

Government issues £23.5 million penalty to Govia-run LSER following “appalling breach of trust”

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The government has issued a penalty notice of £23.5 million to London & South Eastern Railway (LSER) following what it branded an “appalling breach of trust”.

LSER is run by Govia, which is a joint venture by Go-Ahead Group (65%) and Keolis (35%).

The penalty is for a serious breach of the company’s franchise agreement. The former Southeastern operator, the Department for Transport (DfT) said, had been found to have deliberately concealed over £25m of historic taxpayer funding relating to HS1 between October 2014 and March 2020, which should have been returned to the taxpayer.

The review also identified evidence of similar behaviour by LSER during its previous franchise agreement that ran from April 2006 to October 2014.

The DfT said today’s confirmation of the penalty reflects the seriousness of the misconduct over a

substantial period, and the action taken sends a clear signal to all rail operators that breaches of public trust will not be tolerated.

Transport Secretary Grant Shapps said: “I took decisive action and did not renew the contract with Southeastern following this appalling breach of trust.

“Our rapid and firm action protected taxpayers and passengers – ensuring much-needed services continued to run.

“LSER’s behaviour was simply unacceptable and this penalty sends a clear message that the Government, and taxpayers, will not stand for it.”

In total (including amounts already recovered), the Department is recovering £64m from LSER in relation to the Franchise Agreement contraventions outlined in the penalty notice, other balances identified, adjustments to profit share payments and interest owed. The penalty notice issued today comes on top of this recovery.

The Operator of Last Resort (OLR) maintains the continuity of passenger rail services if a passenger rail franchise terminates and is not immediately replaced. Since the OLR took over Southeastern, services have continued as normal and further passenger benefits, including the roll out of Citybeam trains, has continued at pace.