The Committee will meet at 9.30 am in Committee Room 1, to consider the following agenda items:

1. **Rail Inquiry (in private):** The Committee will consider possible areas of questioning for witnesses.

2. **Item in Private:** The Committee will consider whether to take agenda item 6 in private.

3. **Subordinate Legislation:** The Committee will consider the following draft affirmative instrument—

   Draft Undertaking by the Scottish Ministers with the Consent of Northlink Orkney and Shetland Ferries Ltd (SE 2002/97)

4. **Rail Inquiry:** The Committee will take evidence as part of its inquiry into the rail industry in Scotland from—

   - Professor Austin Smyth, Transport Research Institute, Napier University
   - Dr Iain Docherty, Department of Urban Studies, Glasgow University
   - Bill Ure, Secretary, Rail Passenger Committee (Scotland)
   - Dr John McCormick, Scottish Association for Public Transport

5. **Local Government in Scotland Bill:** The Committee will consider its role as a secondary committee for the Local Government in Scotland Bill.

6. **Aquaculture Inquiry:** The Committee will consider a draft report on the second phase of its inquiry into aquaculture.
The following public papers are relevant for this meeting:

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Draft Executive Undertaking Cover Note For Committee Meeting

Instrument title and number: Draft Undertaking by the Scottish Ministers with the Consent of Northlink Orkney and Shetland Ferries Ltd (SE 2002/97)

Type of Instrument: Affirmative

Meeting: 18th meeting, 5 June 2002

Date circulated to members: 15 May 2002

Minister to attend T and E Committee meeting Deputy Minister for Enterprise, Transport and Lifelong Learning

Instrument drawn to Parliament’s attention by Sub Leg Committee: No

Affirmative Instrument – Procedure

1. The Minister sponsoring the instrument (Lewis Macdonald MSP, Deputy Minister for Enterprise, Transport and Lifelong Learning) has lodged a motion: “That the Transport and the Environment Committee, in consideration of the draft Undertaking by the Scottish Ministers with the Consent of Northlink Orkney and Shetland Ferries Ltd (SE/2002/97), recommends that the draft Undertaking be approved.”

2. The Committee has adopted the practice of holding an informal session before the formal debate on affirmative instruments to raise technical points of clarification. Minister's officials may take part in the informal discussion.

3. After the informal discussion, the Minister will be invited to formally move the motion. Committee members will then be invited to formally debate the motion. The Minister will then be given an opportunity to respond to points raised in the debate and make any concluding remarks.

4. The question will then be put to the Committee as to whether the motion should be agreed to. Only members of the Committee can vote on the motion. If the motion is agreed to, the Committee has decided to approve the instrument, if the motion is disagreed to, the Committee has decided not to approve the instrument.

5. The Committee’s report on the instrument to the Parliament records the outcome of the debate on the motion.
UNDERTAKING
by
THE SCOTTISH MINISTERS
with the consent of
NORTHLINK ORKNEY AND SHETLAND FERRIES LTD

WHEREAS the Scottish Ministers have decided to undertake to make advances by way of grant under the Highlands and Islands Shipping Services Act 1960 (hereinafter referred to as “the Act”) to NorthLink Orkney and Shetland Ferries Limited, a company registered under the Companies Acts and having its registered office at Level 2 Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ET (hereinafter referred to as “the Company”) in accordance with the provisions hereinafter contained and subject to the provisions of the Act:

NOW THEREFORE, in terms and subject to the provisions of section 2(1)(a) of the Act, the Scottish Ministers, with the consent of the Company, hereby undertake to make the said advances on the following terms and conditions:

1. For the purpose of maintaining and improving sea transport services serving the Highlands and Islands, (hereinafter referred to as “the purposes of this Undertaking”), the Scottish Ministers undertake to make advances to the Company by way of grant, on such terms and conditions as they may from time to time specify in order to enable tariff reductions to be made on those services which the Scottish Ministers approve for the purposes of this Undertaking and which are in their opinion necessary to maintain or improve economic or social conditions in the Highlands and Islands (hereinafter referred to as “approved services”).

2. The Company shall give to users of the approved services tariff reductions in respect of such livestock as may be specified by the Scottish Ministers from time to time (the “approved traffic”) carried on approved services during the period in respect of which the grant is to be paid. Such period (hereinafter referred to as the “specified period”) shall be notified in writing by the Scottish Ministers to the Company prior to commencement of payment of the grant.

3. The tariff reductions shall be those reductions specified in writing by the Scottish Ministers prior to the commencement of payment of the grant and shall be expressed as a reduction by percentage or other proportion of the Company’s normal commercial tariff for approved traffic on approved services. Scottish Ministers may amend those reductions applicable during the specified period by giving one month's written notice of such amendments. All references in this Undertaking to “tariff reductions” are references to the tariff reductions as so amended from time to time.

4. The users of approved services referred to in Clause 2 above may include the Company. Where this is the case the Company qua user will receive the benefit of tariff reductions provided that the tariff reductions so obtained are fully reflected in the prices charged by the Company qua user to the consignor for livestock carried by the Company on approved services.

5. The grant made for the purpose of the Undertaking shall, subject to the provisions hereof, be the difference between the revenue actually earned on the approved services by the Company during the specified period after applying the tariff reductions and the revenue
which would have been earned on approved services had (a) no tariff reductions been in force; and (b) the Company’s normal commercial rate been charged; and (c) the same volume of approved traffic been carried on approved services.

6. For the purposes of assisting the Scottish Ministers to estimate the difference in revenue described in Clause 5 hereof, the Company shall provide the Scottish Ministers, at such times as they shall require, with estimates in respect of such periods as they shall identify, which estimates shall be prepared in accordance with such methods and principles and shall be in such form and contain such information as may be agreed in writing between the Scottish Ministers and the Company. Subject to Clause 7 hereof, the Scottish Ministers undertake to pay grant to the Company, equal to the estimated difference in revenue monthly in arrears during the specified period or otherwise as may be agreed from time to time between the Scottish Ministers and the Company.

7. If after the end of any specified period it is ascertained from the audited accounts of the Company submitted in accordance with Clause 12(a) of this Undertaking or from the information submitted in accordance with Clause 12 (b) of this Undertaking that during the said period the difference between the revenue earned by the Company after applying the approved tariff reductions and the revenue which would have been earned had the same approved traffic been carried and no such reductions been made:

(a) Exceeds the grant already paid to the Company by the Scottish Ministers in accordance with Clause 5 of this Undertaking, then subject to the other provisions of this Undertaking, the Scottish Ministers shall forthwith pay to the Company the amount by which the grant already made is less than the difference.

(b) Is less than the grant already paid to the Company by the Scottish Ministers in accordance with Clause 5 of this Undertaking, then the Company shall forthwith pay to the Scottish Ministers the amount by which the grant already made is more than the difference

8. Notwithstanding the other provisions of this Undertaking, the Scottish Ministers shall also pay to the Company grant which is in their opinion necessary to reimburse the Company for any expenses which the Company may have incurred in connection with the operation of this Undertaking, including any auditors’ fees incurred by the Company in complying with Clause 12 of this Undertaking. Clauses 2, 4, 7 and 9 of this Undertaking shall not apply to any grant paid under this paragraph.

9. The Scottish Ministers may specify the maximum amount of grant which is payable in respect of any specified period in writing prior to commencement of payment of the grant for that specified period. If they do so, then notwithstanding any other provision of this Undertaking, the Scottish Ministers shall not be bound to pay any sum in excess of that maximum amount to the Company in respect of the transport of approved traffic on the approved services during that specified period.

Discontinuation of services or changes in tariffs

10. If the Company proposes to discontinue any approved service or to make any alteration in the places to be served by an approved service or to discontinue any or all of the approved tariff reductions in respect of all or any of the approved traffic carried on any
approved service, any such proposal shall not be put into effect during the currency of this Undertaking without the written consent of the Scottish Ministers, which consent may be given subject to such terms and conditions, including suspension or termination of any obligation to make advances by way of grant to the company, reduction in the amount of those advances or repayment of the whole or any part of those advances, as the Scottish Ministers may specify.

11. If the Company intends to make changes in the tariffs relating to approved traffic which is the subject of approved tariff reductions, it shall inform the Scottish Ministers as soon as possible and in any case, save in exceptional circumstances not less than 2 months before the date on which such tariff changes are to take effect.

**Accounts and Information**

12. The Company shall present to the Scottish Ministers

   (a) As soon as possible after the end of every accounting year of the Company, a copy of the annual accounts of the company in respect of the approved services for that accounting year as and when audited by the duly appointed company Auditor; and

   (b) As soon as possible after the end of any specified period, a certificate by the duly appointed company Auditor in such form and containing such information as the Scottish Ministers may require, and certifying that the grant paid to the Company in accordance with the provisions of the Undertaking has been applied by the Company for the purpose of this Undertaking.

13. The Company shall furnish the Scottish Ministers with such information as they may reasonably require from time to time regarding any approved service provided by the Company.

