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West coast rail fiasco: transport secretary faces grilling from MPs

Patrick McLoughlin may be quizzed over own role in failure of rail franchise that has cost taxpayers £40m in compensation

Dan Milmo and Gwyn Topham

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Patrick McLoughlin will appear before the Commons transport committee to answer questions about the failed west coast franchise. Photograph: David Cheskin/PA

The transport secretary, Patrick McLoughlin, will be grilled by MPs this week about the west coast rail franchise, armed with a report into the fiasco from Centrica boss Sam Laidlaw.

Laidlaw, a non-executive director at the Department for Transport (DfT), has submitted an interim study of the failed process to McLoughlin, who has already suspended three DfT officials after discovering "significant flaws" in the decision to award the deal to FirstGroup ahead of incumbent Virgin Rail.

Following the discovery of errors in how the bids were evaluated, McLoughlin tore up the contract and retained Virgin as the operator of the London-Glasgow route on a short-term basis.

McLoughlin will appear at the House of Commons transport committee on Wednesday to face questions over the process, which has cost taxpayers at least £40m in compensation to the four shortlisted bidders for the contract.

Early indications are that the model used to forecast economic growth and revenue was producing incorrect figures – a mistake not picked up by a department that had lost large numbers of key staff. Laidlaw's investigation was assisted by a team of external accountants.

But McLoughlin himself may face questions about his own actions during the crisis he inherited after the cabinet reshuffle in September, including why he assured the transport select committee last month he had full confidence that Virgin's legal challenge to the decision to award the contract to FirstGroup would fail.

The previous transport secretary, Justine Greening, had already demanded a full investigation of the process once officials in her department had admitted to errors that could affect the outcome.

McLoughlin may also have to defend his actions in announcing the suspension of three civil servants at the same time as cancelling the franchise competition at the beginning

of this month. Amid accusations that officials were being made scapegoats, one of the three, Kate Mingay, put out a statement through lawyers insisting her role and responsibilities had been inaccurately portrayed by DfT briefings.

A DfT spokesman said: "We expect the initial findings of Sam Laidlaw's inquiry to be published before the end of the month."

McLoughlin also faces questions over another controversial DfT procurement as the committee seeks assurances that the failure of the west coast contract will not delay closure of the £1.4bn Thameslink contract any further.

Thameslink is taking longer to sign off than expected and is not expected to be finalised until the new year, which has prompted calls from unions and MPs for the process to be started again or for the contract to be handed to the Bombardier factory in Derby. Siemens, the German industrial group, was selected ahead of Bombardier last year as preferred bidder for the contract.

Steve Scrimshaw, head of Siemens's UK train division, confirmed the contract would not be signed in the autumn as hoped. He said: "We are disappointed that it has taken longer than we anticipated. But we still remain confident that we will get there." He added: "Depending on progress over the next month or so, we hope to achieve commercial close by Christmas with financial closure in the new year. The negotiations are ongoing".

Until the DfT was forced to scrap the award of the west coast contract to FirstGroup, the deal to build 1,200 Thameslink carriages had been the department's biggest procurement headache, after Siemens was selected ahead of Britain's last remaining train factory as preferred bidder. Bombardier has since [cut at least 1,000 jobs at Derby](#) and made clear that the hopes of the remaining 1,600 workers are pinned on a £1bn contract for trains on Crossrail in London. Siemens and Bombardier are two of the four shortlisted bidders for Crossrail, who must submit their offers by Monday's deadline.

One industry source expressed concern that the Crossrail process, due to close in 2014, could be delayed because the DfT, banks and one of the shortlisted bidders are still trying to wade through the Thameslink arrangement.

In a letter to McLoughlin this month, the transport committee chair, Louise Ellman said she would also like to know if the west coast cancellation would cause problems for signing off the Thameslink deal. She asked the minister: "What are the reasons for the delay in completing the Thameslink rolling stock procurement and when do you expect this to be concluded?"

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ohsocynical

28 October 2012 5:05PM

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I don't know why they bother because we know the outcome. Dave will pat him on the head, and promote him...



CordwainerJones

28 October 2012 5:14PM

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Early indications are that the model used to forecast economic growth and revenue was producing incorrect figures – **a mistake not picked up by a department that had lost large numbers of key staff.**

Slash and burn approach to public sector proves counterproductive. Who'd have thought it.



vikingbones

28 October 2012 5:19PM

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First class shambles by a third class government.

Shunting Greening off to another department so Dave wouldn't have to sack her. He thinks we wouldn't notice which makes it all the more despicable.

I know, let's blame the previous administration and especially Gordon Brown. (Just to preempt the Central Office trolls).



kjee

28 October 2012 5:22PM

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I've had a chat with Jamie Oliver and grilling is really not enough in this situation.

Maybe a little roasting, turning over and boiling, or perhaps hanging, drawing and quartering would work a lot better..



blairsnemesi

28 October 2012 5:22PM

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We should be discussing the re-nationalisation of the whole rail system so that we can stop paying for shareholder dividends and boardroom excesses and put the money in to improved services. Run a private rail system and this sort of fuck-up is inevitable.



NTEightySix

28 October 2012 5:23PM

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Louise Ellman chairs the Transport Select Committee?? Nice to see she takes an interest in something other than her favourite



[REDACTED]

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