

The West Coast Main line Franchise and the Department for Transport

Martin Tett, Leader of Buckinghamshire County Council and the Chairman of the 51m Alliance has demanded that the Government urgently review the Business Case for HS2 in the light of the Government's admission of incompetence within the Department for Transport in connection with the West Coast Mainline franchise award. "We have always argued that the consultation and decision making process on HS2 was deeply flawed. The Government has now admitted that there are fundamental problems within the Department for Transport in the way it evaluates projects and makes decisions on major projects. We want to know if the same people who were suspended or who are now facing disciplinary action were involved in the decisions on HS2? Supporters of HS2 have often criticised us for our legal action against HS2. What this revelation on the West Coast Mainline franchise shows is that we have been absolutely right to do so. These current admissions of incompetence would not have come to light without Richard Branson's legal challenge. We expect similar revelations from our challenge on HS2."

Major problems with respect to franchise procedures continue. At the end of January the Secretary of State, Patrick McLoughlin said, "having considered the options for the Great Western franchise very carefully, and taken account of Mr Brown's advice, I have decided to terminate this competition. This is to allow for a more fundamental review of the franchise proposition, recognising that this is a large and complex franchise which will need to manage service delivery whilst the route is electrified and new rolling stock is introduced."

The fallout from the WCML franchise continues. The cost to the taxpayer has now risen to £49m with no indication from the DfT that this will be the final total. The competition for the Great Western franchise has now been abandoned. Fundamental Questions over the ability of the Department for Transport to manage a project of the magnitude of HS2 remain. Yet the determination to progress the scheme is undiminished.

At the Transport Select Committee session on 4 February, Graham Stringer MP asked the Secretary of State and Clare Moriarty, Director General, Rail, about value for money. Ms Moriarty said, "We are certainly in the process of looking at the value for money in order to understand it in quite a broad context."

Chair of the Select Committee, Louise Ellman MP asked, "At this stage have you actually worked out those models or is this just something you are aware of the need to do?"

Clare Moriarty: "What we are doing is looking at the overall arguments. Some of them boil down to things that you can express in a model and some of them are more qualitative arguments. It is a piece of work that is going on at the moment."

Chair: "This is ongoing work rather than something that you can speak about."

Clare Moriarty: "Yes."

The lack of clarity with respect to such a crucial issue is astonishing. The position HS2 is of even greater concern. Given the DfT's failure to apply meaningful value for money criteria to the project, the continuing

refusal of the Government to publish the Cabinet Office's Major Project Authority's 'amber/red' assessment of the HS2 is of enormous concern.

The seriousness of the situation has now been endorsed by the Public Accounts Committee in a scathing report. The committee accused the department of making "fundamental errors" and failing to learn from "previous disasters".

Explaining why the total cost might prove to be higher than previous estimates, Labour MP Margaret Hodge, who chairs the committee, said: "If you factor in the cost of delays to investment on the line, and the potential knock-on effect on other franchise competitions, then the final cost to the taxpayer will be very much larger."

Unveiling her committee's latest report, Mrs Hodge said: "The franchising process was littered with basic errors. The department yet again failed to learn from previous disasters, like the Metronet contract. It failed to heed advice from its lawyers. It failed to respond appropriately to early warning signs that things were going wrong.

"Senior management did not have proper oversight of the project. Cuts in staffing and in consultancy budgets contributed to a lack of key skills.

"The project suffered from a lack of leadership. There was no single person responsible from beginning to end and, therefore, no one who had to live with the consequences of bad policy decisions.

"For three months, there was no single person in charge at all. Not only that, there was no senior civil servant in the team responsible for the work, despite the critical importance of this multi-billion pound franchise."

The committee had been "astonished" that the Department for Transport's top civil servant had been "told he could not see all the information which might have enabled him to challenge the processes, although it was one of the most important tasks for which the department is responsible".

Mrs Hodge added: "Given that the department got it so wrong over this competition, we must feel concern over how properly it will handle future projects, including HS2 and Thameslink [rail routes]."

"The department needs to get its house in order and put basic principles and practices at the heart of what it does, with an appropriately qualified and senior person in charge of the project throughout and an accessible leadership team ready and willing to hear and act on warning signs."