**Commencement and termination**

14. (1) This Undertaking shall come into operation on the last day of the execution thereof and shall, subject to the following provisions of this Article, continue in force until determined in the manner hereinafter provided.

   (2) If the Company, during the specified period, ceases, in the opinion of the Scottish Ministers, to be eligible for assistance under the Act, this undertaking shall forthwith be terminated.

   (3) This Undertaking may be terminated by agreement between the Scottish Ministers and the Company, or by not less than 6 months prior notice in writing given either by the Scottish Ministers to the Company, or by the Company to the Scottish Ministers.

   (4) Without this Undertaking being terminated any obligation upon the Scottish Ministers on the basis of which they make advances to the company may be terminated by not less than 6 months' prior notice in writing given by the Scottish Ministers to the Company.
(5) In the event of any failure by the Company to comply with any of the obligations which are imposed on them by or by virtue of the provisions of this Undertaking the Scottish Ministers may

(a) terminate this Undertaking; or
(b) terminate any obligation upon them in terms of this Undertaking to pay grant to the Company;

and, in the event of any termination under sub paragraph (a) or (b), it shall be sufficient for the Scottish Ministers to give to the Company notice of at least one month in writing of termination.

15. (1) In the event of this Undertaking being terminated by agreement between the Scottish Ministers and the Company, or in the event of any obligation of the Scottish Ministers to make advances to the Company being terminated by such agreement, the effect of such determination or termination, as the case may be, shall be as agreed between the Scottish Ministers and the Company.

(2) Subject to the foregoing paragraph, in the event of this Undertaking being determined at a time when a grant is payable or in the event of any obligation of the Scottish Ministers to make a grant being terminated:

(a) the obligation of the Scottish Ministers to pay any further instalments of that grant shall cease immediately upon the date of such determination or termination as the case may be;

(b) The amount of any grant which has been paid in advance in respect of the period before the date of such determination or termination as the case may be, shall not be recoverable by the Scottish Ministers, but without prejudice to their right to recover any amount of the grant which has been paid in advance in respect of any period after such date;

(c) The amount of grant which is payable in respect of the period before the date of determination or termination as the case may be shall be recoverable by the Company; and

(d) The specified period in relation to which the grant was payable shall be deemed to have terminated.

Interpretation

16. (1) In this Undertaking, the terms and expression used shall have the same respective meanings as they have in the Act.

(2) The Interpretation Act 1978 shall apply for the interpretation of this Undertaking as it applies for the interpretation of an Act of Parliament.

IN WITNESS WHEREOF
SCOTTISH PASSENGER RAIL FRANCHISE

DRAFT DIRECTIONS & GUIDANCE TO THE STRATEGIC RAIL AUTHORITY FROM THE SCOTTISH MINISTERS

1. INTRODUCTION

1.1 Section 208 of the Transport Act 2000 enables the Scottish Ministers to give Directions and Guidance to the Strategic Rail Authority (SRA) in relation to:

(a) services for the carriage of passengers by rail which start and end in Scotland and are provided under a franchise agreement; and

(b) services for the carriage of passengers by rail which either start or end in Scotland, include sleeping facilities and are provided under a franchise agreement by a person who also provides the services described in paragraph 1.1(a).

1.2 These Directions and Guidance are therefore given by the Scottish Ministers pursuant to the powers available to them under Section 208 of the 2000 Act. They have been developed by the Scottish Ministers to reflect their policies and the needs of Scotland in relation to the carriage of passengers by rail service which start and end in Scotland and Scottish sleeper services, in a manner that is consistent with Directions and Guidance to the SRA issued by the Secretary of State under Sections 206(3) and 207(5) of the 2000 Act.

1.3 Our priorities for a new Scottish passenger rail franchise (the Scottish franchise) are fully consistent with the Department of Transport and Local Regions’ Directions and Guidance to the SRA. When examining proposals for the new Scottish franchise, the SRA should also have regard to its own objectives (as set out in Annex A of DTLR’s Directions and Guidance).

1.4 All bidders must be made aware of the criteria upon which their bids are being assessed. In particular, where service changes are proposed by bidders, costs and benefits should be assessed in line with the Executive’s Scottish Transport Appraisal Guidance document. This guidance is generally in line with the SRA’s Planning Criteria document, so
in practice the use of the SRA’s guidance will be acceptable - provided that any potential impacts in terms of social inclusion and regeneration are properly evaluated. In all cases the final decision on the value for money of enhancement proposals will rest with Scottish Ministers.

1.5 The SRA must notify the Scottish Ministers before making or revoking any designations that relate to the Scottish passenger rail franchise under Section 212 of the Transport Act 2000. The SRA must also seek the Scottish Ministers’ consent before entering into commitments to let any new franchise. In either case, the SRA must satisfy itself that its action is consistent with EU obligations.

1.6 The SRA shall notify the Scottish Ministers and keep them informed about any franchise-related issue which has or is likely to have a significant adverse effect on passengers or public finances and about the action which it is taking or proposes to take in response, which may or may not include enforcement action under Sections 55-58 of the Railways Act 1993.

1.7 In accordance with Section 34 of the Railways Act 1993, the SRA shall ensure that the terms of new Scottish passenger rail franchise provide for matters specified in a statement by Strathclyde Passenger Transport Executive (SPTE). The SRA shall work closely with SPTE to ensure that this is done.

1.8 The SRA is not, however, required to comply with SPTE’s statement in circumstances specified in Section 34(8A) of the 1993 Act where the reason for not complying with SPTE’s statement would be an impact on the amount of subsidy for the franchise to be provided by the Scottish Executive.

1.9 The SRA shall ensure that the competing options for expenditure or services are evaluated on a fair and comparable basis and the results reported to the Scottish Ministers for approval before proceeding.
2. EXTENT OF DIRECTIONS AND GUIDANCE

2.1 The Scottish passenger rail franchise will comprise:

- Passenger rail services that start and end in Scotland; and
- Scottish sleeper services

The extent of the franchise will consist of:

- All services and stations currently operated by ScotRail and any subsequent enhancements in place by September 2003.

3. AIM

3.1 The Scottish Ministers direct the SRA to deliver the priorities set out in paragraph 3.8 below. These priorities are in line with the Executive’s broad objectives for railways in Scotland and its other transport priorities, which are set out in its “Strategic Priorities for Scotland’s Passenger Railway”\(^1\) and “Scotland’s Transport Delivering Improvements”\(^2\). These set out the basis of the next franchise.

In summary, these broad objectives are:

- The railways to play a full part in a sustainable, effective and integrated transport system;
- A railway network that is safe and accessible; and
- A railway system that supports economic development, meets social needs and supports a better environment.

\(^1\) Strategic Priorities for Scotland’s Passenger Railway – A Consultation Paper, published by the Scottish Executive November 2000
\(^2\) Scotland’s Transport – Delivering Improvements, published in March 2002 by the Scottish Executive
and in pursuit of this vision:

- We want more people to use the railways in Scotland;
- We want Scotland’s railways to play a full part in an integrated transport system; and
- We want to secure more investment in the railway system.

3.2 The Scottish Ministers direct the SRA to explore the full range of options available to it in order to let a franchise which is capable of being developed and enhanced in line with available funds over time and which shall contribute towards passenger growth within current capacity and modal shift in order to reduce congestion and achieve the Executive’s environmental and social inclusion objectives.

3.3 The Scottish Ministers further direct the SRA to secure a franchise which is affordable and which will deliver value for money for both the core franchise proposition and any subsequent enhancements.

3.4 The Scottish Ministers direct the SRA to re-examine the current system of performance regimes and the arrangements for revenue risk in the SPTE area, and to suggest improvements to these systems. This investigation must be conducted in consultation with SPTE, and the outcomes agreed with Scottish Ministers.

3.5 The franchise shall enable the operator’s performance to be monitored and assessed over time and shall be capable of being terminated if performance is consistently deemed to be unacceptable.

3.6 The Scottish Ministers direct the SRA to secure fully costed and evaluated bids which:

- maintain at least the current level of services, patterns of service and routes operated;
- allow improvements to be offered which will not require additional support from the Executive or SPTE;
• allow for improvements to be offered by the bidders which will require additional support from the Executive or SPTE.

3.7 The Scottish Ministers direct the SRA to recommend to bidders that they discuss their proposals with key stakeholders, in particular Railtrack, to satisfy themselves about the deliverability of their proposals within the context of the Scottish rail network.

3.8 The Scottish Ministers direct the SRA to develop a Scottish franchise which, subject to affordability, will:

i) improve punctuality and reliability of services through, for example, performance targets, extra drivers, spare trains for emergency use, enhanced maintenance cover, better arrangements for dealing with disrupted services;

ii) improve the resilience of railway operations in Scotland through, for example, more readily available back up resources, better contingency planning and improved communications;

iii) reduce current overcrowding on trains through extra rolling stock, additional services and longer trains;

iv) improve frequency of trains especially those serving urban areas and on key inter-urban corridors to meet growing demand;

v) include measures to better co-ordinate and integrate different forms of transport, through, for example, integrated public transport information systems, better and safer interchange with and access to stations by local public transport, by car, bicycle and on foot; and new and enhanced park and ride stations;

vi) improve standards of facilities for rail users at stations and on trains, through, for example, refurbished, or improved or new rolling stock, improved station signage, information, waiting rooms and ticket offices;
vii) improve levels of customer service in order to enhance the whole journey experience;

viii) explore and deliver new services throughout Scotland;

ix) improve intercity links throughout Scotland through reduced journey times;

x) improve safety and personal security for passengers with regard generally to DTLR’s Directions and Guidance and through, for example, more effective and compatible CCTV at stations and on trains, secure stations, secure parking;

xi) promote the use of integrated, through and joint ticketing schemes with other transport operators;

xii) deliver robust but flexible systems of revenue collection;

xiii) secure sufficient adequately trained staff to deliver franchise obligations;

xiv) improve accessibility for all and in particular disabled people;

xv) improve passenger and journey planning information systems for those considering or wishing to make a journey by rail, through participating in and contributing towards the costs of Traveline and Transport Direct;

xvi) improve passenger information and compensation arrangements when things go wrong; and

xvii) be able to accommodate the demand created by major additional events.

3.9 The Scottish Ministers therefore direct the SRA to prepare and then agree with them all elements of the bidding documentation before bids are invited. In addition, the SRA shall also agree with the Scottish Ministers any changes to the bidding documentation that might arise during the process to relet the franchise. Once agreement on the bidding documentation
has been reached, the SRA shall, on written instruction form the Scottish Ministers, proceed
to commence procurement of the franchise. In order to safeguard the accountability for
resources from the Scottish Executive to pay for the franchise, the Scottish Ministers further
direct the SRA to arrange the procurement process in a number of discrete stages, to be
agreed with the Scottish Ministers. The SRA shall not proceed from one stage in the process
to the next without the agreement of the Scottish Ministers.

4. DELIVERY OF NEW SERVICES

4.1 Over the course of the franchise, the Scottish Ministers intend that a number of
improvements to rail services in Scotland be made. The Scottish Ministers therefore direct
the SRA to develop transparent, effective, and auditable mechanisms for ensuring that these
services can be incorporated within the franchise as and when required.

4.2 These mechanisms should ensure that service enhancements can be secured on
reasonable terms, such that the franchisee neither suffers excessive additional cost burden nor
receives an excessive windfall gain when new services are initiated by the Executive or other
parties.

4.3 Such enhancements might include:

- measures to reduce overcrowding, e.g. longer trains and associated infrastructure such
  as longer platforms;
- station and car park improvements;
- higher train frequencies;
- new or improved rolling stock; and
- infrastructure enhancements that are intended to deliver a better and more effective
  use of the current network such as junction improvements, passing loops (both static
  and dynamic) and signalling schemes.

4.4 Similarly, over the course of the franchise the Scottish Ministers will wish to
introduce new or improved services associated with new infrastructure. Again, the SRA
should develop mechanisms to ensure that the new services can be introduced on reasonable terms as and when the new infrastructure becomes available. The mechanisms elaborated shall ensure that the risks involved are fully transparent to all concerned, i.e. the three contracting parties to the franchise and the Scottish Executive. Such schemes could include:

- Key projects arising out of the Scottish Strategic Rail Study and the Central Scotland Corridor Studies;
- The opening of rail links to Glasgow and Edinburgh airports;
- The re-opening of parts of the line between the Scottish Borders and Edinburgh (formerly Waverley line);
- The redevelopment of Waverly Station;
- The re-opening of the line between Larkhall and Milngavie;
- The re-opening of the line between Stirling, Alloa and Kincardine;
- The development of cross rail schemes; and
- Projects arising out of the SRA’s Incremental Output Statement.

5. FRANCHISE MANAGEMENT

5.1 The Scottish Ministers direct the SRA to protect the interests of users of railway services by ensuring the timely and effective delivery by franchisees of the terms and obligations of their franchise agreements.

5.2 If a franchise operator or franchisee has contravened, is contravening or appears likely to contravene the terms of the franchise agreement, sections 55-58 of the Railways Act 1993 set out the action which the SRA is required to, or may, take action against the franchise operator/franchisee. In considering such action the SRA should have regard to the interests of passengers and public finances, and its response should be proportionate to the failure.

5.3 Where a breach is not trivial, the SRA should arrange for the matter to be corrected as soon as possible, for instance by securing additional undertakings or contractual changes from the franchisee.
5.4 Where, in the opinion of the SRA, a contravention, or likely contravention involves a material adverse effect on passengers or public finances, or materially affects either the SRA’s interests or those of SPTE which is a party to the franchise agreement, and where the SRA believes that the contravention can be remedied, it should ensure this is done as soon as reasonably possible. In such cases the SRA may seek to secure contractual undertakings from the franchise operator or franchisee which will provide for:

- The franchise operator or franchisee to secure compliance with the franchise terms which has, or is likely to be contravened and/or
- Such additional compensatory benefits to passengers as the Authority considers are appropriate for the contravention or likely contravention.

In considering whether to make an order and/or impose a penalty under sections 55 and 57(b) respectively of the Railways Act 1993, the SRA may take into account the extent to which the franchise operator or franchisee has agreed to give such undertakings.

5.5 The SRA shall maintain effective working relations with SPTA and SPTE and where appropriate other Scottish local authorities in respect of the management of the franchise. The SRA shall also maintain a similar effective working relationship with the Scottish Executive in respect of the management of the franchise.

5.6 The Scottish Ministers direct the SRA to look after the Executive’s financial interests as funder of the franchise. In particular any financial issues emerging from SRA’s monitoring of the financial performance which may, if not addressed, have an adverse affect on the funding or performance of the franchise should be reported to the Executive together with the proposed remedial action.

5.7 The Scottish Ministers direct the SRA to protect its position as funder of the franchise in relation to any dealings which it has with the Rail Regulator which may affect the cost of the passenger rail franchise in Scotland as if the provisions of Section 4 (5) © of the Railways Act 1993 read “to have regard to the financial position of the Scottish Executive where the Authority are exercising its functions on their behalf”.

Draft as at 28 May 2002
5.8 The SRA must notify the Scottish Ministers and keep them informed about any emerging issue related to the Scottish franchise which has or is likely to have a significant adverse effect on passengers or public finances and about the action which it is taking or proposes to take in response, which may or may not include enforcement action under sections 55-58 of the Railways Act 1993.

5.9 The franchise may contain specific provision for its extension. The SRA must obtain approval of the Scottish Ministers before agreeing an extension to an existing franchise. It must also satisfy itself that such extension is compatible with EU obligations.
SCOTTISH PASSENGER RAIL FRANCHISE

DIRECTIONS AND GUIDANCE TO THE STRATEGIC RAIL AUTHORITY FROM THE SCOTTISH MINISTERS

EXPLANATORY NOTE

Clause 1.1

The purpose of this clause is to make an explicit reference to the powers available to the Scottish Ministers, the extent of those powers and the legislative background.

Clause 1.2

This clause indicates that the Directions and Guidance are being issued to the Strategic Rail Authority in accordance with the powers available to the Scottish Ministers under the Transport Act 2000 and thus have a particular status attached to them. The clause also indicates that the Directions and Guidance have been developed to cater for the specific rail needs for Scotland and in accordance with the transport policies of the Scottish Executive. While those Directions and Guidance have been developed for Scotland, they are consistent with the UK Government’s overarching policies for railways and the development of railways as set out in D&G issued to the SRA by the Secretary of State for Transport earlier this year.

Clause 1.3

This clause reinforces the general point made in Clause 1.2 that the Executive’s priorities for the next Scottish passenger rail franchise are consistent with the UK Government’s rail policies. The Secretary of State for Transport’s D&G make clear to the SRA that when letting any franchise for passenger rail services, the SRA should have regard to its own objectives to ensure a consistency of approach and application of the process. The further purpose of this clause is to ensure that the SRA does not overlook its own objectives when engaged in the process (in its broadest sense) of re-letting the Scottish franchise.

Clause 1.4

This clause indicates that bids that include service charges are to be assessed in accordance with the Executive’s own transport appraisal method – Scottish Transport Appraisal Guidance (STAG) – or appraisal methods that are consistent with STAG and acceptable to the Executive. The clause also makes clear that where services are being evaluated, the final decision on whether the proposed services offers value for money lies with the Scottish Ministers. This is because the Scottish Ministers will be responsible for funding the new franchise and will be accountable to the Scottish Parliament for decisions taken.
Clause 1.5

Under Section 212 of the Transport Act 2000 the SRA is responsible for designating passenger rail services which are to be provided under the franchise. The SRA also has powers of revocation.

The purpose of this clause is threefold: it ensures that:

i) As the Scottish Ministers are responsible for funding the Scottish franchise, they need to be kept aware of any significant changes to the franchise. Consequently, the SRA must inform the Executive of changes in the franchise;

ii) The SRA cannot award the next Scottish franchise without the Scottish Ministers’ consent; and

iii) The final part of this clause makes clear that the SRA shall satisfy itself that any action it takes in relation to the Scottish franchise is consistent with European Union law.

