

Delay West Coast rail contract until MPs have examined bid, says Transport Committee chairman

The award of the West Coast rail contract to FirstGroup should be delayed until the controversial £13.3bn bid has been scrutinised by MPs, the chairman of the Transport Committee said tonight.



Social Enterprise UK, the trade body, has written to Virgin founder Richard Branson calling for him to support them in their dispute with Salesforce.

By Alistair Osborne, Business Editor

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In a dramatic intervention, Louise Ellman wrote to Transport Secretary Justine Greening requesting she postpone “for a short while” the planned signing of the deal on August 28 “to allow the Transport Committee to explore the matter first”.

Ms Ellman, the Labour/Co-operative MP for Liverpool Riverside, said: “I believe this would help to provide greater transparency and address the concerns that have been raised.”

FirstGroup’s victorious bid, which effectively ejects Virgin Rail from the railways, has prompted Sir Richard Branson to explore a judicial review – but has also raised wider concerns across the industry.

Even the Department for Transport rated Virgin’s bid more “deliverable”, while such is the

backloading of FirstGroup's premium payments towards the end of the contract that the taxpayer would be largely better off with Virgin until 2022. That is despite the company bidding only £11bn to run the franchise until 2028.

Ms Ellman added that the bid raised "important issues about the basis on which decisions on major rail franchises are made", which were yet to be explored by MPs due to the parliamentary recess.

She said she intended to call FirstGroup chief executive Tim O'Toole and his counterpart at Virgin Rail, Tony Collins on September 11, with Ms Greening and rail minister Theresa Villiers asked to give evidence the day after.

The political heat around the franchise award increased further when Margaret Hodge, chairman of the Public Accounts Committee, confirmed her committee also planned to examine the bid. "We will want to see that the department has learnt the lessons from its past failures to secure value for money," she said.

Sir Richard said: "The Transport Committee is absolutely right to ask for a delay. The growing public concern about the franchise, and lack of answers from the Department for Transport, means that a pause for reconsideration is essential to let Parliament examine this very important issue."

FirstGroup declined to comment.

Later tonight the DfT appeared to dismiss Ms Ellman's challenge. A spokesman said the procurement process did not allow the involvement of the transport committee, which "has not requested any kind of dialogue with the Transport Secretary on the issue before now".

The DfT had earlier rebuffed a request from Sir Richard's lawyers, Herbert Smith, for answers to 11 questions requesting more information on how it had reached its decision on the West Coast. Sir Richard planned to use any answers to inform his decision over whether to take legal action.

A DfT spokesman said: "We are in receipt of a letter from Virgin Trains which is a precursor to legal action. We are reviewing the correspondence. The Department is confident in the process it undertook and the decision made in awarding the West Coast franchise."