

TOM PURSGLOVE MP
CORBY & EAST NORTHAMPTONSHIRE



HOUSE OF COMMONS

LONDON SW1A 0AA

1st March 2018

Dear Consultant,

RE: NATIONALISING THE EAST COAST MAINLINE.

Thank you for your recent correspondence in respect of nationalising the East Coast Mainline.

As you may be aware, Virgin Trains East Coast (VTEC) is a joint venture, 90 percent owned by Stagecoach. Recent challenges to the franchise have arisen because Stagecoach overbid for the franchise. This means the franchise can only continue in its current form for a very limited period of time. As a result, the Secretary of State for Transport, the Rt. Hon Chris Grayling MP, has announced he will need to end the contract and establish a successor arrangement to operate the line.

I want to be clear, the day-to-day operation of the line will continue as normal and services and staff on the East Coast will be unaffected. Equally, Stagecoach have not, and will not, receive a bailout. The nature of the competitive franchise system means that businesses in the private sector risk substantial capital and when things go wrong, the business, not the taxpayer, foots the bill. Stagecoach will lose around £200 million.

Despite the challenges, it is important to remember that since 2015, the franchise has returned nearly £1 billion to the public purse and has also achieved some of the highest passenger satisfaction scores in the country. It is also very welcome that new state of the art trains are being prepared to operate along the line. Since 2015, Virgin Trains East Coast has on average contributed more per rail period to the tax payer than when the line was operated by Directly Operated Railways.

I understand the Secretary of State will now assess the options to ensure passenger's interests are protected and the services continue until the new East Coast Partnership on the line is implemented in 2020. I have been assured by Ministers that this assessment will be published and validated in a transparent manner.

The Secretary of State for Transport has committed to a new approach from 2020 onwards, implementing the first regional public-private partnership on the route, to deliver the best of both the private and public sector. The partnership between the public and private sector will operate under one management and a single brand, overseen by a single leader. Privatisation brought a revolution to our railways and now is the time for evolution to build on that success, joining up track and train and modernisation. I welcome the fact that the rail network has undergone a fundamental transformation over the couple of decades since privatisation. Under British Rail, the industry was in decline.

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Since privatisation, passenger journeys on the rail network have more than doubled, from 735 million in 1994-95 to 1.69 billion journeys in 2015-16. The UK has some of the highest passenger satisfaction levels and one of the safest railways for passengers of any major network in the EU. Indeed, other countries around the world are adopting Britain's model for running the railways.

Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again.

with best wishes

Tom

**TOM PURSGLOVE MP
MEMBER OF PARLIAMENT
CORBY & EAST NORTHAMPTONSHIRE**