



Department for
Transport

From the Minister of State
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Rt Hon Tessa Jowell MP
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Dear Tessa

Thank you for your letter of 25 July 2011, on behalf of a number of your constituents, regarding the Government's decision to endorse Siemens Plc with Cross London Trains (XLT) as the preferred bidder for the Thameslink rolling stock contract. I am replying as Minister responsible for this area.

I am fully aware of the disappointment caused by the decision to award only reserve bidder status to the consortium led by Bombardier but I am afraid it was clear that the Siemens bid offered better value for money for the taxpayer.

The competition to supply trains and maintenance services for the Thameslink programme was designed and launched in 2008 by the previous Government, in accordance with EU procurement procedures. In October 2009, my predecessor announced that the two remaining short-listed bidders were Siemens Plc with XLT and Bombardier Transportation UK Ltd with VeloCity.

The Department is required to treat all potential suppliers equally and in a non-discriminatory manner. This means that the Department is not able to specify the location of manufacturing facilities, nor UK job creation, as one of its evaluation criteria. To do so would be contrary to EU procurement requirements.

The detailed evaluation criteria for the Thameslink rolling stock contract have been published in the Department's archives at www.bit.ly/inm30t.

I am advised that the Department has complied with the process as advised to the bidders in the 2008 Invitation to Tender. I am afraid that I cannot therefore justify stopping the procurement process to invite

retenders. This would cause unacceptable delay to delivery of the benefits of the Thameslink Programme, benefits which will be felt not just by the commuters who use the line but by other rail passengers because the new carriages will enable a cascade of rolling stock to strengthen train services elsewhere in the country.

Of course any job losses at Bombardier are highly regrettable. Prior to the decision on preferred bidder status, Bombardier had advised the Department for Transport that they expected to make over 1,000 redundancies, regardless of the outcome of the Thameslink procurement, because several of their orders are about to reach completion. But whatever the reason for the redundancies, I want to try to help Derby and the surrounding area at this difficult time.

As a result of the review by Bombardier Transportation of its UK rail operations, the Business Secretary has set up an Economic Response Task Force. This will be headed by Margaret Gildea and its remit will be to mitigate the economic impact of job losses at Bombardier, in its supply chain and in local communities. It will draw on representatives from Derby City Council, Derby City College and the Skills Funding Agency. Jobcentre Plus will also deploy its Rapid Response Service to support workers that will be affected.

While I recognise that the Thameslink decision has come as a blow to Bombardier and its employees, the company has had a strong track record in winning orders in the past and there is every reason to expect that to continue in the future. In the Comprehensive Spending Review we secured funding for the tube upgrades and one of the most extensive programmes of rail capacity improvements in modern history. Those two programmes will continue to offer significant opportunities for Bombardier and other supply chain and train manufacturing related businesses in the UK.

The Secretaries of State for Transport and Business have also jointly written to the Prime Minister to recommend that we examine wider issues around the approach taken in the UK to EU procurement rules, to compare our approach to that of other Member States and to consider whether any changes in our procurement practices should be made.

Regards



THE RT. HON. THERESA VILLIERS