



HOUSE OF COMMONS
LONDON SW1A 0AA

March 2018

Dear Constituent,

Thank you for contacting me about the East Coast franchise.

As you may be aware, Virgin Trains East Coast (VTEC) is a joint venture, 90 per cent owned by Stagecoach. Recent challenges to the franchise have arisen because Stagecoach overbid for it meaning 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, Chris Grayling, has announced he will need to end the contract and establish a successor arrangement to operate the line.

The day-to-day operation of the line will continue as normal and services and staff on the East Coast will be unaffected. 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 £200million.

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, VTEC has on average contributed more per rail period to the tax payer than when the line was operated by Directly Operated Railways.

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. This assessment will be published and validated in a transparent manner.

Our rail network has undergone a fundamental transformation over the couple of decades since privatisation. Under British Rail the industry was in decline. 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.

Thank you again for taking the time to contact me.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Chris".

CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY