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MailOnline

Virgin Rail in legal fightback as FirstGroup is to grab West Coast contract 'for up to £7billion'

By [Tom Mcghie](#)

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Sir Richard Branson's Virgin Rail Group is preparing to launch a legal fightback if, as expected, it is stripped of the lucrative West Coast rail franchise this week.

Virgin is resigned to losing the London to Glasgow franchise it has held for the past 15 years. The Department for Transport is expected to hand the franchise to transport company FirstGroup.

Several leaks have suggested that FirstGroup has bid between £6.5billion and £7billion for the 14-year contract, which would be as much as 20 per cent more than Virgin is understood to have tabled.



West Coast: FirstGroup is set to grab the London to Glasgow franchise Virgin Rail has held for the past 15 years

Sources close to Virgin said lawyers were examining points on which they might win a judicial review of the bidding process – including whether the evaluation has given enough weight to public service. The decision over the awarding of the franchise will be announced on Tuesday.

The two other contenders – Abellio of the Netherlands and the French Keolis/SNCF – are understood to be out of the bidding.

If Virgin loses, one other option open to it will be to bid for the East Coast main line franchise from London to Edinburgh, which is currently being run by the Government after National Express could not make the finances work. It comes up for grabs in December 2013.

Virgin has been running the West Coast franchise since 1998, paying the Government £160million a year while receiving £1.4billion in subsidies over the whole period. If FirstGroup is successful, industry

analysts have suggested they will have to pay the Government £500million a year.



Fight: Richard Branson has already warned in a leaked letter to Transport Secretary Justine Greening that FirstGroup would slash the quality of the service

Branson has already warned in a leaked letter to Transport Secretary Justine Greening that FirstGroup would slash the quality of the service, which would mean cutting staff and reducing the standard of catering.

He has predicted that fares will have to rise sharply from 2020 when the busy line effectively runs out of capacity and the only way they will be able to make more money would be to put up prices.

In his letter, Branson warned of the danger of firms overbidding for a franchise only to lose out when they had to run the service.

It is understood that if FirstGroup wins the franchise, officials fearful of another 'overbidding' fiasco may force it to give up its other franchises – First Great Western and First Capital Connect.

FirstGroup, which has a good reputation for running efficient services while at the same time cutting costs, declined to comment.

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Branson said "FirstGroup would slash the quality of the service". I think it would be very difficult to achieve that.

- John, Fife, 12/8/2012 12:04

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I travel on the Virgin services to London on a regular basis and the service is excellent. I also have the misfortune to travel with other operators where an emphasis to remove buffet cars and run short staffed is all too frequent. However the only real way to have an affordable rail network is to nationalise it! I travel in Spain = cheap and fantastic, France - cheap fantastic, Germany the same... When is the UK going to realise that private companies need to make profit every single year. Why do you think your gas bill has doubled?

- Cynic, Derby, 12/8/2012 10:38

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Blinded by the NUMBER OF OOO's after the £ signs, I would add a word of CAUTION GNER couldn't FUND what they had claimed for the EAST COAST MAIN LINE, and NATIONAL EXPRESS failed to deliver the FINANCIAL RETURNS that they promised. The EAST COAST LINE is still operated by the Government, SO BEWARE OF FINANCIAL RETURNS THAT FAIL TO MATERIALISE.

- KP, Guisborough, UK, 12/8/2012 10:01

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"Virgin has been running the West Coast franchise since 1998, paying the Government £160million a year while receiving £1.4billion in subsidies over the whole period." ... I thought privatisation was supposed to do away with government subsidies. Didn't Margaret Thatcher tell us that the taxpayer shouldn't be subsidising 'lame duck' nationalised industries? It seems strange then that it is ok to give even bigger subsidies to private companies so that taxpayer's money goes to line the pockets of billionaires like Richard Branson and fat cat shareholders? Tell Sid that privatisation was a con.

- Rob, Liverpool, 12/8/2012 09:16

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Well who ever get's it, let's hope that A) the train has more seats than those silly Virgin trains with tiny windows B) They get rid of the numerous first class carriages C) They stop delaying London Midland commuter trains in to Euston by hogging platforms and telling other commuters they can't use exits from "their" platforms.

- John, London, UK, 12/8/2012 08:28

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Sour Grapes.

- Stu, Bath, 12/8/2012 07:57

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oh please give it to the French SNCF. First 'Great' Western has disgusting carriages even in 1st class.

- Richard, Cardiff, 12/8/2012 01:53

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FirstGroup, which has a good reputation for running efficient services while at the same time cutting costs-----What nonsense, where does this come from? First Group ran "Worst Late Western" - there were passenger revolts, there was lousy service and timekeeping. They ALWAYS overbid - like National Express sis on the East Coast main line - and then either withdraw early or the service becomes so awful that they are forced out. I feel sorry for the people of the North West.

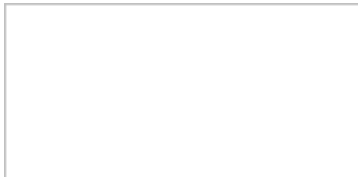
- Pensions Warrior, Carlisle, 11/8/2012 23:01

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