TRANSPORT AND THE ENVIRONMENT COMMITTEE

AGENDA

21st Meeting, 2002 (Session 1)

Wednesday 19 June 2002

The Committee will meet at 9.30 am in the 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. Items in Private: The Committee will consider whether to take agenda items 4 and 5 in private.

3. Rail Inquiry: The Committee will take evidence from—

   Iain Wylie, Director of Corporate Services, Strathclyde Passenger Transport

   Hazel Martin, Head of Rail Franchise Management, Strathclyde Passenger Transport

   Councillor Alistair Watson, Convener of Land Services, Glasgow City Council and Chair, WESTRANS

   John Angell, SESTRAN

   Frank Roach, Highland Rail Development Officer, Highland Rail Partnership

4. Rail Inquiry: The Committee will consider a draft response to the Scottish Executive on the draft directions and guidance for the replacement of the Scottish rail passenger franchise.

5. Work Programme: The Committee will consider its work programme.

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

| Submission from Strathclyde Passenger Transport (Agenda item 3) | TE/02/21/1 |
| Submission from WESTRANS (Agenda item 3) | TE/02/21/2 |
| Submission from Highland Rail Partnership (Agenda item 3) | TE/02/21/3 |
| Submission from SESTRANS (Agenda item 3) | TE/02/21/4 |
TRANSPORT AND THE ENVIRONMENT COMMITTEE

Enquiry into the structure and funding of the rail industry in Scotland

Submission by Strathclyde Passenger Transport Executive

Strathclyde Passenger Transport Executive (SPTE) considers that delivery of the UK Government’s and Scottish Executive’s aspirations for an integrated transport system requires policy integration at the governmental level. In its responses to consultation on the Scotland Bill, SPTE, with the full support of its Passenger Transport Authority, therefore argued that the proposal that the provision of rail services in Scotland should be a reserved matter was inappropriate, and that railways in Scotland needed to be considered within the same political, financial and administrative framework as road-based transport and domestic ferry and lifeline air services, i.e. on a devolved basis. SPTE also pointed out that the rail network in Scotland was only linked physically with that in England at two places, and that the overwhelming bulk of Scottish rail passenger journeys (95%) were internal to Scotland.

SPTE assisted in the drafting of amendments to the Scotland Bill which would have addressed this deficiency, but the need for these amendments was overtaken by the “McLeish settlement”, announced in the House of Commons on 31 March 1998. In his statement, the Scottish Office Minister for Home Affairs & Devolution told the House:

We regard it as essential for the overall regulatory regime to be a reserved matter. The Government is nevertheless committed to delivering a policy that gives appropriate oversight of Scottish rail passenger services to the Scottish Executive....

In regard to passenger services that both start and end in Scotland...Scottish Ministers will have sole [emphasis added] responsibility for issuing objectives, instructions and guidance to the new rail authority that it is proposed should be established under forthcoming legislation. That responsibility will be exercised within the overall Great Britain strategic policy framework for railways, and will allow Scottish Ministers to instruct the rail authority on matters such as service levels and fares policies, within relevant contractual constraints. [Hansard, col 1062]

The press statement that accompanied this announcement [Scottish Office news release 0679/98] was headed:

“Devolution settlement to bring major railway responsibilities for Scotland”, and contained the following quotation from the Minister:

Our aim is to deliver an integrated transport strategy, which ensures that railways will be run in the public interest and in a way which meets Scotland’s needs.
Support for the logic of this approach to Scotland’s railways was provided by another UK Minister, the Parliamentary Under-Secretary of State for the Environment, Transport and the Regions (Ms Glenda Jackson) in an adjournment debate on railways in Wales on 8 July 1999. Drawing the distinction between Wales and Scotland, the Minister made the point that:

The position is different there [Scotland] because the network is largely self-contained. A Scottish policy will not have the impact on the rest of Great Britain that a Welsh policy might have, nor will it fragment Scottish services. [Hansard, col 1286]

The Scottish Executive’s view of the role of these railway responsibilities was set out by the Minister for Transport and the Environment, Ms Sarah Boyack, in a statement to the Scottish Parliament on 7 October 1999. Noting that

Those functions are to be exercised within a Great Britain strategic policy framework for the railways

Ms Boyack went on to explain:

That will ensure that standards of performance management, operation, safety and security are applied consistently across the rail industry.

Her statement was therefore consistent with Mr McLeish’s statement in the Westminster parliament that “the overall regulatory regime” would remain a reserved matter.

In the broader context, however, the Minister stated:

Railways are a vital part of an integrated transport policy for Scotland…. The rail network can, and does, help to reduce the negative environmental impact of cars and lorries, and provides fast, increasingly comfortable, punctual and reliable links between most of the country’s principal cities and towns.

I know that there is much to be done. The measures in the Railways Bill give the Scottish Executive the powers to ensure that the rail industry works in partnership with Government to help deliver a better deal for passengers.

