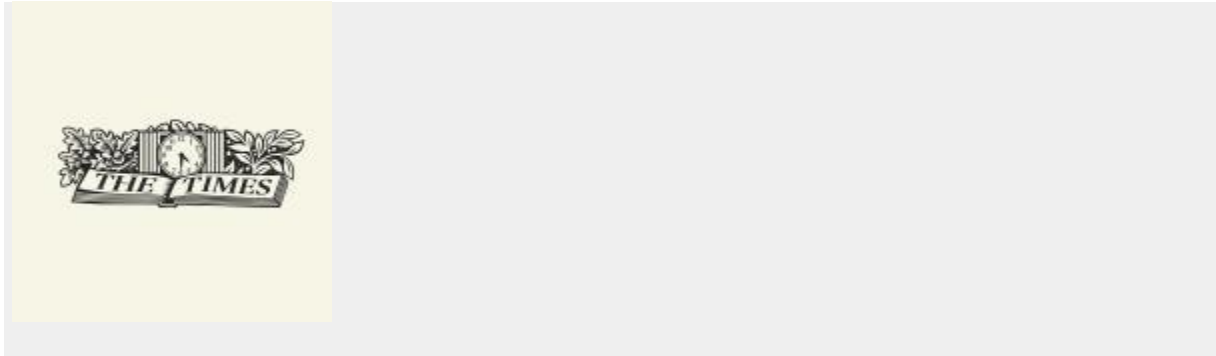


The Times 17th May 2018 ‘leader’ with my response below

Off the Rails

Virgin and Stagecoach have rightly been stripped of their east coast main line franchise, but the government is as much to blame for the mess



Chris Grayling, the transport secretary, has made the short journey from his office to the House of Commons to explain the government’s response to an ignominious failure. The response is the right one. Stagecoach and Virgin Trains have lost £200 million running the east coast main line and are to be stripped of the franchise. The option of letting them keep it on new terms would have been a reward for mismanagement. But the original failure must be blamed as squarely on the government as on the operators.

Stagecoach and Virgin “got their bids wrong”, Mr Grayling said, accurately. They overbid wildly to secure the franchise, misjudging future passenger growth and relying on unconfirmed infrastructure upgrades that did not happen. Yet it was the government that allowed this to happen and the result is a serious embarrassment for Mr Grayling. He has been forced to renationalise a major rail line, albeit temporarily, at a time when Labour is demanding the same for the whole network and winning centrist support in doing so.

If renationalisation were the right policy, this might be smart politics, but it is not. Investment, passenger numbers and overall customer satisfaction have all risen since privatisation. What the minister is engaged in is damage limitation in a situation where the damage was entirely avoidable. He had the gall to tell the House that the lessons of the past “are already being learnt”. The reason for his predicament is that the lessons of the past have been ignored.

This is not the first but the third time the east coast main line franchise has had to be taken back from a franchisee in the past decade. The first two times were under Labour governments but the franchise was awarded to the Stagecoach-Virgin consortium by Mr Grayling’s Conservative predecessor, Patrick McLoughlin. It should not have been. If due diligence was hopelessly inadequate on the part of the prospective franchisees, the same was true of the Department for Transport on Mr McLoughlin’s watch.

It is some consolation that cash losses have so far been restricted to VTEC, as the consortium is known, rather than being borne by the taxpayer, but £2 billion promised to the Treasury by Stagecoach and Virgin have been foregone. It is hard not to agree with the most recent verdict of the public accounts committee, which called the awarding of this franchise “a multi-faceted shambles”. It is a shambles compounded by the unthinking resurrection of what Mr Grayling calls the “iconic” London and North Eastern Railway (LNER) brand, which ignores its role connecting England to Scotland and is unlikely to be welcomed there.

The Conservatives are rightly concerned about the potential electoral impact of Jeremy Corbyn’s policy of general renationalisation. The franchise system that puts private operators on publicly owned track is in the dock. Customers blame it as much as the unions for the rolling strikes that ruined livelihoods on the Southern network in 2016. They hold franchisees responsible for absurdly complex and sometimes deliberately confusing fare structures, and for excessive fares where genuine competition does not exist to keep them down. They are justifiably infuriated when promises to increase train service numbers to ease overcrowding are broken, as they have been recently by South Western and Greater Anglia.

None of these are reasons to go back to the 1970s and full public ownership, as those who remember it will attest. They are reasons to fix the current system, starting by rewriting the rules for franchise auctions so that bidders cannot hoodwink the government with unrealistic forecasts. The government’s mishandling of the VTEC affair shows how ill-suited it would be to running the entire rail network, but it has much to do to convince voters that its alternatives can be relied on.

Response from yours truly (not published but may be found in the online responses)

Your leader 'Off the Rails' (May 17) continues to perpetuate the romance that 'Investment, passenger numbers and overall customer satisfaction have all risen since privatisation'. This sweeping statement conceals both essential facts and motives.

The Eurostat statistics organisation tells us that rail passenger numbers have increased significantly in all the major European economies. Germany, France and Italy all have nationalised networks (for the most part). It is clear that railway passenger growth has nothing to do with privatisation but is principally fuelled by population growth (with the UK having the highest in Europe), convenience and speed with road congestion and the state of our roads being a significant factor.

The backbone of our rail services, more than forty years after their introduction into service, is still the InterCity 125 HST designed and built at the British Railways works at Derby and Crewe. Forty-year-old British Railways trains are still running on our privatised railway. In their book 'BR in the Eighties', the respected writers David St John Thomas and Patrick Whitehouse noted 'And the abiding memory of the eighties must be of the greatest achievement, the enormous increase in passenger traffic'. This, in no small part, was due to the British Railways HSTs. We see here the real reason for the push for privatisation - an opportunity for private profit in a growing railway with well-designed trains.

Only now, twenty or so years after privatisation is the government investing £billions of

taxpayers' money as governments should have done in British Railways days and as the successful, nationalised European railways have done. The penny has finally dropped that the lack of long-term investment was the underlying problem all along. Relatively short-term franchises provide no incentive for investment by private companies. Ironically, much of our railway infrastructure is now operated by the nationalised companies of our European neighbours.

Our national railway system has been sold down the river or perhaps, in this context, down the track. Why do we hear so often the mantra 'renationalisation would not work' when there are such successful models across the Channel?