Keolis to operate London's Docklands Light Railway for seven years

Paul Bond
17 July 2014

The renewal and termination of franchises across the UK's privatised rail network points to the worsening conditions that can be expected in the coming period.

Transport for London (TfL) recently announced that the outsourcing group Serco had lost the franchise to run the Docklands Light Railway (DLR). French company Keolis will take over in December under a joint partnership with Amey. The partnership Keolis Amey Docklands will operate the franchise for seven years, with an option to extend this by two years in 2021.

Serco, which has run the DLR since 1997, reported that in 2013 the DLR had generated the group around £90 million of revenue, some 2 percent of their overall revenues.

Serco recently won a 15-year contract to run the Caledonian Sleepers service for Transport Scotland. The company anticipates total revenue from the franchise of around £800 million, of which approximately £180 million will be franchise payments. Serco will be implementing a gain share agreement "to incentivise performance improvements."

Keolis is also involved in other franchises through Govia, its joint partnership with Go-Ahead Group. Go-Ahead employs 23,000 in Britain. Keolis, part-owned by the French national railway SNCF, employs 31,000 in France and 16,000 in its global operations. Govia runs 30 percent of Britain's passenger journeys, operating the London Midland, Southern, and South Eastern rail franchises.

Keolis is one of the operators shortlisted to run the new TfL Crossrail service, and recently won a bid to run the London commuter service Thameslink.

It is already clear what is expected. Mike Brown, TfL's managing director of London Underground and Rail, said that the franchise award had been reached "after a thorough and competitive procurement process, which will ensure the DLR continues to deliver an ever-improving high-quality, value-for-money service for Londoners well into the future."

A *Which?* Survey this year reported passenger satisfaction on London Midland and Southern as just 40-50 percent, with South Eastern coming in at 40 percent.

This reflects the cost-cutting Keolis is inflicting globally. In Boston in the US, for example, Keolis recently won a contract for commuter rail services by promising cost savings over the current operator. That current operator is itself a joint venture of which Keolis is a member. Keolis basically tendered to slash its own costs.

Govia is touting new electric rolling stock for Thameslink to increase the capacity of each train. Opponents have expressed concern that this will be introduced at the expense of staff numbers.

The DLR has long been a site for attacks on workers' conditions. This is unsurprising as it was established in 1987 to serve the city's financial district.

In 1992 the DLR passed into the control of the London Docklands Development Corporation (LDDC), the quango (quasi-autonomous non-governmental organisation) responsible for the transforming the Isle of Dogs into an Enterprise Zone for the benefit of the banking sector. Tax breaks were offered, and planning controls relaxed, to attract businesses to what is now a world centre of financial swindling. Docklands is now home to some of the world's largest financial services companies.

The DLR operates driverless trains. A "train captain," the only member of staff, does everything on board, including driving the train to a safe location in the event of a system failure. Train captains are paid substantially less than tube drivers.

There were early criticisms that the DLR was designed without sufficient capacity to meet an underestimated rapidly rising demand.

The company responded by trying to force unpaid increases in workload through adding an extra carriage to the two-carriage trains. The DLR, which has since expanded, is now being widely upgraded for three-carriage trains.

Bitter experience has shown the role played by the trade unions in the face of such attacks. The Rail Maritime and Transport union (RMT), the biggest union across TfL, has played a treacherous role in facilitating attacks on conditions on the DLR. It has disarmed workers in the face of management attacks, and has systematically isolated sections of the network from each other.

The DLR saw two emphatic votes for strike action against the extra carriage workload increase in 2010. The RMT overturned those votes and pushed through a deal with the company based on one-off payments to workers of £600. The company immediately began to claw this back through speedups.

In 2011 courts ruled another overwhelming strike vote illegal on a technicality. That ballot was called over the company's failure to consult on redundancies, a new pension plan, work timings and the dismissal of two workers.

Ahead of the 2012 Olympics, the RMT agreed to greater flexibility linked to productivity deals. The DLR faced an all-day peak service with an increase of 57 percent in passenger loads and 45,000 additional hours of work. The RMT-negotiated deal for train captains was tied to an attendance bonus and guaranteed minimum overtime of five hours a week.

This year, the union was forced to call two 48-hour strikes because of anger at the continued delays to talks on the 2014 pay award. The union also cited the company's abuse of disciplinary and attendance procedures, the use of agency and contract staff to undermine jobs and conditions and shortcomings in training, development and grade progression.

DLR workers voted nine-to-one for this action, with a 70 percent turnout.

Although this took place at the same time as strikes on London Underground against the proposed closure of ticket offices, the union did its utmost to prevent any unification of these struggles. Only the second DLR strike was timed to coincide with a proposed Underground strike. The RMT called off that DLR strike before it could happen, citing "improved offers on pay and across a range of other issues."

The union's main concern was to restore its place at the discussion table. Then General Secretary Bob Crow, now deceased, was very clear about this, accusing the company of "a total disregard for the idea of proper negotiation and consultation". He spelled out what this meant on the first day of the ticket office strike, saying "We have always had job cuts, it is the way you go about it."

Little has changed since Crow's death. Acting General Secretary Mick Cash has indicated that the RMT is anxious to secure its place at the table with Keolis. The union was "deeply concerned that we will be facing a major period of upheaval", Cash said and that the RMT was seeking an "urgent meeting" with Keolis.

Protests organised against the Govia Thameslink franchise by a Trades Union Congress (TUC) campaign, Action for Rail, give some clue what workers can expect. While they raised possible job losses, their objections were couched entirely in terms of national business interests, criticising the new franchise for being "rushed through without proper consultation."

The unions have been quick to rally round the flag of British capitalism. Action for Rail's main objection at Thameslink is that, because Govia is part-owned by SNCF, "profits generated by the new franchise could end up being re-invested across the Channel instead of being spent improving domestic services."

Action for Rail declared it was concerned that the new contract will allow Govia "to reduce the number of guards on trains, introduce driver-only trains and cut station staff." This is rank hypocrisy. The unions have enabled such policies.

Last November, the RMT facilitated the elimination of a whole conductor grade on London Overground (LOROL, part of the TfL network), isolating their struggle from the other disputes arising across TfL. The loss of 130 jobs saw LOROL move to driver-only operation.

Transport workers should treat with contempt, therefore, RMT Acting General Secretary Mick Cash's pledge that the union "will fight to defend the jobs and working conditions of our members on DLR."