



RANDALL'S RAILWAY

LADY SHRIEK AND THE PRINCE OF DARKNESS

In his last column for *Rail Professional*, Chris Randall looks at the fate of the former government advisor who came up with the controversial plan to introduce PFI to the Tube

At this time of financial turmoil when City fat cats are, quite rightly, being pilloried for their greed and incompetence, it's worth considering the fate of a former banker whose hubris seems certain to land taxpayers with a bill in excess of £3.5bn.

Shriti Vadera was a whiz kid investment banker at UBS specialising in privatisations, when she landed a top job at the Treasury advising the then chancellor Gordon Brown. 'Shriti the Shriek', as she was less-than-affectionately known by her downtrodden staff, was the brains behind Stephen Byers' shabby plot to shunt Railtrack into administration in 2001. Her contemptuous description of private shareholders in the hapless company as 'grannies', probably tells you all you need to know about this high-handed city slicker turned political adviser.

'The chancellor's representative on earth', as the Tories dubbed her, then came up with a too-clever-by-half plan to part-privatise London Underground. Her scheme involved awarding contracts of staggering complexity to two private consortia to carry out a £30bn modernisation of the ageing Tube network.

Despite fierce opposition from London's then Mayor, Ken Livingstone, and his transport commissioner Bob Kiley, who, with great prescience, described the public private partnership as 'fatally flawed', it was steamrollered through by Gordon Brown. Four years later, one of the contractors, Metronet, folded owing £2bn, causing prime minister Gordon Brown political embarrassment. And now the remaining contractor, Tube Lines, is demanding at least an extra £1.4bn of public money to plug a widening funding gap.

You might think that Vadera's leading role in this costly debacle, combined with her controversial part in engineering Railtrack's demise, would have fatally damaged her career prospects. Think again! When Brown became prime minister in June 2007, one of his first moves was to reward 'The Shriek' with a life peerage and a ministerial job at the

Department for International Development. Today, the shadowy baroness sits in the Lords as minister for competitiveness and small business working alongside her new boss, none other than the Prince of Darkness, Peter Mandelson.

Some readers, particularly former shareholders in Railtrack, will probably feel a burning sense of anger and injustice at this tawdry tale. Hard-pressed commuters on London Underground also have reason to feel put out by Vadera's undeserved elevation to the peerage, particularly as her blind faith in the discredited PPP is likely to result in long delays to the much-needed modernisation of the Tube as well as landing taxpayers with a hefty bill. But just think how much worse it could have been. The PM could have used the recent re-shuffle as an opportunity to reward his pal Vadera with a ministerial post at the Department for Transport. Now that really would have been a disaster!

IT'S GOODBYE FROM HIM...

Sir Ian McAllister is stepping down as chairman of Network Rail next July, nearly eight years after he took on the high-profile role.

Fate decrees that the former Ford boss will be best remembered for his stumbling response to the crisis that engulfed Network Rail last New Year, when overrunning engineering works at Rugby caused travel chaos for hundreds of thousands of angry passengers.

Doorstepped by a tabloid hack, a flustered McAllister explained that his decision to stay at home as the fiasco unfolded was 'to avoid getting in the way'. As gaffes go it ranks alongside 'crisis, what crisis?' as Jim Callaghan famously never said when Britain teetered on the edge of bankruptcy in the 1970s. Like sunny Jim, McAllister has received a barrage of flak for his ill-judged remark, most of it unfair and ill-informed.

Unfair, because Network Rail's avuncular chairman has done a sound and professional job ever since he set up the company in 2001. Together with tough-as-teak chief executive Iain Coucher, he successfully took Railtrack out of administration in October 2002 and set about restoring credibility and sagging morale at the failed infrastructure company. It's easy now to forget what a terrible mess the entire rail industry was in before Network Rail came along.

The criticism was also ill-informed because it overlooked the fact that it's not the role of a part-time non-executive chairman to ride into battle every time something goes wrong. If McAllister deserved censure over Rugby, it was for failing to ensure there was an adequate chain-of-command in place to deal with a crisis that happened when Coucher was away dealing with a family bereavement.

