SNP's record on this issue is not particularly positive; indeed, the Scottish Government appears to have shunted the question of reform into the sidings, saying it does not have the powers it needs to make it work. But even Network Rail appears to accept the case for reform – a spokesman for the company has told The Herald the current contractual relationships are not the right model and that it and ScotRail need to work more closely together.

A possible model for this might be South West Trains in England, which is working on what it calls a deep alliance with Network Rail which will be headed by a joint management team. The details, including how the compensation scheme would operate under this system, have still to be worked out, but it offers a promising way forward.

The reality is that the inefficient compensation scheme that leads to rail companies passing money between each other is actually a consequence of the bigger problem which is that the industry was broken up to be privatised and remains fragmented. In the absence of reform to this – and it would seem to be far off – a compensation system that pits companies charged with running the trains against each other cannot be the answer. For the sake of the passengers, a more efficient solution must be found.



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