

'Branson has lost and he is off the field now. What he is saying is simply not true': FirstGroup chief slams 'hysterical' Virgin boss

By [Tom Mcghie](#)

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Tim O'Toole, the boss of global transport operator FirstGroup, is furious.

His victory in the bidding war to run the West Coast rail franchise should have been a moment of unalloyed triumph, but instead his company was attacked by rail campaigners, union leaders and billionaire rival Sir Richard Branson.

And it is the last of these that has caused O'Toole to hit back. Branson's Virgin Rail lost the battle and he poured scorn on FirstGroup's victory, warning it would lead to cuts in staff, quality and services.



Hitting back: Tim O'Toole is furious at claims that FirstGroup would slash staff and services

O'Toole rages: 'Branson has lost and he is off the field now. What he is saying is simply not true. We are not going to be cutting staff, their levels will be about the same. But there are two things which are particularly outrageous. Had he won, he was planning to cut twice as much as he said we would have cut.'

'If he had won with his bid he would have made a huge amount of money. Maybe that explains the hysteria. What Branson should be doing is thanking his hard-working employees and soothing them, and not outrageously threatening them with their jobs.'

Branson's high profile and appeal among the British public meant his attack on FirstGroup gained plenty of publicity and O'Toole could be forgiven for feeling bruised.

But the 56-year-old millionaire from Philadelphia still claims to be in love with Britain. So much so that this week he will become a British citizen. 'It has taken me many, many years. I am very, very pleased and happy about it. I passed the history knowledge tests with flying colours, I am pleased to report,' he

says.

O'Toole has lived here for nine years, during which time he ran London Underground, leading it through the terrorist bombings of July 7, 2005. He will say no more than that becoming a citizen is because of his 'commitment and love of Britain', but friends say his experience of leading LU through that awful day had a profound effect on his view of Britain and its people.

This also adds to his anger over being accused of putting rail workers' jobs at risks by over-bidding for the West Coast franchise. The headline figure was £5.5 billion, but with other expenses and possible extensions to the contract, the full price could be up to £10 billion.

Virgin Rail and a convoy of gloomy transport analysts all had the same message – FirstGroup had overpaid. It had no chance of fulfilling the 15-year deal, they warned, and it would probably be forced to hand in the keys before the franchise was up.

O'Toole dismisses criticism that his company had overpaid: 'We have not made an unsupported bid. We have looked carefully and our team believes we can make it work. I have no intention of handing in the keys or walking away.'

At the heart of his case is that at long last after £9 billion of Government investment, the West Coast line has huge unused capacity and he has plans to increase seating by 35 per cent, helped by eleven new trains and 106 new Pendolino coaches.

He believes he can achieve ten per cent growth a year for a line that already carries 31 million passengers.

He also plans to introduce a new club class – with superior seating and free soft drinks – which he believes will create more demand.

'We are considering a number of ways of improving the passenger experience. I do not want to give away too many details now, but we know passengers want more but are resistant to paying first-class prices,' he says. O'Toole said it that in exchange for paying more, passengers would be getting more space and better facilities – in effect a 'club class' for rail travel between first and standard.

'We won't just be creating a new class next year, we will be improving the experience for all passengers including first-class,' he says.

And he says he will cut through the tangle of complex fares and create simpler prices and make it easier for customers, especially those with smartphones, to book seats.

The group has already said it will cut fares by 15 per cent in the first two years, but O'Toole revealed to Financial Mail the cuts would be implemented on day one.

The immediate fare-slashing move, even though it affects only about 20 per cent of the number of tickets sold, is astute as it comes when most fares will be going up by an inflation-busting six per cent.

But on Friday, respected transport analysts predicted that if Virgin Rail revenue forecasts were correct, FirstGroup would start making operating losses in the fourth full year, rising annually to £449million in the contract's final year. In the last five years, total losses would be above £1.5billion.

O'Toole will be 71 when the franchise ends, so his commitment to the company must be strong. He has an apartment in Aberdeen, near the group's headquarters and is a keen golfer in his spare time, playing off a 12 handicap.

Any assessment of whether he can succeed can come only from an assessment of his work at LU, where he worked from 2002 to 2009. 'I really loved my time there. I did many things I am very proud of, one being helping to eradicate the graffiti which defaced most walls,' he says.

And there was the huge job of modernising the Tube with a £25 billion programme while still keeping trains running. 'We had to perform heart surgery on this patient while he played tennis,' he joked.

