

Rail Statement

[START]

Rail transport is vital to Scotland's success, supporting economic growth, strengthening connections and providing sustainable alternatives to road and air travel.

This government has invested record levels in rail – opening 2 new passenger lines and 7 new stations, providing 38 new trains and increasing train services by 10%. Since 2004 intermodal rail freight traffic has grown substantially and passenger numbers have increased by 30%.

We are determined to build on this success, ensuring that our railways meet the needs of the people of Scotland. Rail must form a key part of a fully integrated transport system. Rail passengers are also cyclists, bus users and ferry passengers. It is essential for everyone that journeys are joined-up.

2014 is a real opportunity for us to make this happen, with new contracts for rail passenger services and a new funding agreement for Network Rail.

The Rail 2014 consultation showed the importance that the people of Scotland attach to rail services with over 1200 responses. These are being published today, and I thank everyone who has contributed to the debate.

I am also grateful to the Infrastructure and Capital Investment Committee for their scrutiny of the issues, and I have today written to the Convener setting out how we will pursue their recommendations.

Rail services in the UK are provided through a private sector model. Whilst the Scottish network is funded entirely by the Scottish Ministers, the structure of rail remains reserved. We have written several times, most recently in February and May this year, to UK Ministers, making clear that we could achieve

better outcomes for passengers if Scotland had overall responsibility for rail. I am disappointed they have chosen not to respond. A yes vote in 2014 will enable us to rectify this situation and create a more fully integrated transport network.

In setting out the way forward for Scottish rail services from 2014 I will focus on three areas: The structure of our railways and the requirements being placed on the rail industry; the future of the franchise; and the benefit to passengers.

RAIL INFRASTRUCTURE

I am very pleased to announce a £5bn programme of investment in Scotland's railways between 2014 and 2019. This will support the delivery of franchised passenger services and enable Network Rail to operate, maintain and enhance the network over that period, continuing the delivery of the Edinburgh Glasgow Improvement Programme (EGIP) and the Borders Railway. We will announce further progress on EGIP

shortly. Network Rail will also be required to advance a series of strategic enhancement projects, including the Highland Main Line and the Aberdeen to Inverness Rail Improvements Project, as detailed in our Infrastructure Investment Plan.

We are also working to future proof the network:

Organisations across Scotland have come together to make the case for High Speed Rail. We will continue to drive forward work on this ensuring that EGIP and other network improvements are compatible with our approach.

We are also establishing separate funding streams to provide for future growth. A £30million fund will support strategic freight enhancements. £60million of investment will improve journey times and punctuality and £10million will develop future projects, alongside the £30million already announced for new and improved stations. A further £10million fund will accelerate the closure of level crossings, making our railways even safer.

Our requirements and funds are set out in our High Level Output Specification (or HLOS) and Statement of Funds Available, both being published today. We will also issue new guidance to the Office of Rail Regulation on how we expect it to best represent Scotland's interests.

FRANCHISES

In taking forward the franchise, we agree with the rail unions and others that privatisation has led to too much fragmentation and additional costs.

For too long the rail industry has been distracted by internal arguments over responsibility. We will therefore expect the ScotRail franchisee and Network Rail to work together to develop a deeper alliance - a significant step towards greater industry integration. The industry should focus on passengers, providing better services, and enhancing resilience and

operational effectiveness. We expect this to generate annual savings of up to £30 million.

Passengers have made clear that they value a single focused contract for services across Scotland. We therefore intend to let the next ScotRail contract for 10 years with a potential break point after 5 years both to encourage investment and ensure the franchisee focuses on improving performance, increasing passenger numbers and enhancing the rail experience. We will welcome bids from a wide range of operators including not-for-profit.

In considering the future of rail services the Caledonian Sleeper stands as a unique and cherished service for rail users to and from Scotland.

In December we announced our contribution to the £100million plus transformational investment in this service. To get the best from that investment, and ensure the Caledonian Sleeper

remains a unique, valued and high profile service, we intend to let a separate franchise of up to 15 years.

The sleeper is more than just a train service, it is part of a holiday, it is a business office and it is a hotel. The Caledonian Sleeper is special to passengers and it is special to Scotland. Users should be clear – the improvements will be seen in the next few years. And a separate, longer franchise coupled with over £100million of investment will give this historic service the 21st century future it deserves.

The specification of both franchises will be published at the turn of the year.

PASSENGERS

Of course the primary purpose of our passenger rail network is to enable travel connections for work, services and leisure. We

are determined that passengers will feel the benefit of these new arrangements.

Rail fares will be attractive and affordable and we intend to expand fares regulation to protect those in rural areas as well as commuters. We will also look to the next franchisee to increase passenger numbers through innovative fares packages - building on the Stranraer promotion where fares will be reduced by 65%. We need the franchisee to make use of available capacity on off-peak and lightly-used services.

We are fully aware that people want joined up journey options and we will require bidders to develop plans and proposals on the actions that they can take to link with other forms of transport – bus, bike, ferry it is absolutely essential that buses meet the trains, etc. In support of this we will also expect comprehensive smart ticketing across the network by the end of the franchise.

We recognise that anti-social behaviour and the misuse of alcohol is a concern for passengers. We will encourage the next franchisee to work closely with the relevant authorities, including the British Transport Police to ensure that this unacceptable behaviour is dealt with appropriately.

In line with our digital strategy and in response to business and passenger demand, we will be looking for Wi-Fi type facilities to be available by 2019 across the network. In preparation for this I was delighted to launch the pilot programme earlier this week.

The ICI committee quite rightly stressed the importance to passengers of trains running to time. We will set a minimum performance level and punctuality targets which will increase over the period. We will also require the industry to publish right-time information for all routes so that we can all see, to the minute, how services are improving. The industry will also be expected to work with passenger representative bodies to

make sure new performance regimes and information meet their needs.

I wish to draw to the attention of parliament the issue of indemnity clauses. The trade unions have regularly raised concerns on this issue. Accordingly, we are reviewing the clauses with a view to developing an alternative approach that is fair to both operators and the workforce.

The response to the Rail 2014 consultation demonstrated the importance communities place on the railway and their willingness to play a part in their railway. We want to see this enthusiasm harnessed and promoted. Therefore we will encourage the creation of local Community Rail Partnerships and require the industry to work with these to establish facilities and services that address local needs.

We have created a comprehensive package of measures, which working with the rail industry, employees and

passengers, we believe will deliver high quality rail infrastructure and services responsive to Scotland's needs; representing good value for money; supporting our businesses and communities, promoting tourism and offering real alternatives to road and air travel.

Scotland deserves a 21st century railway and this government will see it delivered.

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