



Network Rail

The Secretary of State for Transport (Mr Patrick McLoughlin):

With permission, Mr Speaker, I wish to make a statement about Network Rail following today's publication of its annual report. In September 2014, Network Rail was reclassified as a public body as result of an accounting decision by the Office for National Statistics. Since then the Government have had greater direct oversight of the company. I want to report to the House on Network Rail's performance and the actions that I am taking to hold it to account.

Some things are working well. Our railways are carrying more passengers than ever before, and journeys have more than doubled since privatisation—they went up on average by 4.2% in the last year alone. Safety has improved, and the reliability of assets on the railways is up. Network Rail reopened the line at Dawlish after the horrendous storms in the time expected. It has opened a new station at Reading ahead of schedule and under budget, and a modernised Birmingham New Street complex will be fully open later this year.

I do not pretend that everything is perfect, however, because it is not. Where performance has fallen below the standards I expect, I want it sorted out. What we saw at Kings Cross at Christmas and at London Bridge earlier this year was unacceptable, and I said so at the time. Since then, Network Rail has demonstrated that it has learned those lessons. I pay tribute to the significant programmes of work it delivered over Easter and the May day bank holidays, but to improve performance we need to invest and we need good management. The truth is that much of this work should have been done decades ago. Successive Governments failed to invest the sums necessary in our rail network, and that is why we find ourselves in the current situation. When faced with a choice between building the infrastructure our country needs and our railway becoming a brake on growth and opportunity, the Government choose to invest for the future, in projects such as Crossrail in London and HS2. In 2012, the Government set out the most ambitious rail investment programme since the Victorians: a £38 billion programme on enhancing, operating and maintaining the current network. That means hard work and good design; and thousands of people working night after night, sometimes in very difficult conditions. On the 216 miles of the Great Western line alone, Network Rail needs to alter about 170 bridges, lower parts of the track bed, install 14,000 masts of overhead line equipment and electrify parts of the railway constructed by Brunel in the 1830s, so that new British-built fast trains can speed up services and provide more seats and services. Members and their constituents want these improvements, and I am determined that they will happen.

In parts of this programme, Network Rail's performance has not been good enough. Already, the chief executive and the board are responding. Since joining Network Rail in 2014, the chief executive Mark Carne has reviewed the organisation's structure, performance and accountability. He has strengthened

his team and he has a structure for improvement. I want to see him drive that forward, but there are still challenges. Important aspects of Network Rail's investment programme are costing more and taking longer: electrification is difficult; the UK supply chain for complex signalling works needs to be stronger; construction rates have been slow; and it has taken longer than expected to obtain planning consents from some local authorities. That is no excuse, however. All those problems could and should have been foreseen by Network Rail, so I want to inform the House of the action I am taking to reset the programme and get it back on track.

First, none of Network Rail's executive directors will receive a bonus for the past year. The current Chairman, Mr Richard Parry-Jones, is stepping down. His replacement will be the current transport commissioner in London, Sir Peter Hendy, someone of huge experience who helped to keep London moving during the Olympics. I am asking him to develop proposals, by autumn, for how the rail upgrade programme will be carried out. Secondly, I am appointing Richard Brown as a special director of Network Rail with immediate effect. He will update me, and report directly to me, on progress. Thirdly, I intend to simplify Network Rail's governance by ending the role of the public members. I thank them for their commitment, but the reclassification of Network Rail has changed the organisation's accountability. Fourthly, it is important that we understand what can be done better in future investment programmes. I have therefore asked Dame Colette Bowe, an experienced economist and regulator, to look at lessons learned and to make recommendations for better investment planning in future. I will publish her report in the autumn.

I know that Members on both sides of the House value the improvements that are planned to the railway in their area. Network Rail's spending should stay within its funding allowance. Electrification of the Great Western line is a top priority and I want Network Rail to concentrate its efforts on getting that right.

On the midland main line, better services can be delivered through works such as speed improvement. Electrification will be paused: I want it to be done and done well; it will be part of our future plans for the route.

Meanwhile, the next franchise for the trans-Pennine route between Leeds and Manchester will bring modern trains and additional capacity. Current work on electrification will be paused, because we need to be much more ambitious for that route, building a powerhouse for the north with a fast, high capacity trans-Pennine electric route. We are working with businesses and cities in the north to make that happen. We have seen electric trains introduced this year between Liverpool and Manchester, and between Liverpool and Wigan, and the work that will see them spread to Bolton and Blackpool is under way.

In the south-east, Crossrail and Thameslink are well under way. In Anglia, we will bring about modern, faster trains to Ipswich and Norwich in the next franchise. For passengers in the south-west, the new contract with First Great Western will provide significant extra capacity. I hope to be able to announce news on further new trains for the region soon.

We will keep commuter rail fares capped in real terms for the whole of this Parliament. People's earnings will rise more quickly than rail fares—the first time that this has happened since 2002. Passengers want a railway that is better, faster and more reliable than today. Powered by a huge increase in investment and ambition right across the country, that is what they will get. I commend the statement to the House.