What changed on July 7 was his respect for British rail workers after the way they got the Tube up and running just 24 hours later.

Even his critics agree he was a huge success. A father of two adult children, Charlie and Elizabeth, he

left to spend more time in the US with his wife, Patricia, despite London mayor Boris Johnson's best efforts to retain his talents. He was later lured back by the challenges of working for FirstGroup.

Taking on British citizenship suggests O'Toole plans to be here for a long time. Perhaps even long enough to prove the doubters wrong.

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Branson has to blame someone else when he loses out, why does he think that virgin group has a right to run everything, he lost out to IAG over BMI and now lost out to First Group, Richard its called competition , if you want something then you have to pay for it, not expect to have it given by a friend of Mr Cameron as it was with Northern Rock. Stop winging and enjoy the rest of your life !

- VirginRidiculous, Eastbourne, 22/8/2012 04:31

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When I traveled on virgin Atlantic I was not impressed, dirty planes, terrible food and fed up staff. Virgin America is much better. First trains from right onto London are dirty and crowded too...not sure if the CEOs take the time to actual Rey these out!

- Tadge, HK, 22/8/2012 00:05

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Well I'm with Branson on this one.First have done the same with the first great western line into Devon and Cornwall. Screwed it over for as much Money as possible let it run down and then came out of their franchise early and had the cheek to rebid again. The best line I've been on by far is the east coast line and that's back in Government hands after national express couldn't make it work. Railways are so important to the country for so many reasons this in undignified scrap ever few years is in no ones interests !

- the one and only, Plymouth Uk, 21/8/2012 23:14

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The deed is done. Lets leave our comments until after the fares have gone up --- Which they will. Failing that take the bus.

- ogeeinonowt, Derby UK, 21/8/2012 17:22

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Rotten Pandalino units where you cannot see out of the window, cramped seating in four and five coach Virgin Voyager units, ridiculous fares, what have we to thank Virgin and Branson for? Virgin air fares on a like for like basis for the Gatwick to Las Vegas route have gone up 38.9% in just 18 months. You get what you deserve in this world. Good riddance to him. The newcomers are no better, no spare stock, silly fares, called 'Worst' Great Western (instead of 'First') in the west country. Bring back British Railways, smut, 2 hours to Birmingham from London, and a simple period or day return fare structure. BR lost , -£2Bn per annum, the subsidy is now -£4Bn. Privatisation has been a disaster, whoever blows the whistle!

- John Morley , Worthing, West Sussex, 21/8/2012 15:46

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No - he is NOT off the field. We - the users - want Virgin. We like the service, and appreciate the massive improvements made in recent years. More than anything we like the excellent customer service and attitude of the staff -from top down. Virgin deserve that recognition and should be allowed to continue the job.

- Alison, Upton, Wirral, 20/8/2012 16:19

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I HATE BRANSTON SORRY BRANSON HES FULL OF RUBBISH AND RIPS EVERYONE OFF INCLUDING THE TAX PAYER !!!!!!!!!!!!!!!SERVES HIM RIGHT !!!!

- mickey, bury, 20/8/2012 14:04

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Really really awful news. First Group have a stranglehold on buses in Glasgow and their fare increases over the last 5 years have been shameful. I travel to London a lot on the West Coast line, and love that trip - miles better than flying, and that is in no small part due to the Virgin service. Absolutely gutted that First Group will now be in charge - I can only see it leading to a poorer and more expensive service.

- Bobby, Glasgow, 20/8/2012 11:56

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Being a First Bus user, I can only say how disappointed I am. They are late, there has been times, where no service at all. Now I can only imagine how horrible it must be the train service. I was planning to visit London and by train, now, it is to be re-considered

- Jaz, North West, 20/8/2012 11:27

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Error in my last post, it should be FirstGroup chief lets rip if you want to use the search box. Either that or click on the authors name at the foot of the headline.

- Allan, Addlestone, 20/8/2012 11:03

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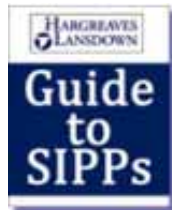
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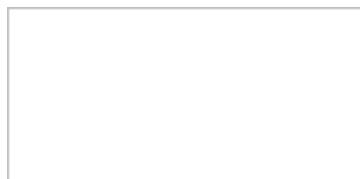


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Vatukoula Gold Mines	↑ 36.75p	15.75

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3D Diagnostic...	↓ 0.14p	-12.50
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