



Railways: 2007 White Paper

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Author: Louise Butcher
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In July 2007 the Government published a Rail White Paper, *Delivering a Sustainable Railway*, incorporating the first high level operating statement (HLOS). It also published the *Rail Technical Strategy*. This Note gives an overview of these two documents along with responses from industry and opposition parties. All of the relevant documentation can be found on the [Department for Transport's website](#).

There are separate Library Standard Notes on the different aspects of the rail industry – including Network Rail, the train operating companies, the rolling stock companies, fares and ticketing, safety, and freight – that contain further details on the implications of the White Paper in those areas. There is also a separate note on the previous rail White Paper, *The Future of Rail*, published in July 2004. These can all be found on the [Railways topical page](#) of the Parliament website.

Contents

1	Background	2
2	Delivering a Sustainable Railway	2
2.1	Capital funding	3
2.2	Fare structure and ticket prices	4
2.3	Capacity	6
2.4	Reliability	7
2.5	Safety and security	8
3	High level operating statement (HLOS)	9
4	Rail Technical Strategy	9
5	Responses	11

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1 Background

On 24 July 2007 the then Secretary of State for Transport, Ruth Kelly, announced the publication of a new rail White Paper, *Delivering a Sustainable Railway*, which included its high level output specification (HLOS); at the same time it also published a *Rail Technical Strategy* document. The Secretary of State said that she was publishing the strategy against a background of growth and success for the railway, following the measures that the Government had put in place following the Hatfield accident. She highlighted three areas for action:

Our challenge today is not about managing decline. Instead, it is about how we can build on that solid progress to provide a railway that carries more passengers on more and better trains, and on more frequent, reliable, safe and affordable services. That needs the Government, working with the industry, the regulator and passenger groups, to take action in three main areas: first, to secure continued improvements in safety and reliability; secondly, to achieve a major increase in capacity to meet rising demand; and thirdly, to deliver sustained investment through a fair deal for passengers and the taxpayer.¹

The Secretary of State expanded on these priorities as follows:

- **Safety and reliability:** safety had improved and reliability was back to the levels seen before Hatfield, even though more trains were running on the network. Proposed improvements would see reduced risks to passengers and staff on our railways; greater reliability; and a requirement that the industry concentrate on cutting by one quarter delays of more than 30 minutes;
- **Rising demand and increasing capacity:** improved safety and reliability had led to an increase in passenger numbers and overcrowding. Proposed improvements would see increased capacity through more services and longer trains, including: 1,300 new carriages to ease overcrowding in London, Birmingham, Cardiff, Leeds and Manchester; £600 million to tackle bottlenecks at Birmingham New Street and Reading stations; £5.5 billion for Thameslink; and new plans for the development of each of the main lines, including the next generation of inter-city trains and signalling. Together, this would provide nearly 100,000 new seats for passengers on inter-city and commuter trains to major cities; and
- **Fares and investment:** there would be a 'radical simplification' of the fares structure and the modernisation of tickets to allow people to use smartcards; £150 million to be spent on 150 stations outside London; and support for local station plans so that people could better access the railway and make it part of a greener travel choice. There would be an investment of £200 million in a strategic freight network to help to reduce road congestion and the environmental impact of moving goods. Overall, strong growth in rail patronage meant that the railways required less taxpayer subsidy, which should be returned closer to 'historic levels'.²

2 Delivering a Sustainable Railway

The Government's ambition for the future of the railway over the 50 years from 2007 was to ensure that it could handle twice the level of freight and passenger traffic; to make it safer,

¹ [HC Deb 24 July 2007, c687](#)

² [ibid., cc687-689](#)

more reliable and more efficient; to cater to a more diverse, affluent and demanding population; and to reduce its carbon footprint and improve its broader environmental performance.³ The overall aims set out in the strategy, for the most part to 2014, were:

