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Network Rail told by regulator to cut costs by £2bn

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Network Rail has been told by the rail regulator that it must find savings of £2bn over the next five years at the same time as improving punctuality.

But the Office of Rail Regulation (ORR) said the cost cuts must not come at the expense of safety.

It said at least nine out of 10 trains must run on time on all routes by 2019.

Network Rail, which is in charge of the UK's rail infrastructure, welcomed the plans and said it would respond in September after analysing the findings.

Last week the ORR said Network Rail had missed all of its punctuality targets for England and Wales last year. The figures came a day after it was revealed that the company's net debt had reached more than £30bn.

Strike threat

The independent regulator set out its plans for 2014-19 after examining Network Rail's five-year business strategy, [which was published in January](#).

During the 2014-2019 period, the ORR said Network Rail must:

Improve punctuality - an average of 92.5% of trains on all routes across the UK must arrive on time, compared with its target of just over 90% now

Complete projects to increase capacity and improve service as fast as possible

Give more say to rail users on how the railway is improved, putting passengers "at the heart of decisions"

Provide better and more up-to-date data on the condition of its tracks, bridges and other assets, so problems can be fixed before they occur

Improve safety for passengers and workers - the ORR has approved £67m of funding to upgrade and close level crossings in England and Wales

Give greater value for money - the ORR is encouraging train operators, Network Rail and the supply chain to make further savings

The ORR said its assessment showed that between next year and 2019, the cost of running the rail network should be £21.4bn - nearly £2bn lower than proposed by Network Rail.

The savings will be made through new technologies, improved management and more efficient ways of working but will not come at the expense of safety, the ORR said.

It added that it had approved a £12bn plan to enhance capacity to deal with the 14% anticipated increase in passengers by 2019.

Anna Walker, chairwoman of the ORR board, said regulators believed Network Rail could "do what it is promising to do for less money and more efficiently".

But Bob Crow, general secretary of the Rail, Maritime and Transport workers' union, said it would mean "massive cuts to renewals and maintenance, compromising safety and leading to more breakdowns, failures and delays".

He warned that any threat of compulsory job losses at Network Rail would lead to preparations for a national strike ballot.

Anthony Smith, chief executive of Passenger Focus, said the group was looking at the detail to see if the balance between cost cutting and efficiency was "about right".

"Passengers will judge it when the trains turn up on time," he told BBC Radio 4's Today Programme.

Mr Smith said: "We've had year after year of above-inflation fare rises that have led to money pouring into the rail industry and, in return for that, passengers expect the basics of the service - on time, clean train and more seats."

Facing fine

ORR chief executive Richard Price said the "industry must continue to improve its efficiency to reduce its dependence on public subsidy".

A Network Rail spokesman said high levels of investment were needed to continue expanding the railways.

"Getting the balance right in making the choices between performance, growth and value for money is critical if we are to build on efficiency savings of around 40% achieved over the last two control periods," he said.

Michael Roberts, chief executive of the Association of Train Operating Companies, said the ORR plans were "an important opportunity to incentivise Network Rail and operators to work more effectively together".

A train is defined as on time if it arrives at the destination within five minutes of the planned arrival time for London and south-east England, or regional services, or 10 minutes or less for long distance services.

If Network Rail keeps missing punctuality targets, it faces a fine of up to £75m from the ORR.

The company is held responsible for delays caused by signal failures or relating to problems with train tracks.

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459. Oliver N

12TH JUNE 2013 - 14:43

+17

As usual, private organisations work, public organisations work, but this hybrid solution is the worst of both worlds. Right now there is:

- no consumer choice - so consumers cannot vote with their wallets
- no government control - so no political weight to force improvement

Let's start with being open with how cash is being spent today and holding bosses accountable for efficiency.

457. dibbler88

12TH JUNE 2013 - 14:43

+5

Where do all of the rail fares go? what do they waste the money on then? More cuts mean cancelled services and packed trains, trains should be run as a not for profit entirely for commuters benefit, nothing more nothing less.

408. Knut Largerson

12TH JUNE 2013 - 13:47

-3

Just been looking at Network Rails Accounts for 2012/13.

Last year it had debts of over £30 Billion offset by assets of £46 Billion.

Could it not meet the Target by reducing Assets?

153. muff

12TH JUNE 2013 - 11:15

+46

At what cost to the fare & tax paying public? lower standards of safety, cleanliness, service? or what about scrapping that monster HS2 or firing some of the freebooters at the top? or is that too simple?

60. Big_Friendly_Goth

12TH JUNE 2013 - 10:32

+6

The British rail infrastructure is almost entirely Victorian in age, wasn't built with any kind of plan in mind and wasn't well maintained for generations. To bring it to the standard that people expect would take vast sums of money.

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