

Branson triumph as rail inquiry is ‘given brush-off’



Virgin Trains is to pay about £160m to run services between London, Manchester and Glasgow Jeff J Mitchell/Getty Images

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Published at 12:01AM, November 26 2012

Sir Richard Branson’s train company hopes to sign a one-year deal to run the most lucrative long-distance railway this week, as the Government prepares to reveal the lessons it has learned from the West Coast Main Line fiasco.

Virgin Trains said that it expected to pay about £160 million to run services between London, Manchester and Glasgow until the end of next year.

Lawyers for the company and the Department for Transport are working on the fine print of a contract that will extend Virgin’s tenure of the busiest long-distance line. The Government **cancelled a competition to re-let the West Coast** last month after the discovery of flaws in the bidding process.

“No-one has been in this position before; we are in uncharted territory and so is the Government. Clearly it does not want to make any mistakes on this one, so it is making sure it is absolutely copper-bottomed and secured. It is painfully slow,” Virgin said.

Even as the contract is being drafted, a non-executive director at the DfT is finishing his report into why the Government had to scrap its decision to give the West Coast to the rival FirstGroup from December. Sam Laidlaw will present his final report to Patrick McLoughlin, the Transport Secretary, by Friday.

An inquiry spokesman rejected allegations from within the rail industry yesterday that Mr Laidlaw was being hampered by DfT officials withholding information. It had seen thousands of documents and interviewed all relevant people, the spokesman said, adding: “We will figure out what went wrong and how to move forward.”

One rail industry executive claimed that Mr Laidlaw was struggling to get full details of why the West Coast competition had to be pulled, as witnesses were withholding information.

“He has been given a lot of contradictory information from people in the department. Either they do not remember quite what happened or they prefer not to remember. I think he is being given the brush-off by some people. It is making his job a bit tough,” the source said. The DfT insists that it is co-operating fully with the inquiry. “Access has not been denied by the DfT,” a spokesman said.

At the end of October, Labour claimed that Mr Laidlaw was being blocked by the department.

In [his interim report](#) published ten days after Mr McLoughlin pulled the plug on the West Coast competition, Mr Laidlaw said that access to some documents and some of the department’s external lawyers was being delayed on the grounds of legal privilege.

The DfT refused to say who took the decision in March to press on with the competition even though officials knew that deficiencies in the franchising model would leave the Government open to a possible legal challenge.

“Let’s wait until the Laidlaw report is delivered, which is by the end of November,” the DfT said.

Virgin Trains and FirstGroup said that they were yet to learn details of Mr Laidlaw’s final report.

His interim findings painted a damning picture of the bidding process. The DfT failed to follow its own rules when it awarded FirstGroup the £13 billion contract. The size of a bond to be put as surety “was influenced by extraneous factors with the result that the bidders were treated inconsistently”, the report found.

Financial checks were developed late, in a hurry and without proper planning. The DfT’s financial modelling had failed to take account of inflation during the 13-year contract. Job cuts may have also been a factor.

9 comments



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1 person listening