Responding to questions, Ms Boyack added:

I think it is exciting that we are now talking about our future priorities for expansion of the railway network in urban and rural parts of Scotland. It is not an agenda to be delivered overnight, but the Parliament should take this challenging objective forward. [Official Report, cols 1180-90]
It seems to SPTE that the clear intention of Ministers in 1998 and 1999 was that the essential policy responsibilities for domestic Scottish railway passenger services should transfer to Scotland, and that the matters reserved to Westminster and Whitehall would be primarily regulatory and any issues arising from high-level GB strategy. So far as the latter is concerned, there is clearly an issue relating to cross-border freight and Inter-City services, but in other respects it is not obvious why there needs to be any differentiation between the strategic road network – which has been fully devolved for many years – and railways.

SPTE is concerned, however, that as Westminster legislation has developed and as the administrative momentum of the Strategic Rail Authority (SRA) has built up, a process appears to be emerging which could have the effect of weakening the intention of the original McLeish settlement. In particular, the 2000 Westminster Transport Act allows the SRA – an appointed body – to overrule at its own hand the instructions of Scottish Ministers if it considers these to be inconsistent with instructions it has had from the UK Secretary of State, or if it considers that there will be an adverse financial impact on its own budget. There is, however, no corresponding restriction on the SRA’s ability to act in relation to cross-border passenger franchises or freight services in a manner which could impact adversely on the Scottish Executive’s own budget.

This potential encroachment on the policy responsibilities of Scottish Ministers for domestic Scottish railway passenger services also appears to have been reinforced by the way in which the SRA’s new responsibilities for Railtrack are being applied, particularly since Railtrack plc was placed in railway administration.

SPTE has long been concerned at the lack of a transparent audit trail between the very substantial sums paid annually by ScotRail for track access and the amount that is spent on maintaining and enhancing the network in Scotland. While the Rail Regulator, in his first periodic review of Railtrack’s access charges, has increased the degree of cost-reflectivity in these charges, 80% of the charge is fixed and amounts in effect to a tax on all passenger train operations to meet Railtrack’s aggregate costs. SPTE believes that, despite the Regulator’s efforts to improve cost attribution, the underlying basis on which much of these costs are charged to individual train operating companies remains flawed, and that ScotRail’s track access payments are effectively cross-subsidising those of other operators. Given that track access charges account for a large proportion of ScotRail’s total cost base which is underwritten by the franchise payments made by the Scottish Executive, both directly and through SPTE, this distortion impacts immediately on the Scottish budget.

In addition, since the timing and geographical distribution of significant maintenance and renewal expenditure by Railtrack Scotland is ultimately determined at the company’s London HQ, there is no mechanism for ensuring consistency even in current cash flow terms between what Railtrack Scotland earns in track access charges and what is spent on maintaining the Scottish
network. SPTE is extremely concerned by emerging evidence that maintenance and renewal work at key locations in Scotland is being deferred possibly for budgetary reasons, and that train performance is suffering as a result.

This basic problem of lack of transparency in Railtrack’s expenditure processes is reinforced when enhancement and upgrades are included, and this is where the increasingly pro-active role of the SRA gives grounds for concern from a Scottish perspective. Firstly, some of the SRA’s budget for directly funding enhancement projects, through the Rail Passenger Partnership fund, was initially underwritten from funds generated within the railway industry. Again, therefore, this amounted to a transfer of money generated by individual train operating companies in particular areas of Great Britain to schemes elsewhere in the country. A more equitable approach would have been the creation of a Scottish fund similarly underwritten. This would have permitted the Scottish Executive to allocate funds for enhancement projects which could have addressed some of the issues within Scotland which led to the performance payments being due. There is no evidence that the project by project allocation by the SRA has or will endeavour to address issues proportionate to the funding in any geographic area.

Secondly, through its control of the Incremental Output Statement process for prioritising major upgrades of the rail network, the SRA again is effectively controlling the allocation of funding – in this case underwritten from general taxation – to particular parts of the network. Over the past three years, SPTE has observed the downgrading or slippage of the priority given to key enhancement projects on its part of the network, most obviously the upgrading of the line between Barrhead and Kilmarnock. As has already been advanced in evidence to the committee, during its scrutiny of the Scottish Executive 2003/04 budget proposals, SPTE has not received capital spending consent at a level achieved in Strathclyde prior to local government reorganisation or available to PTEs in the English conurbations. Accordingly it has been unable to mitigate the impact of this further distortion to the allocation of funds.

Thirdly, since Railtrack was placed in Railway Administration, there is increasing evidence that the SRA is influencing the allocation of scarce professional resources within the company and thus effectively determining the priority with which projects can be developed to the implementation stage. Again, this has affected projects within both the SPT area and Scotland as a whole.

SPTE is therefore concerned that the centralised mechanisms through which track access charges are funnelled and by which most network enhancements are funded creates an immediate tension with the aspiration behind the McLeish Settlement, that the management and development of the domestic Scottish railway passenger network should be a devolved matter which contributes to the achievement of an integrated Scottish transport policy. While it acknowledges that Scottish discretionary funding – in the form
of the Public Transport Fund and Integrated Transport Fund – also have a valuable part to play, SPTE’s experience over recent months has been that, even where funding is available, progress on key projects can be blocked because of their inability to access technical resources which are controlled from London.