Clause 1.6

Section 55 to 58 of the Railways Act 1993 set out the powers available to the SRA to enforce the conditions of the franchise. These sections also set out the procedures the SRA has to follow when undertaking any enforcement action. Therefore, while the SRA is responsible for managing the franchise, the Scottish Ministers wish it to do so in close liaison with the Scottish Executive. That way, Ministers can be kept fully appraised about how the franchise is developing, particularly if that development is having an adverse effect on both passengers and the funding provided by the Executive.

Clause 1.7

Section 34 of the Railways Act 1993 gives a Passenger Transport Executive the power to specify by means of a statement to the SRA passenger rail services in its area which it wishes to see included in the franchise.

Clause 1.8

This clause makes clear that the SRA need not comply with the PTE’s statement if this would have an adverse impact on the funding provided by the Executive.

Clause 1.9

This follows from clause 1.8 and ensures that the approval of the Scottish Ministers is required for the specification before bids are invited.
Clause 2.1

This clause defines the extent of the Scottish franchise and will enable the SRA to draw up the detailed specification and the Passenger Service Requirement that bidders are to price against. Because of the long lead times involved in timetabling services, the timetable for September 2003 will be available to bidders in September 2002 when the SRA initiates the first stage of the re-letting process.

Clause 3.1

The purpose of this clause is to make clear to the SRA the Scottish Executive’s broad policy context against which the next franchise will be let.

Clause 3.2

The SRA is responsible for the letting and awarding of franchises to provide passenger rail services. The passenger rail network in Great Britain comprises 25 separate franchises. Although the underlying objective of each franchise is the same, i.e. to provide passenger rail services, each is different in terms of scope, size and the type of service provided. This difference is reflected in the type and length of franchise let; each is tailored to fit particular situations within a broad policy context.

Consequently, the D&G do not prescribe the type of franchise to be let or its duration. It will be for the SRA to make recommendations to the Scottish Executive. However, the D&G make clear that the franchise needs to be capable of being developed over time to allow the introduction of new services and other enhancements as these become available and can be afforded.

Clause 3.3

This clause complements clause 3.2 and ensures that whatever the final shape of the franchise, it is affordable and will deliver value for money. These conditions apply to the “core franchise proposition”, which is essentially the current level of service and which will form the basis of the next franchise and any enhancements that are delivered during the life of the franchise.

Clause 3.4

The Executive and SPT consider that there is scope to improve the effectiveness of the current performance regimes (e.g. SQUIRE and TIRE). The SRA has been directed to deliver improvements.

Similarly the SRA has been directed to suggest improvements to revenue risk arrangements. At present SPTE has been carrying the revenue risk associated with services it has prescribed within its area. However, in England a number of PTEs have either given up or are giving up their right to retain revenue risk. Consequently, the D&G require the SRA to consider the
application of revenue risk (and associated performance regimes such as SQUIRE and TIRE) in the SPTE area and to suggest any potential improvements. The D&G also make clear that the SRA is required to consult SPTE in this process and that any outcome has to be agreed with the Executive.

Clause 3.5

Although the D&G are not prescriptive about the type of franchise or its duration, it is important that it contains mechanisms which enable it to be terminated if it becomes apparent that the franchise holder is failing to deliver. It is left to the SRA to propose how the operator’s performance is to be measured and the precise process of termination.

Clause 3.6

The SRA is required to obtain fully costed and evaluated bids which maintain the current level of service and allow the franchisee to come forward with proposals which enable various developments to be implemented. The SRA is required to obtain from each bidder: a bid to operate the current level of service (as at September 2003); a bid which allows the franchisee to bring forward new ideas to develop services but at no additional cost to the franchise; and a bid which allows improvements but which require additional resources to be found.

Clause 3.7

It is important that bidders develop a thorough understanding of the Scottish rail network. Consequently, the D&G require the SRA to recommend to bidders that in developing their ideas, they discuss them with Railtrack and other relevant stakeholders.

Clause 3.8

This sets out the outcomes, in qualitative terms, which the Scottish Executive is seeking from the next franchise subject to value for money secured and affordability. The SRA will use this as the basis for working up the specification and PSR for the bidding document.

Clause 3.8 i)

The Executive consultation exercise revealed that a top priority for rail users is a reliable and punctual service. Passengers want trains to depart and arrive at the times scheduled and become disillusioned with rail when services run late or are cancelled at short notice. This clause directs the SRA to develop a franchise which will improve punctuality and reliability of services. The clause also suggests to the SRA how improved punctuality and reliability might be delivered.

Clause 3.8 ii)

No matter how efficient overall the operator is in delivering a punctual and reliable service, there will be occasions when trains run late or have to be cancelled. This can be due to a number of reasons such as mechanical breakdowns or driver shortages. However, leaving
passengers stranded when this occurs also creates disillusionment with rail as a form of public transport. It is important that the operator builds in a higher level of resilience to enable it to cope efficiently and effectively when problems occur. This clause directs the SRA to develop a franchise where the resilience of railway operations is improved from current levels. Again some suggestion to the SRA as to how this might be delivered are made.

Clause 3.8 iii)
Overcrowding is a major problem facing rail users in some parts of Scotland, notably commuters in the West of Scotland and in Fife. For example, passengers standing at peak times. Consequently, overcrowded trains tend to make rail travel a less attractive option and some users may turn to other modes (in many cases car) if they find they are unable to regularly obtain a seat for their journey. Overcrowding was an area of considerable concern by respondents to the consultation exercise. This clause directs the SRA to develop a franchise where overcrowding on trains can be reduced; some suggestions as to how this might be achieved are given.

Clause 3.8 iv)
Rail users attach a high premium to increased frequency of services thus making rail travel a more flexible option. A balance needs to be struck between increased frequency and a reliable service: the network has only limited capacity and more trains using it can increase the risk of disruption. Also, the impact of a disruption can be felt over a very wide radius so it is not only the immediate services which are affected. This clause directs the SRA to develop a franchise where the frequency of trains can be improved and in doing so should concentrate on those areas which would benefit most from an increase in frequency.

Clause 3.8 v)
The consultation exercise revealed that many rail users believe that current levels of integration between rail and other modes are poor. There is often no proper integration with bus services by means of co-ordinated timetables. This also impinges on reliability issues as there is little value in co-ordinating bus and train times if users cannot rely on making the connections.

This clause directs the SRA to develop a franchise which integrates more effectively with other transport modes. This might be achieved through improved co-ordination of respective timetables to avoid anomalies of buses leaving a railway station a few minutes before a train is due to arrive. Other improvements could include better park and ride facilities, better access to stations by local public transport, car, bicycle and foot. Delivery of these aspects is not a matter for the train operating company alone; these need developing in conjunction with Railtrack and the local transport authority.

Clause 3.8 vi)
The quality of rolling stock and the facilities at stations will have an impact on determining whether people choose to use rail. This clause directs the SRA to develop a franchise where facilities are of a high standard and quality.

Clause 3.8 vii)
This follows clause 3.8 vi) and directs the SRA to develop a franchise with improvements to soft quality issues. For example improving cleanliness and tidiness of train carriages.
Clause 3.8 viii)
The Scottish Strategic Rail Study is currently identifying potential new routes and services and the output from this study will help inform decisions on whether any new routes are to be constructed.

Clause 3.8 ix)
Some intercity train journeys in Scotland can take around the same time as making the journey by car. If modal shift is to be achieved, intercity train services need to be an increasingly attractive to the car. This clause directs the SRA to develop a franchise where some improvement to intercity journey times can be made.

Clause 3.8 x)
The Executive’s consultation exercise revealed that some train passengers can feel vulnerable or fear for their personal security when using trains or station facilities particularly when it is quiet or late in the evening. CCTV systems, for example, offer a measure of protection and can act as a deterrent to antisocial behaviour.

This clause directs the SRA to develop a franchise which improves the safety and personal security of passengers.

Clause 3.8 xi)
Another area where better integration is required is ticketing. Complex ticketing arrangements within modes and between modes can act as a barrier to using public transport. This clause directs the SRA to develop a franchise which enables the operator to promote integrated, through and joint ticketing schemes with other transport operators.

Clause 3.8 xii)
Given the level of subsidy the operator will receive for the franchise (currently around £200m P/A), it is essential that the operator does what he can to maximise revenue to reduce pressure on the public sector contribution. One way of maximising revenue is to ensure that passengers have a valid ticket for their journey. Where there is a relaxed ticketing inspection regime, some passengers may take advantage of this. This clause directs the SRA to develop a franchise with ticket inspection schemes that ensure passengers have an appropriate and valid ticket.

Clause 3.8 xiii)
This clause requires the SRA to develop a franchise where the operator has sufficient staff to be able to deliver franchise obligations.