- A further three per cent reduction in the risk of death or injury to passengers and employees from rail accidents;
- Improve reliability from 88 per cent today to 92.6 per cent;
- A 25 per cent reduction in the number of delays over 30 minutes;
- Purchase of an additional 1,300 new carriages;
- Invest £5.5 billion in Thameslink and £600 million to redevelop Birmingham New Street and Reading stations;
- No line closures of regional and rural lines;
- Simplified fare structure; use of smartcards in all major cities and ability to purchase inter-city fares via mobile phone;
- Invest £150 million to modernise 150 stations;
- Invest £200 million to enable work to start on a strategic freight network to encourage modal shift;
- Environmental objectives to be written into passenger franchises;
- Overall investment of £10 billion to enhance capacity between 2009 and 2014 with overall support totalling £15 billion; and
- Regulated fares to continue being capped at RPI +1.⁴

The plans to 2014 were set in the context of a 30-year strategy. In order to ensure that the strategy would not suffer from rigidity or the perils of predicting too far into the future, there were two guiding principles: to invest where there were immediate challenges, in ways that offered the flexibility to cope with an uncertain future; and to put in hand the right preparatory work so that, as the future became clearer, the necessary investments could be made at the right time.⁵

2.1 Capital funding

On capital investment, the White Paper proposed the following:

There has been significant and sustained investment in rail by the Government in order to address the legacy of under-investment in rail infrastructure. In 2006/07 Government and private sector investment on improving the rail network was in excess of £4 billion.

Over the period of the first High Level Output Specification, there will be additional investment to improve the capacity on the rail network and start to tackle overcrowding.

³ DfT, *Delivering a Sustainable Railway*, Cm 7176, 24 July 2007, p7

⁴ *ibid.*, pp7-13; see also: *White Paper Summary Booklet*, July 2007

⁵ *ibid.*, *White Paper Summary Booklet*

Cost control is an ongoing priority. The financial position of rail is improving, with cost efficiencies of 31 per cent on course to be delivered by Network Rail by 2009. Further targets will be set by the ORR for the period 2009–14.

The increasingly positive financial position, underpinned by growth in passenger numbers, means that rail can sustain a high level of investment with realistic levels of taxpayer support without making changes to current fares policy. Growth is starting to pay for itself. At the same time, now that the maintenance and renewal backlog has largely been addressed, levels of taxpayer subsidy should start to return closer to the historic level of support. Nevertheless, the Government will provide in excess of £15 billion in direct grants to the rail industry in the period 2009-14.⁶

Between 1994-95 and 2004-05 the annual total cost of running the railway doubled from approximately £6.6 billion to £12.2 billion (in 2005-06 prices).⁷ While the number of people using the railway increased (in turn precipitating more services which increased the costs of provision), the White Paper argued that costs went up because of the need to tackle the backlog of infrastructure and capacity enhancements as prices escalated.⁸ Total spend on renewals between 2000 and 2005-06 was £14 billion. Between 2004 and 2009 total enhancement spend in real terms (excluding renewals) was estimated at approximately £5.6 billion (11 per cent of total expenditure by the rail industry).⁹

Ultimately, the money for the railways comes mainly from two sources – rail customers or taxpayers (the rail companies can also borrow). While the percentage of funding from passengers gradually increased after privatisation, the real change was in taxpayer subsidy which virtually doubled after 1997. The White Paper, however, indicated that such a level of spending would not be sustained in the longer term:

It has been the taxpayer who for the past several years has funded expenditure increases ... The balance of the investment programme is met from debt funding. Since the costs of servicing this debt will accrue over the entire asset life of the enhancement, there is an element of 'beneficiary pays' to this approach. It would not be appropriate to expect today's taxpayers and fare payers to bear the entirety of the up-front costs of new trains and new infrastructure which will benefit future generations.¹⁰

That said, the Government did not envision the railway ever being completely free of subsidy.¹¹ Although it was not possible to give a longer-term budget after the comprehensive spending review in Autumn 2007, the Government did set out a statement of funds available to the railway from 2009-14 in the high level operating statement (HLOS), totalling about £15.3 billion.¹²

2.2 Fare structure and ticket prices

On fares and tickets, the White Paper proposed the following:

Cheap book-ahead fares and innovation have been welcomed but many find fare structures complicated. Passengers want to make the most of the opportunities that

⁶ op cit., *Delivering a Sustainable Railway*, p122

⁷ ibid., paras 12.5-12.6

⁸ ibid., para 12.7; for example, the upgrade of the [West Coast Main Line](#) increased from £1.5 billion to £9.9 billion

⁹ ibid., paras 12.8-12.9

¹⁰ ibid., para 12.21

¹¹ ibid., para 12.25

¹² ibid., appendix A, para A27; see below for more details on HLOS

new technologies provide to enable them to access information and buy tickets in ways and places that suit them, rather than at the end of a queue.

The Government's strategy includes proposals for simpler fares, modernised ticketing and information.¹³

The White Paper gave three reasons why passengers were not generally confident that they were getting a good price for rail travel: the complexity of the fares structure and the proliferation of brand names specific to individual train operators; the dependence of passengers on railway staff or websites to help them find the right ticket for their journey; and steep increases in unregulated fares by some train operating companies.¹⁴ While the Government indicated that it would continue to cap regulated fares at RPI +1, it did not intend to make changes to unregulated fares. The White Paper argued that "restricting the revenue raised from unregulated fares would have one or more of the following consequences – lower rail investment, higher taxpayer subsidy, or less generous deals on other fares".¹⁵ The Government did, however, plan to implement a simpler fares structure:

The Government will therefore ask the industry to back the new structure with a 'Price Promise'. That is to say, if passengers were pointed to one deal when there was a better deal on offer, they will be refunded the difference. Where passengers have accidentally boarded the wrong train for their ticket type, fair credit should be given against at least part of the cost of the original ticket when paying for the upgrade. Train operators also need to make clear whether tickets are available for purchase on the train.¹⁶

The proposed new structure was as follows:

Simplified fares structure		
<u>Fare name</u>	<u>Validity</u>	<u>When bought</u>
(Day) Anytime	Any train	Pre-book or 'turn up and go'
(Day) Off-Peak	Any train outside of the peak times for travel	Pre-book or 'turn up and go'
(Day) Super Off-Peak	Any train at less busy times of day	Pre-book or 'turn up and go'
Advance	One specific train	Pre-book up to 18:00 the night before

Under this new structure, 'Advance' tickets would always be cheaper than the equivalent ticket bought on the day. The further ahead tickets were bought, the better the price. An Advance option would always be available up to 18:00 the night before travel, countering the perception that those tickets had to be bought long before. The structure also preserved the 'walk up railway', with 'Off Peak' fares available on all but the busiest trains across the rail network. Season tickets would continue as before. The Government also indicated that it would like to see simplification extended further, in particular with the introduction of 'zonal'

¹³ *ibid.*, p92

¹⁴ *ibid.*, para 10.17

¹⁵ *ibid.*, para 10.21

¹⁶ *ibid.*, para 10.24

pricing in the major cities, like that in London. The White Paper also stated that there might be a case for regulating 'saver' fares which had sharply increased in price on many routes, but that the Government did not intend to proceed with any changes in this area in the immediate future.¹⁷

2.3 Capacity

On capacity, the White Paper proposed the following:

For most of the post-war period the number of people using the railway fell and the size of the network shrank. The rapid growth in demand since the mid-1990s has caused load factors on many trains to increase. A full train is a good thing, but an overcrowded train is not. Investment targeted at overcrowding is a priority for the first HLOS, underpinned by steps toward longer-term increases in capacity needed for rail to contribute to sustainable economic growth.

The main challenge on the capacity agenda is the sheer scale of works needed to deal with the 40 per cent demand growth of the last decade and the 30 per cent projected for the decade ahead. By prioritising the quickest and most effective capacity-increasing measures, this level of growth can be accommodated, while containing, or even improving levels of crowding in major cities and most London termini. The biggest benefits will be seen on some of the most overcrowded services.

