

Anyone but Branson? Mails trawled for evidence of 'anti-Virgin' bias over rail franchise

Oliver Wright

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Thousands of internal Department of Transport emails are to be trawled for evidence that civil servants wanted to hand the lucrative London to Scotland West Coast train service "to anyone but Branson".

Executives at Virgin Trains have long been concerned about the perception of an 'anti-Virgin' bias and culture within the department that could have wrongly led the company to lose its bid to run the line to rival First Group.

Now it has emerged that the official inquiry into what went wrong with the franchise process is to examine all the emails between civil servants involved in the process to establish whether there was any implicit or explicit prejudice against the company.

Giving evidence to the Transport Select Committee the most senior civil servant in the department Philip Rutnam confirmed he had had a request to trawl all email correspondence during the period of the franchise process.

"I was rather expecting that they might ask one to be done," he said.

"They have now asked and it will be done."

Industry insiders said Whitehall officials – some of whom had worked for more traditional train operators – disliked the firm's maverick approach.

There was allegedly deep resentment when Virgin renegotiated the terms of the West Coast franchise in 2006 on terms which 'nailed them to the floor'.

"Some people in the department felt they were stitched up," said one source. "It's a catalogue of calamities".

Mr Rutnam, who took up his job as Permanent Secretary in April, also revealed that he had been banned from seeing any of the flawed calculations used to award the West Coast franchise prior to it being awarded.

"It may be a surprise to the committee but commercial information from the bidders does not come to the Permanent Secretary," he said.

"So in terms of my involvement from April until July I did not see any commercial information about the process. There was then a phase when I saw letters from Virgin which were making representations about it (the process).

"The consequence of the rules that the Department had adopted was that having had sight of that material (the letters from Virgin) I was thereafter debarred from taking part in the

decision making process.

He added: "I agree that it seems surprising. But these were the rules."

Also giving evidence to the committee the Transport Secretary Patrick McLoughlin apologised to taxpayers who are now facing a bill of up to £100m following his decision to scrap the West Coast franchise process. He said they had "a right to expect better".

But he insisted that cuts to the size of his department could not excuse the failings in the bidding process.

"There were plans to reduce the size of the department before the last election and whichever Government won would have seen a reduction in budget and headcount," he said.

"Yes there are pressures and there are pressures on the public sector as there are pressures on the private sector. But I don't think that allows for what we've seen."

On Monday, Mr McLoughlin published the initial findings of an independent report he set up to look into the West Coast bidding affair.

Led by senior business figure Sam Laidlaw, the report said the DfT had been "aware of a lack of transparency" in an aspect of the franchise process but had decided to continue "and to accept the risk of a bidder challenge".

It also said that significant jobs cuts and the reorganisation which had resulted had left lines of responsibility unclear.

The transport committee's chairman Louise Ellman, described the Laidlaw report as "a damning indictment"