

Transport giant Go-Ahead to update shareholders on talks following loss of southeastern rail franchise

North East transport giant Go-Ahead says it will update shareholders next month on discussions with the Government following its controversial loss of the Southeastern rail franchise.

The Newcastle company was stripped of the service last month for failing to declare £25m of taxpayer funding, triggering talks with the Department for Transport (DfT) and an independent review.

The Government announced it was taking over services on the Southeastern service under the Operator of Last Resort (OLR) after an investigation found the company had not declared more than £25m of historic taxpayer funding which should have been returned. The group's chief financial officer Elodie Brian resigned following the announcement.

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Go-Ahead Group was forced to delay publication of its annual financial results – but it now plans to announce its results on December 16, with its AGM scheduled to take place five days later.

Ahead of the results, the firm also published a trading update, saying results remain in line with expectations – including the expected provisions related to the rail franchise matters, but excluding any potential financial penalty.

The firm said: "Discussions with the DfT regarding LSER, which transferred to the Operator of Last Resort on 18 October 2021, and the associated independent review are ongoing and a further update will be provided with the Group's full year results."

Meanwhile, the group says regional bus services have increased, but that the division's recovery is slowing.

The Newcastle headquartered firm, which operates bus services within London and the regions, as well as rail services in Norway, Germany and the UK, said that in the first four months of the year, passenger volumes steadily increased to between 70% and 80% of typical pre-pandemic journeys.

It said: "As expected, the Coronavirus Bus Service Support Grant (CBSSG) was replaced on 1 September 2021 with the Bus Recovery Grant (BRG), which provides £226m of funding for regional bus services in England until March 2022, while operators transition to a more commercial model.

"Whilst passenger volumes have increased over the first four months, we have seen a slight slowing in the recovery in recent weeks in line with the rest of the industry. Accordingly, there remains some uncertainty as to the speed and extent of recovery in the current year which, assuming the BRG ceases in March 2022, could impact the full year performance of the division.

"Longer term, we remain confident that the division will deliver attractive margins and returns given its strong local market positions and networks.

"The group's priority over the coming months is helping passengers return to our services. A flexible, reliable and customer-focused public transport network is vital to the UK's economic recovery and in achieving the Government's ambitious climate change targets.

“The group has an important purpose, a resilient business model and remains in a strong financial position as we emerge from the pandemic.”

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