Clause 3.8 xiv)
The Disability Discrimination Act 1995 places certain statutory obligations on public transport operators in terms of accessibility for disables people. The operator of the next franchise will be required to comply with the Act. This clause directs the SRA to develop a franchise where accessibility for all and in particular disabled people is improved.

Clause 3.8 xv)
Although train operators already contribute towards the running of the National Rail Enquiry Service (NRES), the Traveline initiative, which the Executive fully supports, should also include rail information to make it a completely multi-modal system. In addition, the
Executive is also working with other stakeholders to develop Transport Direct and believes it important that the operator is involved in this as well.

This clause directs the SRA to develop a franchise where passenger and journey planning information is improved and the operator participates in and contributes towards the costs of Traveline and Transport Direct.

Clause 3.8 xvi)
This clause directs the SRA to develop a franchise where passengers can be kept better informed of problems when this affects their journey. The franchise should also develop improved compensation arrangements.

Clause 3.8 xvii)
Significant increased but short-term demand can often be created by major events such as, for example, a sporting event. The operator will have to deal and cope with this additional demand in a way that does not have a deleterious effect on the other services operated. This clause directs the SRA to develop a franchise which can accommodate and deal with the impact created by a major event.

Clause 3.9
Scottish Ministers will be accountable for public expenditure on the new franchise and they therefore need to be satisfied: a) that the franchise proposition as developed by the SRA meets their requirements and aspirations; b) that the franchise is awarded to the operator which will deliver best value for money. Therefore this clause places an obligation on the SRA to arrange the refranchising process into a number of discrete stages and that it shall not proceed from one stage to the next without the explicit approval of the Ministers.

Clause 4.1
Over the course of a long term franchise the Executive will wish to make changes to the level of service in Scotland. The SRA is directed to find a mechanism for achieving this.

Clause 4.2
This follows Clause 4.1 and requires the SRA to develop a process that is fair to all sides when new services are introduced. In other words no party should suffer or benefit excessively from a new service.

Clause 4.3
This describes the type of enhancements that might be introduced and which might therefore require to be dealt with by franchise mechanisms. The list is illustrative and not exhaustive.
Clause 4.4

The franchise will require the provision of passenger rail services and not, on the whole, the delivery of new or enhanced infrastructure. That will be secured through other routes as and when the projects in question become fully developed. The list describes potential major infrastructure schemes which would require new services to be introduced on them by means of the franchise mechanism. The list is illustrative and not exhaustive.

Clause 5.1

Once the franchise is awarded, the D&G require the SRA to manage the contract in an appropriate way to ensure that obligations are met and the interests of rail services are properly protected.

Clause 5.2

This clause refers to legislative provisions which set out the powers available to the SRA to deal with an operator in breach of the terms of the franchise agreement.

Clause 5.3

This clause is intended to ensure that any significant problem with the franchise is dealt with quickly and efficiently so that the interests of rail users are not compromised.

Clause 5.4

A further procedural clause which sets out the actions the SRA is to take if the operator is in breach of the franchise in a way that adversely affect rail users, public finances or the interest of SRA and/or SPTE.

Clause 5.5

Although a memorandum of understanding has been agreed between the Scottish Executive, the SRA and SPTE in relation to how the parties will work together during the franchising process, it is important that the parties continue to liase closely and work together effectively once the franchise is awarded.

Clauses 5.6 and 5.7

These clauses require the SRA to have regard to the Executive’s financial interests as funder of the franchise in a number of different situations and circumstances.
Clause 5.8

The Executive wishes to be kept informed of emerging issues that are likely to have an impact on the franchise so that it can plan appropriate or take contingency action.

Clause 5.9

Any extensions to the new franchise will require prior approval from the Scottish Executive.
Evidence To: Transport and Environment Committee Scottish Parliament
SUBMISSION FROM THE RAIL PASSENGER COMMITTEE (SCOTLAND)

1) What are your views on the present structure of the rail industry in Scotland, and the relationship between the key bodies involved in the industry? Should there be any change to the current structure and relationships?

It is generally recognised and accepted that the structure of the rail industry that emerged from the privatisation process is not the most efficient or effective that would have been devised to run the railways. It is also generally recognised and accepted that the least unsatisfactory part of this structure is to be found in Scotland where, due to a fortunate combination of factors – one dominant train service supplier, one Railtrack Zone, shared control room, etc – the privatised rail industry has worked more effectively than elsewhere.

With the passage of Railtrack from solvency to administration interest has been raised in the potential to consolidate at least some parts of the fragmented industry through “vertical integration” which means that the Train Operating Companies (TOC’s) would not only operate train services but would also be responsible for the maintenance and renewal of track. Whilst Scotland has frequently been suggested as a test site it has to be said that enthusiasm for trying it in Scotland first increases proportionately with distance. Scottish Transport Ministers are also firmly and I believe rightly against the proposal.

Where Railtrack’s most serious problems lay and what finally brought the company down was not its relationships with the TOC’s but its failure to have an effective working relationship with its contractors which allowed the company to monitor their activities and standard of outputs. It would be possible, in theory at least, for Railtrack to take maintenance and renewal of infrastructure back “in house” by not renewing contracts with the infrastructure companies. In practice this would be difficult to achieve. Railtrack would have to recruit qualified staff to build up an “in house” organisation to mirror the infrastructure companies, these qualified staff are in short supply. The disruption and dislocation over several years would seriously distract Railtrack and the infrastructure companies from their fundamental task – maintenance and renewal of the network to facilitate the provision of punctual and reliable train services.

This does not mean however that nothing can be done with regard to the structure.

In two parts of the country, Western Zone and the West Coast Main Line (in England) which have faced particularly challenging problems the Strategic Rail Authority (SRA) have encouraged and facilitated the concept of “virtual boards”. These “boards” bring together the stakeholders i.e. TOC’s, Railtrack, infrastructure companies who operate to a very considerable extent as the board of one company responsible for all aspects of the provision of rail services as for example Scotrail was in pre-privatisation days.

This model would readily be transferred to Scotland bringing some of the benefits of integration without the dis-benefits of reorganisation.
Evidence To: Transport and Environment Committee Scottish Parliament

Considering other aspects of structure and organisation the Rail Passengers Committee Scotland (RPCS) would like to see Railtrack Scotland having greater authority whilst remaining part of the national body to ensure Scottish interests have first priority and to ensure greater transparency with regard to what money flows into Railtrack Scotland through Track Access Charges and how much of that money is spent in Scotland. As Railtrack’s accounting arrangements now stand no one except Railtrack knows where the money goes and flows, this cannot be an acceptable situation for the Executive.

With regard to local government organisation for transport (in particular, planning) the present arrangements appear designed to frustrate rather than facilitate. This is recognised by local authorities themselves who have, commendably, formed voluntary partnerships eg SESTRANS and WESTRANS to deal with transportation on a regional basis which Strathclyde Passenger Transport does statutorily for twelve unitary authorities in west central Scotland – and does it very well despite the unsatisfactory nature of its funding (which is commented on below in Question 2).

Effective organisation of transport planning and provision has to be based on what are variously described as “city/regions” or “travel to work” areas and should be developed, perhaps through development of the “regional transport partnership” concept.
Evidence To: Transport and Environment Committee Scottish Parliament

2) What are your views on the present arrangements for funding rail developments in Scotland? Are the stated objectives of the Scottish Executive and the Strategic Rail Authority deliverable via the present funding arrangements? What levels of funding should be made available for rail, and from what sources? (if you believe more funding is needed, please indicate how this additional funding might be obtained).

Historically transport in Great Britain has been under-funded compared with similar European Countries, particularly public transport. Funding in Scotland has not just mirrored this but magnified it, i.e. even less on transport and even less on public transport (Committee members may recall in this context the evidence given to the Committee by Dr Malcolm Reed, Strathclyde Passenger Transport on 17 April 2002).


Post 2004 the money flow will be Executive – SRA – Scotrail/SPT. It is assumed that the other supplementary funds will continue and it is not unlikely that further specifically targeted funds may be introduced.

The present funding arrangements are adequate to see the provision of rail services through to the end of the Scotrail franchise in March 2004.

It is difficult to comment with any certainty on the adequacy or otherwise of the level of funding for a new Scotrail franchise until the requirements of that franchise become clearer. There are some assumptions which can be reasonably made:

1) The main funding for the provision of rail services will continue to come from general taxation.
2) Given the Executive’s transport policy objectives with regard to economic regeneration, the environment and social inclusion, coupled with the Minister’s stated objective of achieving levels of road traffic in 2021 no greater than those of 2001, the conclusion that there will be more spending on transport is inescapable. Given the key part rail is seen as playing in urban and inter urban transportation it is clear that spending on the provision of rail services will have to increase.
3) The majority of funding will continue to come through general taxation. Increases in funding by that method can only come about in either of two ways or in combination. The methods are either increases in tax or re-allocation of spending between budgets.
Evidence To: Transport and Environment Committee Scottish Parliament

4) In addition to the supplementary funds mentioned earlier there are two areas worth exploring as sources of additional funding:

a) Congestion charging/road tolling

In circumstances where road users are provided with a good quality alternative it seems not unreasonable that continued car use should carry additional cost.

