

We have a nationalised railway in all but name

There seems to be a widespread misunderstanding about our railway. The tracks, signals and stations are all in public ownership and are run as a nationalised industry. The private sector train companies bid for a monopoly franchise on a single route, and have to meet detailed specifications for timetables and services laid down by the government and rail regulators. There is little scope for competition, innovation or adventurous uses of private capital.

The great frustration of some commuters with their rail service is understandable. Some lines are badly affected by poor labour relations leading to a series of strikes which interrupt the service. Many lines are suffering from a lack of capacity, as the nationalised rail company is unable to provide the capacity commuters need on busy routes to the train operating companies. Train operating companies would often be willing to run more peak time trains if only there was line capacity to do so.

That is why I have been urging the nationalised Network Rail for some time to adopt better signalling systems that would allow more trains to run on the same track compared to the 20 an hour which is the common experience with today's signals. If they adopted new systems that allowed 30 trains an hour we could enjoy a 50% increase in seat capacity and trains running for a modest outlay of public investment.

The idea that we should complete the nationalisation of the railways means cancelling the train operating franchises, probably as they expire, and arranging finance to buy up trains to run as the train operations rejoin track provision and maintenance in the public sector. This would impose an additional financing strain on the state, but would not lead to much change in train services. As the timetables, fare regulation and the provision of the bulk of the railway assets is already in state hands it is difficult to see there would be much change for passengers. How would a nationalised railway resolve the disputes with employees that currently disrupt some of the private sector franchises? At least the periodic advertisement of franchises provides some modest competitive stimulus to better performance that would disappear with a wholly nationalised monopoly.

Network Rail last year (to March 2017) lost £990 million. Its outstanding borrowings were £47bn on a small equity base.