SPTE has had more than a quarter of a century’s involvement with the operation of a contractually provided regional passenger railway network. In many respects, current trends and tendencies within the British railway industry amount to a greater degree of centralisation than when the British Railways Board operated a single nationalised railway entity. Until privatisation, the Scottish Office exercised devolved responsibility for funding major enhancements of the SPT network through Section 56 of the 1968 Transport Act, and revenue funding of both train operations and railway infrastructure was managed through the Scottish block on the basis of an entirely transparent set of accounting principles. While there was some involvement with the BRB at headquarters level, this was small in comparison with SPTE’s current interaction with London-based railway bodies such as the SRA, the Office of the Rail Regulator, Railtrack, and the Association of Train Operating Companies.

This increasing centralisation is not only confined to the passenger railway. The Scottish Office’s responsibilities for grant assistance to rail freight projects also preceded the Scotland Act, and this was an entirely devolved matter. One effect of the recent Westminster Transport Act was to require the Scottish Executive’s exercise of its powers to assist rail freight to conform to SRA standards.

SPTE’s view is that the present structure and financial arrangements for the railway industry in Scotland do not assist in the objective of facilitating the railway’s contribution to an integrated transport strategy in a devolved Scotland, and on the basis of current experience are presently an actual hindrance to the attainment of that aim. It considers the argument for an active role by the Strategic Rail Authority north of the border to be overstated, and possibly to be based on a misunderstanding both of what railway passenger needs are in Scotland and of the safeguards that are provided for the integrated operation of cross-border freight and passenger services through the regulatory machinery and as a result of European Union requirements for technical interoperability – there is no possibility in practice (for example) that signalling systems in England and Scotland could develop in ways which prevented the operation of through services. Both historically in Britain and elsewhere in Europe there are many example of successful operation across the boundaries of different railway administrations – a pertinent example is the Eurostar service between London and Paris and Brussels, which exceeds Virgin West Coast’s frequency of cross-boundary services.

SPTE also considers that Railtrack’s present track access charge regime distorts the funding arrangements for the ScotRail franchise, and makes it difficult both to establish a level playing field for comparisons between
different modes of transport in Scotland and to command priority at a GB level for railway infrastructure investment in Scotland. This is a separate issue from whether Railtrack should be restructured in Scotland in a vertically-integrated form – the question is simply one of ensuring greater accountability and transparency for access charges that are raised in Scotland.

M C Reed
Director General
2 May 2002
The negotiations that the Scottish Parliament will be initiating for the renewal of the ScotRail franchise will have to include a commitment to provide additional capacity in the rail network.

A recognition that commuter traffic between Scotland’s five main cities, Glasgow, Edinburgh, Aberdeen, Dundee and Inverness will increase quite substantially over the next 10 to 15 years and increases in the rail capacity between these cities will be necessary.

If I may categorise what I feel should be the priorities.

1. A recognition that the signalling system currently in operation between the five cities is inefficient and requires substantial upgrading. This could be implemented along with the construction and implementation of new safety equipment, which has become essential following the recent Potters Bar train crash.

2. If we are to achieve a substantial increase in rail patronage throughout the Scottish Rail Network there has to be substantial enhancements in rail capacity to allow the operators, both passenger and freight, to grow their market to meet the government’s 10 year Transport Plan.

3. There must be sufficient rail links to our major airports and our seaports, including the recently opened Euro Ferry Terminal at Rosyth.

4. Integration – there must be more emphasis placed on the promotion of through ticketing similar to the Zone Card currently operated by SPT. With the new technology available through Smart Cards it is now possible for commercial operators to share revenue risk.

5. The upcoming rail franchise should be structured such that the operator of the new franchise will include in its bid some of the large engineering projects that will be required to enhance the network.

6. I believe that Railtrack or its successor Network Rail should be retained as a U.K. wide infrastructure provider to ensure continuity on cross boundary services in the network.

7. Freight Services – Most of Scotland’s rail freight travels up and down the West Coast Mainline and during the upgrading of the line, additional freight capacity must be provided on it to ensure that rail freight continues to grow.
8. Safety – The Executive must place on the operators and the infrastructure provider the obligation to provide the highest safety standards. All systems should not be simply maintained at present levels but enhanced to incorporate the new technology now available Europe-wide on train safety management systems.

9. Rail capacity enhancements between Glasgow, the central belt and Edinburgh. As the principle railway line between Glasgow and Edinburgh is the Queen Street to Waverley line and the operator is experiencing some capacity problems, and if the Executive is serious about growth in this area, there are alternatives available. The Glasgow Central to Edinburgh Waverley via Shotts could be upgraded, the Glasgow Central to Edinburgh Waverley via Carstairs could also be used. The Glasgow Queen Street low level to Drumgelloch line could be extended eastwards to join up at Bathgate and once again provide the additional capacity to allow that area to grow. On the Glasgow Queen Street to Edinburgh Waverley line it is my understanding that there are substantial capacity problems at Greenhill junction and there may be scope for substantial junction improvements in that area to provide additional capacity.

