

What does the West Coast rail fiasco mean for privatisa...

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I heard Branson on the World at One at lunchtime saying that if the Department of Transport can't run a tendering process for a rail contract they should never run a railway. And it made me realise just what a dogmatic person he is.

The reality, [as I suggested this morning](#), is that what's very clear is that the tendering system introduced by the Tories post 2010 is impossible to use. I've no doubt errors were made: but let's not blame the minutiae here, let's blame the people who put the system in place.

The reality is you can't ask people to bid for 15 year contracts without either guaranteeing they'll go bust or that you overpay them - with neither party having a clue which it will be at the outset. There are simply too many unknowns over such a period to ask for lowest common denominator (or highest payment) bids without massive risks arising for all parties.

And that's not the way to run a railway. This is infrastructure. It is at the core of our economy. It is fundamental to well being. It is part of the base on which the private sector in this country depends but is much too vulnerable to be exposed to private sector risk.

I did, of course, make all these arguments in *The Courageous State* (see right), but they're worth making again. You can re-run this process at a cost of £40 million, but the outcome will still be a mess. Rail arteries do not belong in the private sector. They can only exist with implicit state guarantee. That's why the lesson of the banks has to be learned - and such activities have to be under national and nationalised control.

And then the DfT will be quite capable of running them - because that is what it's good at.

The same, of course, applies to the NHS, education, electricity, water, gas and so much more as well.