



### Road versus rail: Facts sheet No 6: Cost escalation for railway projects in the UK.

1. At privatization in 1994 the British Rail forecast for track maintenance beyond 2001 was £774 million per year (source, page 11 of the prospectus issued in advance of sale). At 1999 prices that amounts to £0.888 billion.
2. In contrast the network management statement for the years 1996/7 and 2000 provide an annual average for the 10 years 1995/6 to 2005/6 at 1999 prices of £2 billion per year. The 2001 network statement provides an average of nearly £3 billion per year at the 2001/02 price base for the five years 2001/2 to 2005/6. Thereafter the cost is forecast to taper off to £2.2 billion in 2010/11. The increase from £0.888 bn to nearly 3 billion, a factor of over 3 is typical of the appalling record the rail industry has for estimating its costs. Other illustrations follow at 3, 4 and 5 below.
3. The West Coast Main Line Modernisation Programme was to cost £2.35 billion in 1997, £2.95 billion in March 1999, £4.75 billion in October 1999, £5.56 billion in January 2000 and £5.8 billion at the start of the Public Inquiry in February 2001. (Source is the Overview Paper produced in May 2000 and a report to the Rail Regulator by Booz-Allen and Hamilton dated June 2000). The price rose to £6.3 billion during the inquiry when there were press reports that it would cost £9 billion. By August 2002 the press was reporting £13 billion, but that has now been cut to £10 billion after the Regulator struck out enhancements otherwise required for the originally proposed 150 mph speeds.
4. An old cost for the Train Protection System is £1 billion but that rose to £6 billion according to the press but the number is now quoted as £3.8 billion.
5. Meanwhile the overall cost of Railtrack's nation-wide Modernisation Programme has risen from £50 billion through £60 billion to a projected £73 billion - Sufficient to build the residential accommodation for a city of 1.5 million people.

The original cost estimates misled the Government and shareholders into commitments which may never have been considered if the actual costs had been available. Possibly these massive cost failures are deliberate. In any case they are mirrored by equally massive misrepresentations to do with capacity, safety and other issues, see other facts sheets.

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