10. The endorsement of the Glasgow Crossrail project would allow services north and south of the river to be connected, particularly passengers travelling from Ayrshire to the East of Scotland.

This concludes my written evidence.

Yours sincerely

Councillor Alistair Watson
Chair – West of Scotland Transport Partnership
SUBMISSION TO THE TRANSPORT AND ENVIRONMENT COMMITTEE FROM THE HIGHLAND RAIL PARTNERSHIP

To take the specific questions in turn:

1. The present strategic alliance between Railtrack Scotland, First Engineering and ScotRail is regarded as a model of good practice within the GB rail industry. There is a concern that vertically integrating operations and infrastructure under one lead operator may marginalize the activities of GNER, Freightliner and EWS who operate on our routes. However there is a case for strengthening the Scottish Zone of Network Rail (the Railtrack successor) to allow transparency of the relationship between access charges and expenditure on maintenance and renewals. The differing responsibilities of the SRA and the Executive should be more clearly defined.

There is a concern that the Transport Delivery Plan is aimed at urban congestion busting. However, the rural network is capable of development (eg Tain Commuter, Winter Sunday service to Kyle and Wick) and the SRA growth target of 50% for passengers can be achieved on parts of the rural network as there is capacity for new services without infrastructure changes. The Partnership has developed two such schemes- Invernet and Westnet. However, additional services on Inverness-Perth-Edinburgh and Inverness-Aberdeen will require substantial investment.

2. Passenger rail developments are funded through the Public Transport Fund from the Executive and Rail Passenger Partnership and Rail Performance Funds from the SRA. It might be better to award Scotland a proportionate sum of these last two funds. The SRA’s Incremental Output Schemes will be funded from Central Government but there is no indication of geographical spread.

Freight is covered by Freight Facilities Grants and Track Access Grants, both administered by the Executive. The annual budget of the former is too small, while the latter has seldom been awarded. If the Executive is serious about reducing lorry miles it must increase the budget and simplify the application process.

3. Rail is obviously important to the Executive, but the peripheral areas of Scotland should not be left behind in the urge to solve urban congestion. Resources must be available Scotland-wide. Integration with ferries is of vital importance, and this must be borne in mind when franchising Calmac.

4. We are pleased that the Directions and Guidance will base the new ScotRail franchise on the existing, pre-emergency timetable, but urge the Scottish Parliament to encourage bids which go beyond that minimum. The rigidity of the OPRAF’s Passenger Service Requirement must not be so concerned with first arrival times etc which may restrict an operator from exercising commercial decisions.

Frank Roach, Highland Rail Partnership
SUBMISSION TO THE TRANSPORT AND ENVIRONMENT COMMITTEE'S RAIL INQUIRY
SESTRAN

The limited time allowed between the call for written evidence and the deadline for submissions does not allow sufficient time to prepared a detailed analysis of the issues raised by the Committee. We are, therefore, concerned at how comprehensive the evidence which the Committee will receive will be.

Nevertheless, the subject is of such importance that SESTRAN has prepared this more limited submission.

Structure of the rail industry in Scotland

The structure of the entire network, including Scotland, has been much discussed recently, particularly the number of different parties involved, including:

- The role and scale of different commercial interests
- The respective roles of the regulatory bodies

The debate over the different commercial interests was perhaps driven by a view that the rail system is so fragmented (an oft-quoted figure estimates over 100 different companies are involved), that communication and decision-making are torturous, leading to actual system failures. A related view is that, in separating responsibility for the infrastructure from train operation, privatisation built in a fundamental, and ultimately fatal flaw.

This debate has extended into a discussion over the role of the private sector, expressed in the view that the need to make a commercial return leads to safety taking a lower priority.

SESTRAN agrees that fragmentation of the industry has a negative impact overall. Nevertheless, monolithic structures can share the failings of fragmented systems; poor communication exists within single organisations, as well as between smaller groups. The question is therefore where fragmentation should be reduced, and how.

The SRA’s intention to reduce the number of franchises is one positive step forward, although this will have little impact in Scotland. Train Operating Companies will need, furthermore, to recognise that passengers are primarily interested in the network effect, rather than which company operates which particular service.

With only one example of an ‘open access’ operator established since privatisation, it is clear that meaningful competition applies only during the pre-franchising phase. In any case, consolidation into a few, relatively large groups (as observed in the bus industry after deregulation) may well apply. The scale of investment needed requires companies to have a considerable financial base.

In the freight sector, where arguably market forces have freer rein, there is only a handful of different operators. Therefore, the conclusion to be drawn by both ‘free
market’ and ‘planned economy’ theorists is that a plethora of train operating companies is neither desirable, nor conducive to an effective system.

Another strand to this debate is whether responsibility for the infrastructure should be separated from train operation. In our view the case has not been made that the benefits of re-integrating them (e.g. so ‘the same company operates the trains and the tracks’) outweigh the disbenefits. The disruption involved in such radical organisational change cannot be warranted on the basis of an unproven assumption. Scotland has been suggested as a suitable pilot area for re-integration; but conversely the relatively co-operative, effective relationship between ScotRail and Railtrack Scotland indicates that a unified organisation is not a necessary condition of ‘joined-up working’.

