



ASSOCIATION *of* TRAIN OPERATING COMPANIES

Ms Anne Martin
Rail 2014 Consultation Manager
Transport Scotland
Buchanan House
58 Port Dundas Road
Glasgow
G4 0HF

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Dear Ms Martin,

ATOC response to the Scottish Government: Rail 2014 Public Consultation

The publication of the public consultation provides an opportunity to secure progress towards an efficient, value for money railway that delivers high-quality services to current and future passengers. Decisions on the future procurement and specification of passenger services are critical to delivering efficiency gains and ensuring that the rail sector as a whole contributes to Scottish Ministers' strategic priorities.

ATOC published its position on franchise reform in November 2009 and set out six points that we believe will support efficient outcomes for passengers and taxpayers:

- Train companies should be allowed the flexibility to give passengers what they want;
- Franchises should be longer in order to allow managerial focus and facilitate investment;
- There should be a focus on quality, not just price, when awarding franchises;
- Franchises should be better designed to ensure financial stability;
- Train companies should have the option to take on greater responsibility for stations, depots and rolling stock; and
- There should be a mix of franchise sizes.

All these principles continue to apply as the rail industry in Great Britain moves forward to meet the challenge, identified in the McNulty value for money study, of delivering better outcomes while driving out unnecessary costs in the sector. The establishment of the Rail Delivery Group, and much closer working between Network Rail, train operators and the industry supply chain, demonstrates the progress that is already being made towards integration and greater efficiency, identified as a priority in the consultation document.

Scotland's rail network supports a wide variety of passenger services, ranging from high-speed cross-border trains to inter-urban, suburban and lifeline routes. The challenge for Ministers will be to specify outcomes that provide appropriate safeguards for socially-necessary services while allowing the operator to respond to changing passenger requirements and to develop the market for rail travel. There has been strong growth and significant investment in the Scottish network in recent years and this must be safeguarded through future decisions on procurement.

ATOC believes that future franchise procurement should, as far as possible, be based around outcomes for passengers and funders. This will allow the train operator to secure the optimal use of trains, staff and network capacity, responding both to the level

of service required, and to support the wider development of the market for transport. We recognise that there is a major opportunity to review the required outputs to ensure that they are fit-for-purpose going forward and reflect current and future requirements for users, funders and stakeholders. We believe that clarity of responsibility for policy and delivery is critical to deliver best value, as well as ensuring that decisions are made by those best-placed to evaluate and implement them.

Within the Scottish context, we recognise that there are major areas of public policy and that the provision of passenger train services supports sustainable economic growth. The provision of efficient, value-for-money is best secured through a franchise whose duration optimises the incentives on the franchisee and the potential benefits that can be secured. Generally, we support longer franchises as they provide stability and clarity to train operators, funders and stakeholders. There are both direct costs in bidding for a franchise competition and opportunity costs that emerge from discontinuity and an inevitable hiatus in innovation during a period before a possible change of operating company.

Many of the areas for decision set out in the consultation document are matters which are the clear responsibility of Ministers. The industry has significant expertise with respect to both policy and technical issues and will seek to work closely with Ministers and officials to provide support and advice through the process going forward. Aligning the future franchise with the specification of infrastructure provides Ministers with an opportunity to set clear objectives and strategies for the railway in Scotland, which will allow the industry to respond and set out its approach to delivery.

Yours sincerely



Alec McTavish
Director, Policy & Regulation

Tel: 0207 841 8006/07767 642916