

The poor performance of Network Rail

Network Rail had a disappointing last year. Their accounts for 2016-17, published in July reveal that they were £172 m net or £424m gross below target financially. Their operating costs rose by £124 m or 4.6%, well ahead of wage inflation. Total debt was up by £4.7bn, and debt costs were £370 more in the year. Much of this was the impact of the higher inflation rate on the index linked borrowing they decided to do in past years.

Worse still from the travellers point of view, they had to report cancelled trains in excess of target. Only 87.6% of trains were on time, well below target. Whilst it is good news no staff member was killed on the railway, under general safety they reported 680 injuries which was worse than target.

The railway is spending on increased capacity which drives debt higher, as does the failure to raise productivity and control costs. They are in consultation with the government over how to spend £450m on digital signalling. This could offer a much cheaper and more efficient way of increasing capacity. Lines currently only take 20 trains an hour, leaving the tracks unused for much of the day to allow safe braking. With better signals and controls, given the fact that trains are all going in the same direction on any piece of mainline, it should be possible to run 25% more trains on the same track with new systems. Indeed, with better brakes, lighter trains, better signals and sensible timetabling it may be possible to increase capacity by 50% to 30 trains an hour on any given piece of track.

I look forward to early decisions on how to step up this approach to capacity. I also look forward to the management having better success at raising the quality and curbing the costs of running the railway.