It is worth remembering that even British Rail did not carry out all its own work ‘in-house’. Maintenance work, which is at the core of this debate, was regularly subcontracted out. Nevertheless, Railtrack or its successor must have adequate in-house expertise to understand the state of the infrastructure and its requirements. This may facilitate positive competition between an in-house DLO and external suppliers. Equally, if train operators wish to address ‘the wheel-rail interface’ directly, there appears to be no fundamental reason why they should not bid for Railtrack’s maintenance contracts in their operating area.

The question whether safety is compromised by the drive for a commercial return is emotive and perhaps unprovable. It is often founded on inaccurate assumptions about rail safety; e.g. that the rail industry is ‘less safe’ since privatisation. In fact statistically the industry is ‘safer’ now than it was before privatisation; but the data is insufficient to validate either view. It should not be forgotten that industry was required to make a commercial return even before privatisation. What may be true is that the industry, during the privatisation process, lost many of the skills and ‘organisational knowledge’ in safety assessment and response; so track condition was allowed to deteriorate at Hatfield, followed by overreaction to the consequent accident bringing chaos to the network.

The lessons which emerge, therefore, are that the rail industry in general has suffered from fragmentation post-privatisation. However, Scotland has perhaps suffered less than the wider network, thanks to the limited number of different parties involved, and effective working relationships between them. Deliberately planned change, as well as the process of natural change, is going some way to resolving this fragmentation.

We identify some areas where further work may be required. The first is the regulatory regime. There are at least three identifiable regulatory bodies; the Strategic Rail Authority, the Office of the Rail Regulator, and HMRI (the Railway Inspectorate). The scope for conflicting accountability is clear. However, we understand the need to separate the functions currently lodged with the ORR (for example economic and competition control) from the SRA’s function. If, therefore, the number of regulatory bodies is to be reduced, it is sensible to look at the area which performs least satisfactorily. We contend that this has been safety regulation. In recent years safety regulation was lodged with general rather than railway-specific health and safety bodies (i.e. the HSE), where, nevertheless, regulatory expectations
exceeded those which apply in other fields. Thus railway safety requirements often neglect the wider picture, as illustrated by the recent Commission for Integrated Transport report on fitting ERTMS. Whilst there has been some recent restructuring, it is not yet clear that the optimum arrangements have yet been reached; it may be worth considering an independent Railway Inspectorate within the ORR, or conversely a home within a wider transport safety body covering all forms of transport (which does not currently exist).

Another area which may warrant further consideration is some lack of clarity regarding the interface between the SRA and the Scottish Executive. This is not an issue in relation to the franchising process, where the respective roles are clear. Rather, there is scope for potential confusion over roles in developing the Scottish network. Which body, for example, leads the redevelopment of Waverley station, or rail links to airports? We emphasise the word ‘potential’ here, since there is little evidence of it to date; rather it needs to be monitored in future.

The presence of Strathclyde Passenger Transport has an impact on the focus of the Scottish franchise which is not currently matched by local inputs elsewhere. A mechanism needs to be found to redress this imbalance. For example, the social inclusion and modal switch benefits of PTE fare levels are currently not available across Scotland as a whole; on some routes (e.g. Fife-Edinburgh) fares have historically been disproportionately high.

**Funding the rail industry in Scotland**

Funding is inadequate to meet every aspiration for the network. The growth in rail travel (and the potential freight growth) has been matched by increased investment in rolling stock, but not by increased infrastructure capacity. Whether this is a failure of funding mechanisms, or reflects the failings of pre-administration Railtrack, is a moot point. Either way, infrastructure enhancement is the major constraint on system growth, whereas current rolling stock funding mechanisms work very well.

The costs of infrastructure development have escalated since privatisation. The industry needs to develop better cost control, and ultimately rein costs back towards more proportionate levels.

In turn, the regulatory bodies need to reconsider some of the penalty and reward mechanisms which currently provide perverse incentives to work against the customer’s interests; for example, punctuality at intermediate stations, cancellation/termination of late running trains, or the minimal incentive for Railtrack to accommodate additional services on certain routes. The costs of the performance regime has a potentially adverse impact on new services, as illustrated by the case of Edinburgh Park station.

Resolving these failings would allow a better return per £ investment. However, on its own it will not substantially increase investment in the network. That requires a reconsideration of the relative priority of the transport budget within the public sector, and of priorities within the transport sector. As the Committee will be aware, the City of Edinburgh Council is considering Road User Charging as a means of tackling
transport problems in and around Edinburgh; and that the revenue generated could contribute to local rail investment as part an overall transport package.

SESTRAN’s views on the directions and guidance which the Scottish Executive should issue to the SRA with respect to a new Scottish franchise, and the relative priorities within that, can be drawn from the attached copy of SESTRAN’s response to the Executive’s consultation paper ‘Strategic Priorities for Scotland’s Passenger Railway’.

