

# Rail franchising system 'not broken' says review

Second review into west coast mainline fiasco says system should be restarted urgently with a new team

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Eurostar chairman Richard Brown recommended that franchises should be shorter than the current 15-year standard. Photograph: Sophia Evans/The Guardian

The rail franchising system is not broken and should be restarted urgently, with a beefed-up team offering fewer longterm contracts, the second review into the **west coast mainline** fiasco has found.

The Eurostar chairman, Richard Brown, recommended that most franchises should be far shorter than the current 15-year standard, with extensions awarded on performance and passenger satisfaction. He said the Department for Transport needed senior "heavy hitters" on board to provide quality assurance and proposed that procurement be carried out by a discrete unit, either within the department, by an agency or an independent body.

The transport secretary, Patrick McLoughlin, said Brown's report showed "franchising is a fundamentally sound approach for securing the passenger railway services on which so many people rely".

Brown said: "Franchising is not broken. It's an important part of the architecture of the industry – and the industry is incredibly successful so it would be foolish to throw the baby out with the bathwater."

Claiming the system had given Britain the fastest growing, safest railway in Europe with the highest passenger satisfaction, Brown recommended the government resume the franchising process as soon as possible. He said the industry had to put "decisions and the supply chain on hold waiting for the programme to restart. There is an urgency for restarting".

Brown said longer extensions to shorter franchises would be "important incentives" for operators and give greater voice to passenger concerns. His report makes several suggestions for simplifying the process, including removing the onus from operators to forecast or shoulder risks related to wider economic performance – a central factor in the west coast dispute. It proposes that the quality and deliverability of bids be more

explicitly assessed and factored in, and that the requirement for anonymity be dropped in the later stages of bidding.

Brown's review was one of two ordered in the wake of the cancellation of the west coast mainline franchise competition by McLoughlin in October. The first inquiry, conducted by the Centrica boss, Sam Laidlaw, last month reported that the fiasco was down to serious errors made by overstretched civil servants in the Department for Transport, absolving ministers from direct responsibility.

The fiasco which unfolded over late summer of 2012 saw the DfT first announce that the lucrative west coast franchise, run by Virgin since 1997, was to be awarded to FirstGroup. The Virgin boss, Richard Branson, labelled the decision "insane" and mounted a legal challenge, prompting investigations at the DfT that finally led to McLoughlin admitting "serious flaws" and scrapping the award days before a court hearing – despite having publicly defended the robustness of the process.

Virgin has since been awarded a management contract to run the line for a further 23 months until November 2014.

Around half of Britain's rail network was due to be refranchised in the next two years. Brown's recommendations for options to restart the three franchise competitions that were "paused" in the autumn – Great Western, Essex Thameside and Thameslink – have been redacted from the report as commercially sensitive. McLoughlin is set to announce their resumption in February and promised to publish a revised timetable for the wider franchising process in the spring.

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