

Virgin to run West Coast line for another year



Virgin will be allowed to run the West Coast franchise for another year Martin Keene / PA

Philip Pank, Chris Johnston

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Sir Richard Branson's Virgin Trains group has been asked to continue running the troubled West Coast Main Line for about a year, the Government said today.

The temporary fix has been proposed by the Department for Transport after its embarrassing U-turn over the award of a new franchise earlier this month.

Virgin's franchise is scheduled to end on December 9, but talks are under way about it continuing as operator of Britain's busiest and most lucrative long-distance railway for between nine and 13 months while a competition is run for an interim franchise agreement.

Patrick McLoughlin, the Transport Secretary, said: "The cancellation of the InterCity West Coast franchise is deeply regrettable and I apologise to the bidders involved and the taxpayer, who have a right to expect better.

"My priority now is to fix the problem, and the first step is to take urgent action to ensure that on the 9 December services continue to run to the same standard and passengers are not affected.

“I believe Virgin remaining as operator for a short period of time is the best way to do this and my officials and I will be working flat out to make this happen.”

The Department did not announce how much Virgin would be paid to continue running the West Coast line for the interim period.

The Government had hoped to install FirstGroup to run trains between London, Manchester and Glasgow, but the deal collapsed two weeks ago when Mr McLoughlin revealed that officials had failed to account for inflation and passenger growth in the tender process.

FirstGroup said today that it would await the completion of two government-backed investigations into the collapse before deciding whether or not to rebid for the franchise. A spokesman said that a legal challenge against the Government’s decision remained a possibility. “We are still examining our options and working through the data,” he said.

The company added: “We believe the private sector provides the most effective and efficient way to deliver passenger rail services in the UK. We await the outcome of the independent investigations into the [West Coast] franchise competition and the wider rail franchising process, which we hope will provide a greater degree of certainty and confidence not only to future bidders, but to employees, stakeholders and the travelling public too.”

Shares in FirstGroup fell by 20 per cent after ministers cancelled the deal, wiping £225 million off its market value. They closed down 3.2 per cent, or 6.1p, at 184.6p today, valuing the company at £892 million.

Anthony Smith, head of the Passenger Focus watchdog, said: “Continuing with Virgin does seem to make sense in the short term.”

Mr McLoughlin also put on hold the tendering process for three other rail networks: the Great Western Railway, between London and the West Country, and the Thameslink and Essex Thameside commuter routes.

The Labour Party has called for an independent inquiry into the collapse and criticised the appointment of a non-executive director from the department to conduct a preliminary investigation into what went wrong.

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