Future priorities

The announcement of the Committee’s Rail Inquiry invited views on developments identified by the Executive as priorities, presumably referring to the Transport Delivery Plan. This prioritisises the redevelopment of Waverley station, reopening the Borders railway, and rail links to airports. Increasing capacity at Waverley station is essential for expanding services in east Scotland, and, with the Borders project, clearly merits high priority. However, much more work is required on the cost and practicality of airport rail links before they can be prioritised.

The Transport Delivery Plan also prioritises delivering the top priority public transport projects flowing from the A8, A80 and M74 Corridor Studies. This is an appropriate overarching objective. However, whilst it is not yet clear which projects will emerge as the top priorities, there is already considerable concern over how robust the analysis of different projects has been; and therefore whether the right public transport priorities will emerge from this process.

However, rather than focusing on specific schemes, we would recommend that the Committee’s Inquiry focus on objectives and outputs. In particular, a central objective of refranchising should be to enhance the overall network; the priority warranted by each project then follows from its contribution to that objective.
APPENDIX 1

‘Strategic Priorities for Scotland’s Passenger Railway: Consultation Paper’

A SESTRAN Response

SESTRAN recognises the importance of this document, set as it is in the context of the refranchising of Scotland’s main carrier. SESTRAN believes that rail should be a major component of Scotland’s transport system, and therefore getting the best out of the refranchising process is essential. It is, prospectively, a once in a generation opportunity. SESTRAN’s response to the 14 specific questions posed in ‘Strategic Priorities for Scotland’s Railway’ is given below, but we wish initially to make some other comments about the Consultation Paper.

General comments

It would be helpful if the document clarified what it means by ‘regional centres’ and ‘rural areas’, since these terms can be interpreted in a number of ways. The needs of different urban areas, regional centres and rural areas vary.

A different classification may well be more appropriate. This would recognise the commonality of transport issues throughout the Central Belt of Scotland, which is the locus of most of Scotland’s population, economic activity and congestion. As such the Central Belt network has an importance which is not adequately addressed, not least because it is not identified in the document.

Identifying the Central Belt (and other areas of Scotland), allows its common elements to be matched with the overall objectives for the passenger railway. This helps prioritisation, making it clear that the Central Belt network is essential to meeting the contributions listed in paragraph 1.3.2; and highlights its potential contribution towards the objectives listed in paragraph 1.2.1.

Section 1 ‘Vision, objectives, partnerships’

The Paper is clearly linked to refranchising Scotland’s national network; however, it indicates that the Scottish Executive does not intend to indicate aspirations to bidders or the SRA. Whilst the reason for this approach is understood, SESTRAN considers that some general indication would be preferable. This need not prioritise between schemes, but should indicate what the Scottish Executive would expect to see in any bid for the Scottish franchise.

As a minimum, in the absence of such guidance, targets should be set related to the Executive’s priorities; for example, to increase the percentage of all journeys in Scotland by rail to x%; or, in respect of more specific aims, a target that x% of households be within y metres of a station, allowing different figures for urban and rural areas.

It is difficult to see how directions and guidance can be issued to the SRA without either more specific indications and/or targets; otherwise the SRA is left to negotiate the best deal, without knowing what that may be.

The ‘Vision for Scotland’s Passenger Railway’ could be more adventurous. Vision statements should, after all, be visionary. Worded as it is at present, it sets the passenger railway primarily in the context of transport, whereas it could represent much more. An opening statement could identify the railway as a means of linking Scotland’s communities together in a sustainable manner: thereafter it would focus on how the network serves other national priorities such as economic development.
Section 2 ‘Attracting more people to rail’

The document refers on a number of occasions to ‘lengthening trains’: presumably this is meant to refer to increasing seating capacity. However, another way of using additional rolling stock is to increase the amount of space per passenger. The balance between these is important, and warrants further study especially with respect to how passengers use and react in different spaces.

Paragraph 2.2.7 the opportunity should be taken, wherever possible, to improve capacity: this includes replacing life-expired equipment with higher-performing modern assets.

Paragraph 2.2.19 refers to new developments and regeneration. Care has to be taken that new stations etc are not used to ‘justify’ unsustainable development, as the overall travel generated by such a development could not be accommodated by rail alone, so that the total level of, for example, car travel would rise. Conversely, development of the Scottish network will be inhibited if Glasgow and Edinburgh are seen as the only major hubs. ‘CrossCountry’ type routes such as, for example, Motherwell to Fife, could provide a valuable range of new benefits and travel opportunities.

Paragraph 2.4.1; whilst CCTV provides additional protection for passengers and property, it should not be seen as a panacea.

Section 3 ‘Rail playing its part in an integrated transport system’

Paragraph 3.2.1; in the long term, failure to address the major challenge of reducing greenhouse gas emissions risks the most serious consequences for Scotland.

Paragraph 3.3.10; given an emerging consensus that the industry is already too fragmented, it may well be premature to welcome concepts such as ‘microfranchising’. It should be noted that, after bus deregulation in 1986, substantial investment did not take place until large bus groups developed.