This requires over 1,300 additional carriages, the Thameslink upgrade, major station works at Birmingham and Reading and an ambitious programme of platform lengthening, power-supply upgrades and depot facilities. All these will be provided. In addition, there are significant investments in the current specification that are designed to enable the industry to deliver further capacity improvements beyond 2014, and which the longer-term plans set out in this chapter would sustain.¹⁸

Increasing capacity was vital if the benefits of rail were to be maximised, particularly reducing carbon emissions by getting freight and passengers off the roads and out of private cars. The White Paper set out a range of options which could be used alone or in combination to best fit individual routes; the Government's view was that a 'one size fits all' solution would be inappropriate. These were:

- Maximising the efficient use of existing rail assets by increasing service frequency;
- Lengthening existing train services;
- Enhancing infrastructure to improve both frequency and capacity;
- Simplifying service patterns; and
- Making step-changes in infrastructure (e.g. multi-tracking or upgrading existing lines).¹⁹

The overall capacity increases that the Government intended to secure by 2014 were as follows:

¹⁷ *ibid.*, paras 10.32-10.33

¹⁸ *ibid.*, p38

¹⁹ *ibid.*, para 4.9

Average load factors (over both the three-hour morning peak and the 8:00 to 9:00 high peak) are stabilised and, in some cases, reduced for major cities and for all London termini other than Moorgate (which benefits from Underground enhancements);

Routes on which average high-peak load factors remain above 70 per cent in 2013/14 will benefit from the second phase of Thameslink and, potentially, Crossrail;

About 1,300 additional carriages will be provided to deliver the capacity increase required by 2014, with associated platform lengthening, power upgrades and additional depot facilities;

Financial approval is being given for Thameslink, and provision is made for major works at Birmingham New Street and Reading, for the development and implementation of radio-based signalling, for the infrastructure works necessary to accommodate Intercity Express trains and for the start of work on a strategic freight network to reduce conflicts between freight and passenger movements;

The proposals deliver substantial benefit to passengers and the economy, and a significant increase to rail's carrying capacity, with a modest 5 per cent increase in rail's overall CO2 emissions.²⁰

2.4 Reliability

On reliability, the White Paper proposed the following:

Reliability matters to the railway's customers and to the economy at large. The reliability of the railway improved a little after privatisation, but declined sharply in the wake of the Hatfield accident in 2000. Rail reliability is now back above pre-Hatfield levels. This is a significant achievement against a backdrop of strong demand growth, and passengers give the rail industry credit for it.

The Government believes the rail industry can go further. It will specify an overall improvement in train reliability from 88 per cent today to 92.6 per cent by 2014. The Government will also specify a 25 per cent reduction in delays of more than 30 minutes. It believes that these are realistic but challenging requirements. They take account of the plans to increase the capacity of the railway, which are critical to improving reliability.

Train reliability is crucial, but it is not the whole of the picture. The Government commissioned work from Passenger Focus that identified other causes of delay for passengers, such as the time taken to purchase a ticket. These issues are addressed in chapter 10 of this White Paper, and the Government will monitor improvements throughout the next control period.

In the longer term, demand-growth and climate change will add to the challenge of meeting rising passenger expectations of reliability. To reflect this, there will be a need for capacity enhancements, investment in the resilience of the network, improved train design and radio-based signalling.²¹

Reliability had improved since the Hatfield rail crash but still remained below the levels achieved under Railtrack in the late 1990s. Punctuality was a particular issue on long distance routes in particular must improve. As to the causes of delay, these normally fell into three areas: infrastructure problems (for which Network Rail was responsible); operational problems (for which train operators were responsible); and incidents beyond the railways'

²⁰ *ibid.*, para 4.22

²¹ *ibid.*, p30

control such as suicide or fire. Approximately 40 per cent of delay was attributable to these initial causes with congestion and knock-on delays accounting for the remaining 60 per cent. The proportion of total delay minutes attributable to Network Rail rose from about 46 per cent in 1999-2000 to about 54 per cent in 2006-07. The strategy document stated that this was:

...partly because some of the delays attributed to Network Rail are inherently more difficult to manage, but it also suggests that the heavy investment in renewals is not delivering as rapid an improvement as it should in the reliability of the basic infrastructure of the railway. Network Rail has recognised that there are aspects of its performance, including preparedness for bad weather, that it must improve.²²

The most common causes of train operator delays were engineering failures.

