

Rail groups drop Great Western legal fight

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Four of Britain's train operators have abandoned a multimillion-pound lawsuit against the Government over lost costs when the bidding competition for the Great Western rail franchise was abandoned this year.

FirstGroup, the current franchise holder, together with Arriva, National Express and Stagecoach lodged a claim with the Technology and Construction Court this month to recover up to £40 million.

Shortly afterwards the four transport companies agreed to stay the proceedings to allow more time for negotiations with the Department for Transport. Now the companies have decided not to sue the Government.

A spokesman for Arriva said: "Following the stay in proceedings we have considered the DfT's response and have decided not to pursue the matter further."

The decision by the transport operators follows the announcement by Patrick McLoughlin, the Transport Secretary, on Tuesday of a major overhaul of the rail franchise system. This followed last year's fiasco in which FirstGroup won control of the West Coast Main Line before the coalition admitted that civil servants had got their sums wrong during a legal challenge by Virgin Trains.

Mr McLoughlin this week awarded extensions to twelve private train operators, unveiling an eight-year programme of franchise awards when all lines will be re-let.

Rail industry executives were surprised by the scale and scope of the "Fresh start for franchising" plan published by the DfT. Last night a department spokesman declined to comment on the decision by rail operators to drop their legal action.

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