Paragraph 3.5.5; there may be even greater need for stations to develop as multi-modal hubs in rural or non-central urban areas

Paragraph 3.5.6; SESTRAN would recommend a much more careful approach to Park & Ride and especially to Parkway stations. Their effects on existing public transport services on the same corridors, and total car travel, should be assessed. When they are provided, they should be sited and designed to:

- act to encourage a shift to rail travel to an extent that the benefits outweigh the adverse impacts of any car travel generated
- support efforts to improve local rail services, and
- do not exacerbate road congestion.

KEY QUESTIONS

1. How would you rank the following operational priorities for developing Scotland’s passenger rail services and why?
   - Increased frequency of trains serving urban areas.
   - Longer trains on existing urban and inter-urban services.
   - Reduced journey times on lines serving regional centres and rural communities as opposed to increased frequency.

‘Increased frequency of trains serving urban areas’ and ‘Reduced journey times...’ warrant highest priority. The choice between them should be made on a project by project basis, depending on how each scheme contributes to meeting key objectives. However, increasing passenger capacity
on existing trains is a cost-effective initial response to overcrowding where increasing frequency requires a longer term solution.

If operational considerations are the main issue, we would not necessarily accept there is a conflict of interest between journey times and frequency. Between Edinburgh and Drem, for example, faster local services could increase overall capacity, because on this route the problem is that local trains occupy the line for longer than other services.

Extending existing services could provide both increased frequency in rural communities, and, by improving journey opportunities and connections, reduce overall journey times; for example, by shifting the Dunblane railhead north to Perth, or Kirkcaldy/Markinch to Dundee.

Lower priority is given to ‘Longer trains on existing urban and inter-urban services’ (presuming that ‘longer’ is shorthand for trains with more seats), because a better overall service is generally provided by increasing frequency, if additional capacity is required.

2. Are there circumstances in which the provision of new stops might be considered ahead of increased frequency or reduced journey times?

Generally the addition of an additional two minute stop on, say, a twenty minute journey could benefit more potential passengers than disbenefit existing users. However, the difficulty is that additional stops are added incrementally, and over time journey times gradually increase significantly. What is required is an overview or ‘route vision’, providing a template against which each upgrade is assessed, and related to development along the route.

On some routes, this will eventually require a two-tier fast/slow service which can reconcile all these requirements; the best example being services between Edinburgh and Glasgow Central.

Closely spaced stops can be an inefficient use of the network, and should generally be considered only where particular access requirements apply, related to high population and/or travel densities. It may generally be better, for example, to provide four trains an hour at two stations rather than two trains an hour at four stations; and concentrate instead on improving intermodal links to the stations.

3. What might be the most appropriate response to overcrowding on trains at the peak?

Generally, SESTRAN would favour increasing frequency as a means of smoothing out overcrowding. Where this is not possible, however, adding extra coaches to improve seating capacity is generally most appropriate. Both approaches raise, however, the issue of how to utilise rolling stock efficiently at other times.

Some more imaginative thinking may be warranted. For example, whether deploying ‘spares’ at stations off-peak could improve service reliability; alternatively, examining the market for new off-peak routes. The industry also needs to address the emergence of the evening ‘3rd peak’. Special events which generate demand ‘spikes’ also rarely coincide with normal peak hours.

In the recent past, relatively new stock has been disposed of; notably the return of a number of class 158s to a Rolling Stock Company. This is somewhat unfortunate if trains elsewhere in the same franchise are overcrowded.
4. How might communities be more effectively engaged in the 'management' and 'monitoring' of the safety and security of the railways that serve them?

There are existing examples, such as North Berwick station, where this has already occurred. These examples need to be learned from and extended; but it would appear that the rail industry should be more proactive in encouraging it. The aim should be to encourage local communities to develop a sense of ownership of their local station; this may well require rethinking how space in and around stations is allocated and managed.

5. How would you rank the following service quality improvements and why?

*Ranking as shown*

1. A reliable timetable
2. Improving quality and comfort of the journey
3. Better information and communication
4. Improving customer care
5. Simplifying ticketing
6. Better availability of ticket offers
7. Developing IT and automation to the benefit of passengers

*Explanation*

1. Study after study indicate that reliability/punctuality is passengers’ main priority. Therefore it has to be the main priority here too.
2. Since the railway is competing with the private car, the rail industry has to aim to provide quality and comfort standards that exceed those of the car, given that it cannot compete on convenience (generally) and privacy.
3. The aim should be an uneventful journey; if that is achieved, the current level of information provision is probably adequate. However, recent experience shows that the industry communicates poorly with its passengers when there is disruption. This needs to be improved.
4. 'Customer care' comprises a range of activities, such as information and communication. It can be regarded as the most important item, because a customer-focused railway should get all the other elements right. However, it is more helpful here to break it down into its component parts.
5. See 6 below.
6. 'Better availability of ticket offers' should be a subset of 'Simplifying ticketing'. Whilst generally reducing fare levels should be a high priority overall, it cannot be achieved only by focussing on these two initiatives. It is noted, nevertheless, that existing offers, notably bus ticketing add-ons, are not well promoted. Special 'offers' must be clearly and easily understandable, and easy to access.
7. Developing IT and automation should be seen as a means to an end, not an end in itself. Unfortunately in many cases this focus is overlooked, and new technology is introduced that provides no user benefit, or actually brings disbenefits. It appears that most customers, in almost any business, prefer to deal with a 'real' person.

