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Network Rail outlines investment plans

By Rose Jacobs

Network Rail has priced running and improving Britain's rail network from 2014 to 2019 at £37.5bn, a cost to be funded from a combination of above-inflation fare rises, shrinking government subsidies and debt.

The investment plans, which would aim to increase rush-hour capacity in London by 20 per cent and continue the project of electrification, are the industry's response to government performance targets and will be debated over the next 10 months before final approval in October.

Network Rail, the quasi-privatised owner of the network, raised its spending estimate by £3.5bn from a report in September, in part because this winter's heavy rains and flooding – which led to very difficult holiday travel for some Britons – demonstrated the "need to make our railway more resilient, not least against the recent increases in extreme weather".

Overall, the group is aiming to reduce the cost of running the railway by 18 per cent in the period, creating savings that will go towards reducing the taxpayer subsidy – from £4.5bn this year to between £2.6bn and £2.9bn in 2019.

That is in line with the government's efforts to shift the burden of paying for the rail network from taxpayer to user, a notion under fire in recent weeks amid anger that the average rail fare has risen 40 per cent in the past decade.

Anthony Smith, the head of the Passenger Focus, a lobby group, said on Tuesday: "Passengers already put in roughly £2 for every pound spent by the taxpayer. It is critical that industry tackles its value for money offering, reducing costs without cutting services, to head off another five years of above-inflation fare increases."

Michael Roberts, chief executive of the Association of Train Operating Companies, has said it should be possible to both reduce the subsidy to rail and limit fare rises if franchises were less prescriptive. "There are some hard choices for government to ultimately make about what it wants from its strategy," he said.

David Higgins, Network Rail's chief executive, also spoke of trade-offs – but he was referring to the balance between running trains on time, maintaining and improving the track and cutting costs; the group is neutral on how this work should be paid for.

The investment plan comes at the start of a busy month for the rail industry, with a report due this week on the rail franchising system – commissioned in the wake of the West Coast mainline fiasco – and a court ruling expected soon over whether the government's consultation on HS2, the high speed rail line between London and the north, was properly conducted.

Network Rail on Tuesday called HS2 "essential for the future of Britain", referring to overcrowding on the southern part of the West Coast main line in particular. "If we do not act now, the economy will suffer as growth is choked off," it said.