Sadly, ever since Rugby, we have been treated to the unedifying spectacle of commentators lining up to put the boot in to McAllister, both for his response to the incident and for being knighted on the same day that Network Rail was fined £14m for the overrunning engineering works. But let's put the record straight: Rugby was a serious blot on

Randall wins journalism award

Chris Randall was named Transport Journalist of the Year at the Chartered Institute of Logistics and Transport's gala dinner in October. *Rail Professional's* associate editor and columnist received his award from the Princess Royal.



Ian McAllister

Network Rail's copybook and a blow to the rail industry's image. But McAllister has played a big part in putting railways back on track over the past seven years and he deserves to be remembered for that far more than one unfortunate comment made in the heat of the moment.

...AND GOODBYE FROM THEM

It's the nature of here today, gone tomorrow politics that in next to no time, most of us will be struggling to remember that Ruth Kelly was once transport secretary and Tom Harris was her rail minister.

Kelly has gone off to spend more time with her family – which in her case means exactly that. Forget the stories about her being axed because she was hatching a plot to oust Gordon Brown. The reality is that her heart simply wasn't in the job and she had enough nous to jump before she was pushed. Her amazing U-turn over electrification was about the only thing of note for rail watchers during a mercifully brief tenure as secretary of state. Otherwise she stayed monotonously on message, dutifully parroting briefs given to her by faceless civil servants.

Not so Harris who, having been unceremoniously sacked now has much more time to spend with his beloved blog.

There's a suspicion that the MP for Glasgow South, and former journalist, may have been the author of his own downfall by being less than discreet on the blogosphere. His online musings last June when he posed the question, 'Why is everyone so bloody miserable?' landed him in hot water after it was picked up by the right wing press. Despite Harris' claim that he received no criticism from No 10 for the slip, the bad publicity it provoked would have been noted in Downing Street.

My take on his surprise dismissal, however, is that, like Kelly, he just wasn't up to the job. Harris was busy pouring cold water on further electrification just weeks before his boss decided it had great potential. Amongst his other clangers were the claim that high speed trains aren't green enough to warrant a TGV-style network in Britain and an ill-advised admission that he was 'modally agnostic' and not interested in getting people off the roads and onto rail.

In a rather sad newspaper article last month, the former rail minister said he had been hoping the call from No 10 was to tell him he had been promoted, possibly to replace Kelly. 'I knew I had done a good job as transport minister,' he wrote, non-too self-effacingly.

Sadly, Tom, you hadn't. And so you had to go. Happy blogging!

CAUGHT IN THE CREDIT CRUNCH

What impact will the financial crisis have on our railways? Six months ago I predicted train operators could be in for a rough ride. I'm standing by that forecast, although I now believe that a deep and damaging recession could actually benefit operators in the long-term by forcing the government into an embarrassing policy U-turn.

Here's what might happen. Soaring unemployment, inflation busting fares increases and a drop in the price of oil all combine to see passenger numbers fall off a cliff. The jobless total and the price of a barrel of crude are particularly relevant. Job losses in the City will undoubtedly have a damaging impact on London and south-east English Tocs – they already are. And if the reduction in oil prices is passed on to motorists at the pump, it's easy to see people rushing back to their cars – particularly when the alternative is a significant hike in the cost of a season ticket.

So where's the good news? Well, such a scenario could spell financial meltdown for at least half a dozen Tocs, who would then have to go cap in hand to the government for more money. Ministers say they are not in the business of renegotiating franchises, but having recently bailed out a string of banks it will be much, much more difficult to say no to an ailing train operator that is providing a vital public service.

Anyway, if one train operator goes bust, that's its problem; if half a dozen or more are faced with the prospect of going to the wall, the ball is very much in the government's court. The next 12 months could prove very interesting

chrisrandall@railpro.co.uk

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