5. How might passenger rail services best assist with the alleviation of road-based congestion and pollution caused by road traffic?

By providing a high quality alternative, preferably allied to the management of demand for road-based travel. Where new development is planned, the issue of public transport access, including rail needs to be addressed from the outset; so that sustainable travel patterns are established early, rather than attempting to reverse car-oriented patterns several years after development begins.
7. How might more people be encouraged to choose the train as their preferred mode of transport?

Passenger numbers need to meet a 'critical mass' where rail travel is seen automatically as a first choice. At present, the 'default assumption' is that most trips are made by car. This will only be reversed when most people have positive personal experiences of rail travel, and when the industry has a better image. The industry has to market itself better, and in particular consider how to overcome negative media coverage.

It is now clear that lower fare levels are an important factor. Introducing fare levels in South East Scotland (or elsewhere) that are comparable to those in the SPTE area would be a significant step forward.

8. How can passenger rail services best assist with the reduction of peripherality? Is it more a case of better integration rather than simply reduced journey times?

As noted above there are different levels of peripherality within Scotland. For example, Inverness is 'peripheral' vis-à-vis the central belt, and areas north of Inverness are peripheral in every respect. However, the solutions are different. Inverness can be developed as a hub, with more frequent, faster trains to the central belt (and other cities). Beyond Inverness the focus is likely to be more on improving integration, since population densities dictate a more flexible response.

9. Is the expansion of the railway network the most effective means of improving public transport links to rural communities and regional centres?

See answer above. In some cases, notably the Borders, railway reopenings have already been identified as the priority. Reopening rural services can be effective where there is a combination of local access problems on one part of the route and urban congestion on another. Rail can offer journey time benefits, which can reduce real and perceived peripherality, and redistribute the benefits of economic growth more evenly. Although rail can be the most effective mode for significantly altering a rural or regional economy, it is unrealistic to expect many rural openings/reopenings, and therefore alternative public transport has to be considered.

As noted in response to Question 1, extending existing services could benefit some rural communities relatively easily and quickly; the examples given being North-East Fife and Stirlingshire/Perthshire. However, the principle applies throughout Scotland.

One specific point that must be addressed is whether existing bus-rail links work particularly well. Whilst we have limited evidence, they appear to be less well-used than is desirable; therefore, further examination of how they can be made more attractive is needed.

At rural stations the provision of adequate car parking can be particularly important where other public transport (notably buses) is likely to be limited.

10. How can rail fares be made more affordable to those on lower incomes and still ensure that the provision of rail services is commercially viable for the operator?

There is a case for some specific targeting; thus the proposed national concessionary fares scheme could be extended to rail travel. However, the main thrust should be to reduce rail fares across the board. This should be factored into bids for the Scottish franchise. Fare scales should be made more equitable across Scotland, as noted in 7 above.
11. What more can the rail industry do to improve accessibility?

The answers given above referring to integration, (rail-bus links etc) apply here with respect to ‘accessibility’ in terms of distance to/from stations. With respect to ‘accessibility’ in terms of physical (rather than geographic) barriers, improvements can be achieved only by a combination of investment and staff/industry awareness.

12. What early practical steps could be taken by the rail industry to support improved integration with other modes of transport?

See answers given above. In general, the operator needs to consider the passenger’s ‘whole journey’ experience, not just the section from station to station. In South-East Scotland, the train operator should participate in joint ticketing schemes. Information on bus services which call at/near stations needs to be improved at stations and on board trains. Bus stops, pedestrian and cycle facilities, and car parking at stations should be improved.

13. How might the rail industry best participate in developing proposals for new railway projects with local authorities and consortia?

In South-East Scotland, SESTRAN already provides a mechanism for this with respect to transport functions. There remains, however, a gulf between the industry and planning, economic development and regeneration functions of local authorities; stronger guidance is needed from the Scottish Executive on the relationship between economic development, planning and existing or planned railways. Initiatives should be skewed towards rail-connected locations, or those which could be connected in conjunction with development.

The industry, and Railtrack in particular, needs to rethink its concept of partnership. At present it sees public funding support for projects as a means to reduce its costs or increase its income. There also needs to be a greater transparency in the projects it carries out where public funding is involved.

14. What are the practical challenges for ensuring that the development of Scotland’s passenger rail services is not jeopardised by the requirements for enhancements of cross-border service providers and rail freight companies?

The challenge is simply to provide additional capacity. Note also that cross-border passenger services can contribute to the internal Scottish network. While this challenge is being addressed, existing capacity needs to be used more efficiently, which requires a better dialogue between those responsible for local and long-distance services.

The Scottish Executive and the DETR have a key role to play in ensuring that resources are allocated appropriately and equitably, and that the costs and benefits of capacity enhancement are shared equitably.