For example if the Central Scotland Transport Corridor Studies results in the provision of services between Glasgow and Edinburgh using three or four routes (the present route, via Shotts, via Motherwell/Carstairs and possibly via Airdrie/Bathgate) offering eight departures an hour from Waverley and say two or four per hour from Queen Street and four per hour from Central, users are given a wide range of choice. If the choice of origin, route and destination is supplemented by good quality park and ride facilities along the line of route (e.g. Croy) this service provision should be accompanied by congestion charging to enter the cities and a toll to use the motorway between them.

b) Tax on the enhancement of land value

The provision of either a new line and stations or the radical improvement of services increases the value of land in the affected areas primarily because it allows people to live in one place and work in another, some of that benefit should be captured for the public good. The opening of a line to Galashiels/Tweedbank will have a radical effect on land values in the Borders where land is designated for housing. Developers should pass some of the profit they make on development back into transport.

The completion of the Jubilee Line Extension stands as an "awful warning" - a major publicly-funded project, which on completion enhanced land values by billions, not millions, not one penny of which came back to the public purse!

On a wider philosophical aspect it is suggested that to achieve policy objectives there needs to be a correction of the imbalance between the Treasury dominated/financial management approach and strategic vision where at present the former approach has dominated rather than served the latter. Comparison of the provision of transport infrastructure and services between Great Britain and comparable European countries suggest that the approach adopted in this country has not necessarily been the most effective.
Evidence To: Transport and Environment Committee Scottish Parliament

3a) What are your views on the relative importance of rail within the Executive’s current transport priorities?
3b) What are your views on the rail developments which have been identified by the Executive as priorities?
3c) Is there scope for greater integration of rail with other forms of transport, and how might this be achieved in practice?

It is clear that the Executive has recognised the need for rail to be given a higher relative importance in the Executive’s transport priorities if it is to achieve its transport policy objectives. Some of the Executive’s actions recognise this, eg funding for Larkhall-Milngavie and Stirling-Alloa. The RPCS is encouraged by this but considers that it is likely that the Executive will not only have to maintain the existing priority if transport policy objectives and the Minister’s challenging targets with regard to road traffic growth are to be met.

With regard to the rail development which the Executive have identified as priorities the RPCS considers that until reports and recommendations from two major studies are received and examined the list of priorities announced so far is incomplete.

The two studies referred to are: The Central Scotland Transport Corridor Studies and Scottish InterCity Services - An Alternative Strategy, both of which will report in the summer.

The first of these studies examines the possibilities of improving services across the Central belt between Edinburgh and Glasgow and improving access to job and leisure opportunities in both cities.

The second study examines the possibility of improving service frequencies and reducing journey times on Scotland’s main InterCity routes which for the purposes of the study are Glasgow-Perth-Dundee-Aberdeen, Glasgow-Perth-Inverness, Edinburgh-Perth-Inverness and Edinburgh-Dundee-Aberdeen.

Particular attention is being given to the last named. Until these studies are complete and considered in conjunction with the other priorities it will not be possible to develop coherent policy with regard to rail.

That being said a number of priorities identified by the Executive will form an essential part of any rail policy eg the development of Edinburgh Waverley to improve capacity, particularly at the west end, is necessary to meet many service aspirations. The development of an alternative freight route Stirling-Alloa-Dunfermline to take coal trains off other routes across Central Scotland and off the Forth Bridge has been given added impetus by geological troubles at Longannet.
Evidence To: Transport and Environment Committee Scottish Parliament

The problem which faces the Executive is not so much the identification of priorities - that is relatively easy - the difficult bit is “given constrained resources in which order of priority are developments to be tackled?”

Are the Executive’s policy objectives and ministerial targets more likely to be met by improving Scottish InterCity routes infrastructure and services than by opening a line to the Borders? What are the comparative benefits of developing rail routes and access to them across the Central belt compared with priority access to airports?

It is likely that any plan laying down priorities will have to be a “living” document capable of being changed to take account of circumstances and events.

RAIL AND INTEGRATION WITH OTHER FORMS OF TRANSPORT

There is undoubtedly scope for greater integration or co-ordination between rail and other modes of transport but it has to be realised that this greater integration or co-ordination cannot be delivered by the rail industry alone. Effective delivery requires interaction between service providers (bus, rail, taxi), motorists, local authorities and elements of the Executive.

To demonstrate this we have taken the RPCS vision for rail services across Central Scotland and broken it down to show the part played by each element, where and how co-operation is needed and can be effected.

The RPCS vision is:

“No one in Central Scotland should be more than 15 minute journey by car or public transport from a station with park and ride and exchange facilities* with a train service frequency of at least half hourly to Edinburgh and/or Glasgow.”

* Park and ride to be floodlit and CCTV monitored. Exchange facilities to include shelter, bus and rail timetables, help point, current train information and CCTV monitoring.

It is the Executive’s role to:

(i) Establish and articulate the vision and make sure it is understood by the other players – local authorities and service providers.
(ii) Specify from the SRA the train services that the vision requires.
(iii) Align its policies with regard to congestion charging and road tolling with the vision.

It is for the local authorities to co-operate with the rail industry to facilitate the acquisition of land for parking, provide road approaches and share the provision for exchange facilities. The authority’s policies with regard to congestion charging/road tolling should encourage use of park and ride.
The rail industry has to provide the train service, station facilities, CCTV coverage of the station, etc.

The gaps are obvious: how can a deregulated bus industry be encouraged or directed to provide connecting bus services? Quality partnership or quality contract? Is the “carrot” of good train services and facilities enough to encourage motorists to use the facility or is some “stick” required?

Because of the characteristics of rail: fixed route, less flexibility and service timing and difficulty of rapid change/diversion compared with road, rail transport is the framework or fixed structure which can form the backbone of integrated or co-ordinated transport – the fixed point, as it were – around which other players act.
4) Have you any views on the direction and guidance which the Scottish Executive should issue to the Strategic Rail Authority with respect to a replacement ScotRail franchise?

The RPCS considers that there are clear, distinctive roles to be played by the Executive and the SRA with regard to the direction and guidance to be issued.

It is for the Executive to decide transport policy and how that policy relates to other aspects of policy such as health, economic development, etc. The SRA are the rail experts, the Executive’s professional advisors who are also able to link the rail aspects of the Executive’s transport policy in so far as it concerns rail to national rail policy.

The Executive should lay down broad guidelines (e.g. over the period of the franchise, journey times on InterCity routes should be reduced by 10%). It is for the SRA to translate this policy objective into terms as which prospective bidders can develop proposals such as infrastructure improvements or by introducing tilting trains.

The directions and guidelines, while primarily designed to specify services the introduction of which may involve new rolling stock and infrastructure, should not focus solely on “hard” issues but should also take account of other issues which directly effect users, such as depth and quality of management and supervision, staff training, adequate staff complement to avoid reliance on overtime and rest day working.

When the initial franchise was put out to tender by Office of Passenger Rail Franchising (OPRAF) the sole criterion was price. In this round of franchising - given the length of franchise - decisions should be made on a range of criteria which must include quality, and of which price is not necessarily the most important. The popular saying “you get what you pay for” is just as applicable to rail services as anything else.

In conclusion the Rail Passenger Committee Scotland wishes to thank the Convenor and Members of the Transport and Environment Committee for the opportunity to put the RPCS views to it.
Submission to Rail Inquiry of Transport and Environment Committee
from Scottish Association for Public Transport

SAPT welcomes this timely inquiry which should aid delivery of rail elements in the integrated strategy of Scotland’s Transport: Delivering Improvements. Brief comments are made on the three specific issues in the Inquiry Remit followed by sections on the four particular questions.

Fares: SAPT is concerned about two aspects of fares:-
1) There is a need to apply widely the concept of area multi-modal fares also available at a small add-on price to normal rail fares on longer routes. This would aid integration in practice and assist marketing and information
2) Many rail fares continue to be well above the perceived marginal cost of car use. This does not encourage either modal shift away from cars, or more inclusive travel opportunities. Radical reform needs to be considered, including a shift of car tax to fuel taxation, road pricing on congested urban and inter-urban corridors (with proceeds helping to finance fares reform) and extended concessions for family and group travel.

Freight: SAPT supports targets for substantial increases in rail freight within and beyond Scotland as well as passenger increases. This should include specific Scottish targets for the next 5 to 10 years and longer term objectives supported by land use strategies and facilitated by appropriate increases in track capacity or provision of alternative routes.

Light Rail: Since its formation, SAPT has seen great potential for using light rail technology (including conversion of some heavy rail tracks) to increase rail use and cut operating costs in urban areas such as Edinburgh, Glasgow and Aberdeen. Scotland is lagging far behind continental and U.S. developments, and English systems including the extremely successful Manchester Metrolink and Croydon Tramlink. Scottish opportunities are not confined to Edinburgh and Glasgow. There may also be scope for light rail technology to aid rural rail operation and the provision or reopening of branches, e.g. a Leuchars-St Andrews service, an Ellon-Aberdeen-Banchory service, and an all-year Aviemore-Grantown-on-Spey service (adding to the present heritage railway operation).

