

'No one in charge' of West Coast Mail Line contest



Senior officials at the DfT knew that there was a potentially fatal flaw in the bidding process for the line EPA/Andy Rain

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Ministers failed to put a senior figure in charge of the £13 billion competition to run trains on the busiest and most lucrative long-distance railway, MPs heard yesterday.

Instead, the Department for Transport chose an operator to run trains between London, Manchester and Glasgow using a system that was “not fit for purpose”.

Sam Laidlaw, senior non-executive director at the Department for Transport, told the Commons Transport Committee that from the time the tender to run the West Coast Main Line was opened in January until the point when competing bids were received in early May there was “insufficient senior ownership” of the bidding process.

“The absence of a clear boss was the root of the problem,” he said. “The organisational structure chosen to manage it we now know was not fit for purpose.”

The committee heard for the first time that senior officials at the DfT knew that there was a potentially fatal flaw in the bidding process from early September. However,

ministers continued to insist in public that the decision taken in August to award the West Coast to FirstGroup was sound.

Patrick McLoughlin, Transport Secretary, scrapped the competition on October 3, the day the High Court was due to hear a challenge from Virgin Trains. Sir Richard Branson's train company rightly claimed that the DfT had failed to follow its own rules when it awarded the 13-year contract to rival FirstGroup.

The decision to scrap the contest has so far cost tax-payers £50 million. The cost could yet rise if FirstGroup sues for damages.

Mr Laidlaw said that ministers were responsible for cutting the number of senior staff at the department and for changing the franchise terms, offering longer franchises and using a flawed model in the bidding process designed to take account of economic growth up to 15 years in the future.

However, he shielded ministers from direct criticism for the failures.

Junior officials did not warn senior managers that the model was liable to a potential legal challenge. Nor did they tell superiors that the DfT's own rules had not been followed when setting the size of a bond to be put up as surety by the train companies, Mr Laidlaw said. In turn, senior officials had not told ministers of the dangers, he added.

The appointment of three Transport Secretaries since the election and four Permanent Secretaries at the DfT had made it difficult to put in place a better system.

Louise Ellman, chair of the committee, told *The Times* that she was astounded by Mr Laidlaw's disclosure.

"It is utterly astounding that no one was in charge of such an important project, particularly when critical and controversial decisions were being made," she said. "It is totally unacceptable and a very bad reflection of the way that the department was operating that the Secretary of State was making those statements when senior officials knew they had been misinformed." Mrs Ellman said the committee had not yet decided whether to call Justine Greening, the former Transport Secretary, or Theresa Villiers, the Rail Minister who awarded the contract to FirstGroup, to explain what happened.

On December 9, Virgin Trains, which has been running West Coast services since 1997, began a temporary contract to run trains until 2014. The Government will then sign a long-term deal to run the line.

The competition to run important commuter routes into London and the Great Western Main Line to Bristol and the West Country have also been suspended pending a review of the Government's franchising system.

A DfT spokesman said: "The Department has accepted Sam Laidlaw's recommendation that there has to be a senior Director for Rail policy which will avoid the problems of the ICWC franchise programme where several senior officials shared responsibility during the life of the project."

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