

 **PRIVATE EYE**

**SIGNAL FAILURES**



**FIRSTGROUP executives are rattled. Their winning west-coast franchise bid was cancelled while they struggled with the legacy of previous chief Moir Lockhead, knighted by Labour for assembling an international ragbag of transport companies and a whopping debt. WorstGroup's fire sale of unpromising bus companies hasn't raised the promised £100m; and now it's sold Wigan, one of its most profitable bus operations, and axed Greyhound coaches in England.**

Risk-free rail-franchise profits traditionally distracted attention from bus troubles, but future franchises are now on hold in the wake of the west-coast debacle. The public contempt for rail franchising is also unnerving for executives.

WorstGroup finance director Chris Surch told City analysts this month that the government needed to resolve the uncertainty over franchising quickly to continue "what the whole industry has delivered in terms of benefits since privatisation". He didn't specify those "benefits" (presumably not the extra costs for taxpayers and passengers, or the giant First Great Western franchise still relying on old trains). But chief executive Tim O'Toole was more explicit. He said shareholders wouldn't get a dividend rise this year because of rail-franchising uncertainty. WorstGroup was "encouraging the government to restart the franchising process as soon as possible", he said. "We do not think the overall model needs to be recast in any way."

O'Toole chairs the Rail Delivery Group (Eye 1290). Its job is to lead the industry's efficiency drive and it supposedly represents rail firms inside and outside the franchising system. But stand by for the RDG to demand rapid reinstatement of franchising, rather than offering objective leadership on reducing waste, complexity and bureaucracy.

'Dr B Ching'