SAPT response to four questions:

What are your views on the present structure of the rail industry in Scotland and the relationships between the key bodies involved in the industry? Should there be any change in the current structure and relationships?

The present structure has not been delivering, especially in relation to expansion of rolling stock fleet and improvement and extensions to infrastructure and capacity. Even limited extensions to the rail network, e.g. Stirling-Alloa, Hamilton-Larkhall, and provision of an extra passing loop on the strategic Barrhead-Kilmarnock, Perth-Ladybank and Aberdeen-Inverness lines, have met with chronic delays. Funding and decision-making (by the Scottish Executive and local authorities) has been distorted by a legacy of road planning skills and a dearth of public transport experience, which has also hampered the nature and conclusions of multi-modal studies. SAPT recommends:
• administrative change within the SRA to make it an agent of the Scottish Executive with respect to passenger franchising and rail infrastructure planning within Scotland. A major Scottish Office should be considered with transparent accounts and targets, and a rolling five year programme,
• more favourable financial framework for SPT and other regional partnerships to “top-up” local and regional services beyond the minimum service level requirements defined in the ScotRail passenger franchise specification
• creation of a Scottish division within the expected Network Rail organisation, with separate accounts, dealing with rail and signalling maintenance and renewals, plus some lesser enhancements, with SRA in Scotland organising major investment projects including options for Special Purpose Vehicles
What are your views on the present arrangements for funding rail developments in Scotland? Are the stated objectives of the Scottish Executive and SRA deliverable via the present funding arrangements? What levels of funding should be made available for rail and from what sources? (if you believe more funding is needed, please indicate how this additional funding might be obtained)

Present funding is affected by the comments already made on structure and also by the lack of a long-term programme of developed rail projects (unlike the extensive programme of road schemes), a shortage of resource skills, and complex legal procedures inhibiting new rail or light rail developments. Action under Delivering Improvements should ease this situation but there is a need for more determination to identify and implement a twin-track approach allowing:-

- faster action on small-scale schemes offering high benefits (some 30 of which have been identified in the SRA Strategic Plan but with most still lacking firm funding and resource commitments)
- identification of larger schemes (of which two or three might be fast-tracked in the five years to 2007) for detailed evaluation and design work leading to implementation within and beyond 10 years

SAPT believes it likely that a broad consensus can be reached on both smaller and larger schemes and has already made its own proposals in the Report on Light at the end of the Tunnel?: Rail Delivery in Scotland, February, 2002, which has already been submitted to your Committee.

These actions will increase total rail requirements for rolling stock funding and for infrastructure funding while there could also be requirements for additional operating or revenue support arising from franchise specifications. The lack of transparency in present financial data and the possible implications of new safety standards, fiscal changes and road user charging, make it hard to give robust estimates of the level of funding increases required. Because spending on rail infrastructure enhancement has been so low in recent years, a substantial increase in enhancement spending is undoubtedly required – from around £12m a year to £100 to £120m a year in five years time (including Light Rail). This can be financed from:

- some rise in private sector risk investment (likely to be a minority share in most Scottish schemes but higher on Anglo-Scottish projects – aided, however, by a longer ScotRail franchise)
- extra private finance under public/private partnerships
- financing from property or land gains or under planning agreements
- cumulative savings in revenue/franchise support (arising through revenue increases and cost reductions from capital investment, particularly in light rail schemes requiring no ongoing revenue support)
- transfers from Scottish road schemes (through scaling down schemes such as the over-specified urban M74 and abandoning or delaying others such as the low value A78 Three Towns Bypass)
- use of proceeds of parking charges (including airport parking charges) and earmarked fines
- use of proceeds of a ring-fenced fuel duty surcharge across urbanised Scotland (as done in British Columbia)
- use of part of the proceeds of road user charging and/or workplace/retail parking levies
- special grants from Executive, EU, SRA and other public bodies

What are your views on the relative importance of rail in the Executive’s current policies? What are your views on the developments identified as priorities? Is their scope for greater integration of rail with other forms of transport and how might this be achieved?

Rail has clearly been given increased importance – especially in the context of the aim to stabilise road traffic. Yet funding remains unspecified. The TEN PRIORITIES to reduce congestion (p 9 & 10 of Delivering Improvements) are broadly acceptable but with the following comments:-

- the light rapid transport (light rail) for Edinburgh should be a wider priority for Light Rail including Glasgow and, possibly, Aberdeen
- the emphasis on public transport alternatives on the A8, A80 and M74 corridors should be an emphasis on enhancing rail attraction and modal share on the main corridors linking Ayrshire and Inverclyde, Central Scotland, Dundee and Aberdeen
- ‘big’ projects are over-emphasised compared to the importance over the next 3 to 4 years in completing the smaller schemes already listed by the SRA
In addition to reducing congestion, priority should go to:-
- fares reform (to promote both modal shift and social inclusion)
- practical measures to extend multi-modal ticketing, related connections and
  interchange improvements (including Inverness and rural Scotland)
- specific measures aiding transfer of road freight to rail

Looking to continental practice e.g. Switzerland, Netherlands, Germany, and Sweden, SAPT is
convinced that there is much scope for improved integration between modes – including selective sites
for park and ride as well as good and reliable bus feeders to quality interchanges.

Measures to achieve this could include:-
- suitable co-ordinated specifications in ferry, rail and bus franchises or contracts
- multi-modal fares, better information, and easier physical interchange
- adjustments in fiscal policies and introduction of road user charging
- closer links with land use planning to promote more sustainable movement
- reform of Bus Service Support to improve incentives for guaranteed connections
- reform of competition law where it hampers transport integration
- annual multi-modal timetable conferences for strategic routes (with adequate advance
  notice of any timetable alterations to allow adjustment in local services)

Have you any views on the directions and guidance which the Scottish Executive should issue to the
SRA with respect to a replacement ScotRail franchise?

SUGGESTED DIRECTIONS

1 Franchise specification to require regular interval interlinked services on all routes, creating a
   national public transport network interconnecting all rail-served towns and cities in Scotland,
   similar to the highly successful Taktfahrplan in Switzerland
2 Journey time improvement targets to be defined, particularly on the slower routes from Edinburgh
   through Fife to Aberdeen via Dundee, and Inverness via Perth
3 Track access charges to be tapered to encourage running of additional commercial rail services
   above the franchise minimum specification, with compensation to the successor of Railtrack
4 Maximum fares, unless with specific Scottish Executive approval, should not exceed the marginal
   costs of car use on trips of more than 10 miles with specified minimum discounts for family/group
   travel and the availability of ‘add-on’ multi-modal fares for local travel
5 Fares for trips under 10 miles should include Day and Longer-period multi-modal Zonal Tickets
   lower than the marginal costs of car use and related parking (backed by similar conditions
   applying to all bus, air and ferry services receiving support from public funds as from the start of
   new franchises or contracts)
6 At least six months advance notice of rail timetable changes (other than minor or emergency
   changes) should be provided as a key condition of timetable co-ordination and improved
   connections (linked to similar conditions applying to all bus, air and ferry services receiving
   support from public funds)
7 Total support for rail from public funds for the first years of a replacement franchise should be, in
   real terms, at least one-third higher than support between 1999 and 2004
8 The administration and development of the franchise, and related infrastructure programmes,
   should be handled by the SRA as a Scottish Executive agent producing an Annual Report and
   rolling five-year programmes from an office in Scotland
9 The successful franchise bidder should be protected from rail competition throughout the franchise
   period, apart from charter and special trains including the “Jacobite”, and the operation of Anglo-
   Scottish trains north of the Scottish Central Belt (with an equivalent right for the new ScotRail to
   operate trains (including overnight trains) south of Carlisle and Berwick on Tweed)
10 Bids should be sought on a 15 or 20 year basis with provision for review at five year intervals
    (including rules on the treatment of investment if bidders or the SRA seek early termination).
11 The franchise should specify required levels of staffing, catering and passenger facilities for key
    stations and interchange points, with enforceable guidelines for information, signposting, and
    local transport interchange information including connecting bus and ferry timetables
GUIDANCE: Features likely to lead to successful bids are:-

1 The quality of proposals for expanding service levels, capacity, interchange quality and Inter-modal integration (including more detail for the first five years and outlines for subsequent developments)

2 Bids should include proposals increasing both train capacity and train mileage with particular attention to:-
   - increased frequency & network expansion in Scotland’s city regions (including light rail)
   - faster regular-interval links between Ayrshire, Lanarkshire, Glasgow, Edinburgh, Fife, Stirling, Perth, Dundee, Aberdeen and Inverness with related connections by rail and other modes – including bus connections, demand responsive transport, and park+ride
   - rail access to Glasgow and Edinburgh Airports
   - rail access to the Central Borders and other rail service improvements for rural areas and in relation to intermediate services on express routes
   - improvements in Sunday, early morning and late night services with particular reference to social inclusion and job access
   - development of tourist market, giving much higher profile to developing Scotland’s world-class scenic routes on the West Highland, Highland, Kyle, and Far North lines
   - priorities for interchange and connectional improvement, including on-train and other improvements relating to the mobility handicapped

3 Bidders should be required to consult with the Scottish Executive, the SRA, SPT and local authority groups on rolling five-year programmes and should indicate their views on infrastructure priorities required to allow improvements in services and in reliability. Infrastructure priorities will be determined by the Executive, the SRA, SPT and other partners in the light of proposals from bidders for service improvements requiring significant infrastructure changes (including easing of existing bottlenecks as well as network expansion)

4 Bidders should also indicate views on the process whereby extra services might be added as part of supplementary agreements with local partners in the course of the franchise.

