

Go-Ahead says Southeastern loss could mean extra £30 million penalty from DfT

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The Group Chief Executive of Go-Ahead has apologised for a “challenging year” — with a possible £81.3 million to be paid to the Department for Transport (DfT) over Southeastern’s issues, which saw the business lose the franchise last October.

The news came out as Go-Ahead released figures up to July 2021. Go-Ahead lost the Southeastern franchise on 17 October that year.

So far it has said that £49.2 million of £51.3 million has been paid by the London & South Eastern Railway to the Department for Transport. It said it recognised a provision of £30 million might be needed for a potential penalty from the government.

“Notwithstanding the complexity of LSER’s franchise agreements, Go-Ahead accepts that serious errors were made in relation to the LSER franchise with respect to engagement with the DfT over several years and has apologised to the DfT,” a statement said.

That may not be all. It also said “Other commercial negotiations with the DfT are ongoing, with an

estimated additional liability of £21.3m”.

For year ending 3 July 2021, it had an adjusted operating profit of £115.5m (2020: £76.4m restated); statutory loss before tax of £6.9m (2020: £39.5m loss, restated)

The current outlook, it said, includes discussions ongoing with the DfT regarding a potential National Rail Contract for Govia Thameslink Railway from April 2022.

Christian Schreyer, group Chief Executive — appointed in November — said: “It’s been a very challenging year for Go-Ahead and our shareholders, for which I apologise on behalf of the Board. I’m pleased to be publishing these results today and I am looking firmly to the future with optimism.

“The group’s operating performance is strong and we are seeing a reassuring recovery in passenger volumes across bus and rail following the impacts of COVID-19 with our trading expectations for 2022 unchanged.

“In relation to London & South Eastern Railway, we are optimistic that the outstanding matters will soon be settled with the DfT.

“In International Rail, I am confident that we have the right team in place to address the challenging contractual situations we face in those markets.

“In my 25 year career in public transport and mobility services, I have never been so proud to be part of the industry as throughout the pandemic. Transport workers all over the world stepped up and kept vital services moving at a time when much of the world appeared to stop.

“Go-Ahead’s 27,000 people have demonstrated incredible resilience and commitment through this period, and I have great confidence in my teams around the world to support the next exciting phase for the Group. We see significant opportunities ahead as public transport benefits from trends towards lower carbon travel, urbanisation, digitalisation and demographic change.

“I look forward to announcing the conclusions of my business review in the coming weeks.”