In the period up to 2014 the Government expected to see continuing improvements in reliability and punctuality. In the longer term, the Rail Technical Strategy (see below) identified ways in which the railway could improve reliability by exploiting technology more effectively.²³

2.5 Safety and security

On safety and security, the White Paper proposed the following:

The provision of safe and reliable services is a fundamental requirement of the railway. Passengers are entitled to expect to travel in safety and on time. Staff are entitled to work in safe conditions.

The safety of the railway has improved steadily over several decades, and there have been some significant improvements in recent years. The introduction of the Train Protection and Warning System (TPWS) has greatly reduced the risk of trains passing red signals, Network Rail has invested heavily in renewing infrastructure, and older trains have been replaced by modern designs with better crashworthiness.

The rail industry must maintain this momentum. The Government is requiring a further improvement by 2014 of at least a 3 per cent reduction in the risk of death or injury to passengers and employees.

In addition to these improvements to operational safety, the rail industry must maintain its focus, and will continue to work with Government on issues of personal and counter-terrorist security, while maintaining the fundamentally 'open' nature of the rail network.

The Government is committed to protecting passengers, employees and infrastructure from acts of terrorism. Rail networks have historically been a target and more recent attacks in Madrid (2004), London (2005) and Mumbai (2006) demonstrate the continued threat. Government-industry structures are in place and work in close cooperation with the police and security services to ensure that appropriate security regimes are in place; they will continue to respond and adapt to any changes in threat.

At the same time, passengers are sensitive to concerns of personal security on the railway. Such concerns need to be factored into future planning decisions, for instance in the refurbishment of stations and the design of trains. Over time, passengers are likely to attach more, rather than less, importance to all facets of personal risk.²⁴

²² *ibid.*, paras 3.8-3.9

²³ *ibid.*, para 3.20

²⁴ *ibid.*, p22

Overall, the figures showed a continuing decline in the number of rail accidents in the UK. That said, the Government expected to see further safety improvements in the period up to 2014. Key to this would be a specified safety output of a reduction of at least three per cent in the risk of death or injury to passengers and employees.

3 High level operating statement (HLOS)

Alongside the White Paper the Government published its first [high level operating statement \(HLOS\)](#) for the railways. Schedule 4 to the *Railways Act 2005* inserted new Schedule 4A into the *Railways Act 1993* which requires that the Secretary of State and the Scottish Ministers to provide the Office of Rail Regulation (ORR), within a specified notice period, information about what they want to be achieved (i.e. their desired output specification) for railway activities and the public finance available. They may at the same time suggest when the next access charges review should be undertaken and the circumstances in which it would be appropriate to bring this forward. The notice can be extended or withdrawn by the ORR and Ministers may also notify the ORR that previously supplied information remains valid.

The 2007 HLOS set out metrics to be achieved during the period 1 April 2009 and 31 March 2014; these were those targets set out in the White Paper. Specifically:

- Three per cent reduction in the risk relating to death or injuries to rail workers and to passengers from accidents on the railway;
- Reliability, as measured by the public performance measure (PPM), to improve to 92 per cent on long-distance services, 93 per cent on London and South East services, and to 92 per cent on regional services;
- Reduction in the number of trains that arrive at their destination 30 or more minutes late to 36 per cent on long-distance services, 21 per cent on London and South East services; and 27 per cent on regional services;
- Additional capacity on each route as specified in the Schedule to the HLOS;
- Additional capacity at Birmingham, Cardiff, Leeds, Manchester and in other urban areas during the three hour weekday morning peak as specified in the Schedule to the HLOS;
- Additional capacity and maximum average load factors at London stations during the three hour weekday morning peak and the high peak hour as specified in the Schedule to the HLOS.²⁵

4 Rail Technical Strategy

The railway is a complex engineering system with life-long assets. Delivery of the changes proposed in the White Paper and the HLOS would therefore require engineering-led solutions. The purpose of the [Rail Technical Strategy \(RTS\)](#) was to establish and document an industry view of the technical changes required and also to create what the Government called a 'road map' showing how the required changes could be achieved. The RTS was produced by the Department following 'open engagement' with the rail industry, including Network Rail, passenger and freight operators, rolling stock companies, the Railway Industry

²⁵ *ibid.*, Appendix A, Schedule, pp148-153

Association (RIA), the Rail Safety and Standards Board (RSSB), the Office of Rail Regulation (ORR) and the devolved administrations.²⁶

The RTS identified eight long term 'themes for change' that the industry should start working towards. These were:

Optimised track–train interface: Light but strong rolling stock running on precisely-engineered, accurately-maintained track, reducing energy demand, track maintenance cost and noise;

High reliability, high capacity: World-class reliability of both infrastructure and rolling stock. Infrastructure designed on lean principles with minimal trackside equipment. Intelligent infrastructure and intelligent rolling stock, each able to monitor the other and predict incipient failure;

Simple, flexible, precise control system: Communication-based cab signalling to reduce infrastructure complexity and cost, as well as improve flexibility, combined with an intelligent management layer to offer precise control of train movement through the network, allowing energy efficiency to be improved and full potential capacity to be realised;

Optimised traction power and energy: Regenerative braking on all trains, whether on the electric network or through onboard energy storage. Better use of existing electrification and selective extension where justified by business need. Bi-mode trains capable of running on or off wire, based on energy storage and with on-board power only where needed;

An integrated view of safety, security and health: Improved detection of obstruction, intrusion and abnormal behaviour at all boundaries of the system, combined with better management of response to both safety and security threats and, in the long term, recognition of the need to reflect public health concerns in the rolling-stock surface materials and air conditioning;

Improved passenger focus: Exploitation of ticketing, passenger flow, train movement and train load data to give high-quality information to passengers throughout their journey. Use of the same data to optimise controller response to abnormal traffic or passenger-flow conditions;

Rationalisation and standardisation of assets: A rationalised approach to asset specification, with greater use of modular and 'commercial off-the-shelf' (COTS) equipment, covering industry-specific assets such as rolling stock based on a whole-life, whole-system cost approach across all industry partners;

Differentiated technical principles and standards: Application of differentiated technical principles and standards to railway routes based on predicted traffic type and usage, allowing cost efficiency to be optimised whilst maintaining interoperability for passenger trains and access for commercial freight to all areas of the network where there is a reasonable expectation of need.²⁷

Essentially, the RTS identified how current and emerging technology could be applied to the railway to deliver increased capacity, to improve sustainability and to achieve this within the affordability criteria set out by the Government.

²⁶ DfT, *Rail Technical Strategy*, 24 July 2007, para 1.1

²⁷ *ibid.*, para 1.2

5 Responses

The Opposition Spokesman for Transport, Theresa Villiers, welcomed the proposed investment in Birmingham New Street, Thameslink and Reading but queried whether the budget had definitely been committed for the projects or whether funds were dependent on the upcoming Comprehensive Spending Review. Ms Villiers stated that the strategy was merely a series of re-announcements:

The point is that we have heard all of this before. Today's hefty slab of paper is the latest in a long line of ever denser and longer strategies, reports and initiatives on transport from this Government. If the travelling public could get around on paper promises, there would be no delays, no overcrowding and everyone's journey into work would be blissfully smooth every day—but they cannot. In the last year alone, we have seen commuters go on strike, toilets ripped out of carriages to provide extra standing room and fares hiked by 20 per cent. on a main route into London.