The Scottish Association for Public Transport would welcome an opportunity to provide further information on the notes in this document.

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sapt@btinternet.com
## Scottish Transport: How does it compare?

<table>
<thead>
<tr>
<th>Scotland</th>
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<tr>
<td><strong>Light Rail</strong></td>
<td>Manchester Metrolink</td>
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<tr>
<td>Strathclyde Tram: <em>Abandoned</em></td>
<td>Sheffield Supertram</td>
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<tr>
<td>Edinburgh Tram</td>
<td>Croydon Tramlink</td>
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<tr>
<td>downgraded to busway, then <em>abandoned</em></td>
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<td>London Docklands</td>
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| **Airport Rail Links**           |                                                                         |
| Prestwick, partially privately funded | Heathrow Piccadilly Line                                           |
| Edinburgh Airport, *no progress* | Heathrow Express                                                       |
| Glasgow Airport, *no progress*   | Gatwick Express                                                        |
|                                  | Stansted Express                                                       |
|                                  | Manchester                                                             |
|                                  | Birmingham International                                              |
|                                  | Newcastle Metro Extension                                              |
|                                  | Southampton                                                            |
|                                  | Luton Airport new station                                              |

| **Rail Schemes**                 | **Road Schemes approved/ in progress**                                 |
| Edinburgh CrossRail: two stations! | A1 dualling Haddington-Dunbar                                           |
| Larkhall: *no progress*          | M77 Kinning Pk-Malletsheugh open                                        |
| Alloa-Stirling: *no progress*    | M77 extension Malletsheugh-Fenwick                                    |
| Inverness-Aberdeen loop: *no progress* | Glasgow Southern Orbital                          |
| Barrhead-Kilmarnock loop: *no progress* | M8 Baillieston-Newhouse          |
| Falkirk-Grangemouth: *abandoned* | A78 Three Towns Bypass                                                 |
|                                  | A80 Auchenkilns upgrade                                                |
|                                  | A830 Arisaig-Kinsadel                                                  |
|                                  | M74 northern extension                                                 |

## Conclusion:

- *Scottish transport funding and decision-making is distorted by legacy of road planners and dearth of public transport experience, both within the Scottish Executive and local authorities*
Scottish rail projects hampered by Railtrack U.K. priorities
Delivering Integrated Transport Policy

● **ScotRail** franchise replacement is “once in a generation opportunity” to establish the backbone of an integrated public transport network:
  - regular interval “clockface” timetable throughout Scotland
  - *Metro* network for Glasgow area
  - *CrossRail* development for Edinburgh, Aberdeen, Tayside
  - regional interchange hubs with local bus services
  - more Park+Ride at local stations, plus strategic P+R on trunk roads
  - rail fares subsidised to low cost of marginal car use (or road charging)
  - Airport rail links integrating all of Scotland to international air routes
  - Development of world-class tourist service to West Highland, Kyle etc

*It is important this unique opportunity is not missed by SRA specifying the most unimaginative, cheapest “minimum change” franchise based on today’s timetables, fossilising Scotland’s transport for the next 15 years!*

● **Bus services** should be “de-fragmented” to recreate a national network:
  - Bus quality contracts based on area franchise concept
  - Co-ordinated bus and rail timetables creating “ScotLink” network
  - Each bus franchise operator is part of national transport network
  - Through tickets valid on all bus and rail, with guaranteed connections
  - Fuel duty rebate and subsidies only available for “Scotlink” services

● **Anglo-Scottish Travel**
  - growth of low-cost air travel popular but environmentally destructive
  - new high-speed rail line London-Edinburgh-Glasgow essential
    - Paris-Marseille 3 hours now
    - London-Paris 2 hours from 2007
    - London-Edinburgh/Glasgow: 4 hours even after wcml upgrade

Target:
  - London-Edinburgh in less than three hours by train
  - London-Glasgow 3 hours 30 minutes
  - London-Aberdeen 4 hours 30 minutes (electric to Aberdeen)
  - Paris-Edinburgh 5 hours

*Issued by: Scottish Association for Public Transport, May 2002*

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Local Government in Scotland Bill

Involvement of the Transport and the Environment Committee

Introduction

1. The Parliamentary Bureau considered the recently introduced Local Government in Scotland Bill at its meeting on 28 May. Following a motion from the Bureau, the Parliament agreed to designate the Local Government Committee as the lead committee with the Transport and the Environment Committee designated as a secondary committee along with the Education Culture and Sport Committee.

Relevance to the Transport and the Environment Committee

2. Only one section, in the part of the Bill dealing with miscellaneous matters, concerns issues which fall into the remit of the Transport and the Environment Committee.

3. Section 27 states—

Travel concessions

(1) In section 93(7) of the Transport Act 1985 (c.67) (persons eligible for travel concessions), for paragraph (a) there is substituted—

“(a) persons who have attained the age of 60 years;”.

(2) In section 68 of the Transport (Scotland) Act 2001 (asp 2) (travel concession schemes), in subsection (7), for paragraph (a) of the definition of “eligible person” there is substituted—

“(a) has attained the age of 60 years;”

(3) The Scottish Ministers may by order provide that on and after 6th April 2010 for the references to the age of 60 years in the paragraphs substituted by subsections (1) and (2) above there are substituted references to—

(a) in the case of a woman, her pensionable age;

(b) in the case of a man, the pensionable age of a woman born on the same day,

“pensionable age” having the meaning given by the rules in paragraph 1 of Schedule 4 to the Pensions Act 1995 (c.26).

(4) An order under subsection (3) above shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the Scottish Parliament.

4. The section of the policy memorandum dealing with this section states—

Travel concessions

This provision is designed to equalise for both men and women the age of eligibility for concessionary travel at 60. Current legislation links the entitlement of elderly people to travel concessions to pensionable age as defined in the Pensions Act 1995, that is 60 for women but 65 for men. Schedule 4 to the Pensions Act 1995 provides for pensionable age to be equalised at 65 for both men and women by 2020, with transitional arrangements from
2010. The purpose of this policy is to equalise the age at which men and women become entitled to travel concessions at an earlier date. The Bill will make men entitled to travel concessions at the same age as women—at age 60.

5. A further paragraph in the policy memorandum comments on the equal opportunity aspects of the Bill—

**Equalisation of age eligibility for concessionary travel**

Equalising the age at which men and women become eligible for concessionary travel at the pension age for women, currently aged 60, demonstrates the Executive’s desire to promote equalities.

**Scrutiny by other committees**

6. The Local Government Committee will take evidence from the following individuals and organisations during the course of its consideration of the general principles of the Bill:

- Scottish Executive officials
- COSLA/SOLACE
- STUC
- Federation of Small Businesses
- Forum of Private Businesses
- Community Planning Taskforce
- SCVO
- Scottish Association of Community Councils
- Deputy Minister for Finance and Public Services

7. Furthermore the Equal Opportunities Committee – although not designated as a secondary committee – will take evidence from:

- FairPlay
- Equal Opportunities Commission
- COSLA

**Timescale**

8. Evidence taking at Stage 1 will be completed by all committees before summer recess with a view to the lead committee agreeing a report in early September.

9. The period prior to summer recess will continue to be busy for the Transport and the Environment Committee. There are 5 scheduled meetings (including the meeting on 5 June) with extended evidence-taking sessions in connection with the rail inquiry taking place at the first four of these meetings.

10. At its last meeting (and following the introduction of the Water Environment and Water Services Bill) it is planned that the Committee receives a briefing on this Bill before considering its approach to Stage 1. Additionally it is planned that the
Committee considers an issues paper in connection with the rail inquiry in order that a draft report can be prepared over the summer recess.

11. Accordingly, there is little scope in the Committee’s work programme to take evidence on the Bill.

**Recommended Action**

12. Members who have an interest in this Bill are, of course, able to attend meetings of other committees and, at the discretion of the respective Conveners, to participate in meetings of these other committees. In light of the work being done by other committees on this Bill, allied to the heavy work programme which has previously been agreed by the Committee, it is recommended that this Committee does not take evidence on the general principles of this Bill.

13. It is further recommended that the Convener write to the Convener of the Local Government Committee, informing her of this Committee’s approach.

14. Members are invited to consider this issue at the meeting on 5 June 2002.

Callum Thomson
29 May 2002