

June 19, 2013 8:02 pm

Labour hardens stance on train operators

By Jim Pickard and Mark Odell



Labour is stepping up its resistance to the privatisation of the East Coast rail line as the party hardens its stance against private train operators running all of the main intercity routes.

The coalition government earlier this year set out its plans to return the London-to-Edinburgh line back to the private sector before the next general

election. The route was nationalised in 2009, when National Express walked away from its contract.

Attempts to privatise the route were delayed last autumn when the government scrapped the award of the West Coast contract to FirstGroup following a legal challenge by Virgin Rail, which threw the franchising programme into disarray.

Under the revised timetable announced by Patrick McLoughlin, transport secretary, the East Coast franchise should be relet by February 2015.

But Maria Eagle, shadow transport secretary, said the plan was a “misguided sell-off” as East Coast had paid £640m back to the government since its nationalisation.

“Ministers must stop claiming that planned investment in the line, including the new intercity trains, is dependent on this sell-off when they know that is untrue,” she said.

Meanwhile, Lord Adonis, the former Labour transport secretary, told the FT that it was “right and proper” that the London-to-Edinburgh line – nationalised under his watch – should be allowed to continue in public hands.

Ms Eagle has been a persistent critic of the payment of hundreds of millions of pounds to train company shareholders under the franchise system, pointing out that these companies made £308m profit last year.

The Labour MP has drawn up plans to shake up the rail industry, which include keeping East Coast as a limited company that would pay its profits back to the government.

At the same time, Labour could devolve non-intercity rail lines to partnerships of local transport authorities. These would still contract with the private sector but would take the revenue risk, fares and brand the trains.

However, Labour has not yet said what it would do with the other intercity lines – West Coast, Great Western, CrossCountry and Greater Anglia – when those contracts reach an end in the next parliament.

Ms Eagle may be hostile towards franchising, but there is no firm policy in favour of returning the intercity lines back to government control.

Coalition ministers have repeatedly cited Lord Adonis and his past comments that he did not believe it was “in the public interest” for the train operating company to stay in public hands indefinitely.

Lord Adonis said that East Coast had under state control achieved an “impressive performance record” and was making large payments back to the government that were keeping fares lower for the public.

“In the past four years East Coast has established itself as one of the best train operating companies in the country,” he said.

“This has fundamentally changed the situation . . . East Coast should be allowed to continue as a public sector comparator to the existing private franchises.”

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