The reality is that the Government have announced and re-announced virtually all the initiatives that the Secretary of State has outlined today. We were promised Thameslink 2000 so long ago that the former Deputy Prime Minister was still in charge of transport—never mind Thameslink 2000; at this rate, it will be more aptly named Thameslink 3000. Even now, we are getting only part of the scheme that was promised. As for Birmingham New Street, the Government pledged to tackle bottlenecks in the west midlands seven years ago. Longer platforms and 1,000 of the 1,300 carriages mentioned today were actually promised last year. Not one of those projects has been delivered, so why should we believe the Secretary of State now?²⁸

She also pointed to the pledge in the Ten Year Plan for Transport, published in 2000, that the Government would seek reductions in the cost of train travel.²⁹ Ms Villiers said:

Each of the three latest franchises awarded by the Department for Transport will clobber customers with fare rises of nearly 30 per cent. by 2015. Many families are feeling the pinch because of stratospheric fare increases—racing ahead of inflation—inflicted by the Department. In the light of the increases that we have seen over recent years, today's announcement of a fair deal for passengers is, frankly, laughable. The one thing we can guarantee from the Government's plans for the railway is that there are more rail fare hikes to come. They try to point the finger of blame at the train operating companies, but the real culprit is the Secretary of State, who now has a more intrusive role in our railways than in the days of British Rail.³⁰

The Liberal Democrats' then Transport Spokesman, Susan Kramer, also pointed to the number of statements there had been on the rail industry and questioned how much of what was in the strategy document was new, she labelled it "vague and unambitious".³¹ In particular, she criticised the failure of the strategy to incentivise passengers off the roads and out of the skies and onto the railway:

An answer to a question I tabled earlier this month contained the admission that the cost of driving had decreased by 10 per cent. in real terms over the past 30 years while the cost of using buses and the railways has increased by more than 50 per cent. Given the importance of climate change, as highlighted in the Stern report, what level of diversion will what has been announced achieve from internal flights and roads to

²⁸ [HC Deb 24 July 2007, cc689-90](#)

²⁹ DETR, *Transport 2010: The Ten Year Plan*, July 2000, para 6.11

³⁰ [HC Deb 24 July 2007, cc690-91](#)

³¹ Liberal Democrat press notice, "More rail fare rises on the horizon – Kramer", 25 July 2007

rail? What shift of freight from road to rail will there be under the strategy? Is the £200 million new money, and what will it buy us?³²

Transport commentator Christian Wolmar stated that the strategy “does not add up” and that the railways are a national asset worthy of subsidy by the taxpayer:

Ruth Kelly is trying to perpetuate the myth that it is feasible to reduce the subsidy going into the railways, while simultaneously increasing their use. As a vision, it simply does not add up. While it is commendable that the Government is trying – something which has been sadly lacking in the past – there is no real commitment to growing the railway. New Labour has consistently failed to address the structural problems that lie at the root of the excess expenditure.

The railway industry is a form of “pretend capitalism”, with the risk remaining with the public sector, but because Labour has consistently refused to alter the rules, we are stuck with a high-cost system where flexibility and innovation has been lost to retain the fig leaf that the industry is in private hands. It is all a very silly game for which passengers will be paying for many years to come.³³

The Institute of Directors broadly agreed with Mr Wolmar’s analysis. Miles Templeman, Director General of the IoD, said:

These latest plans are a step in the right direction, but the Government should be showing more ambition. Transport infrastructure is the one area of public spending where the IoD wants to see an increase in expenditure as a share of national income. Substantial investment in our roads, railways and air capacity is essential if we are to build a more competitive economy. We also need to see a faster process for implementing transport improvements, and speeding up the planning system must be part of this.³⁴

Network Rail also welcomed the strategy and hailed what it called a new national consensus on “sustained high levels of investment” for the railway.³⁵ Network Rail responded to the strategy in more detail in its [Strategic Business Plan](#), published in November 2007. The RMT Union welcomed the investment in infrastructure projects but criticised the anticipated fare increases and reiterated its long-held objections to the franchising system.³⁶

³² [HC Deb 24 July 2007, c693](#)

³³ “A vision of growth that doesn’t add up”, *The Independent*, 25 July 2007

³⁴ IoD press notice, “[IoD response to Rail White Paper](#)”, 24 July 2007

³⁵ Network Rail press notice, “[New national consensus supports rail investment](#)”, 24 July 2007

³⁶ RMT press notice, “[Rail investment ‘a step forward’](#)”, 24 July 2007