

16 February 2011

Rail2014
Transport Scotland
Buchanan House
58 Port Dundas Road
Glasgow
G4 0HF

Dear Sir/Madam,

CBI SCOTLAND RESPONSE TO TRANSPORT SCOTLAND’S “RAIL 2014 – PUBLIC CONSULTATION”

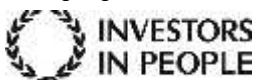
CBI Scotland, the country’s premier business organisation, representing firms of all sizes and from all industrial and commercial sectors, welcomes the opportunity to respond to Transport Scotland’s Rail 2014 – Public Consultation.

Business has a crucial interest in the development of Scotland’s transport infrastructure due to the important role it plays in enhancing the country’s economy and international competitiveness. In our manifesto for the Scottish Parliament elections in 2011¹ we identified the importance of good internal transport and external connectivity to Scotland’s principal markets to ensure economic success. The Scottish Government’s transport policies should therefore encourage development of infrastructure which will rival that of competitor nations, conscious of Scotland’s physical position on the periphery of Europe and the consequential need to provide links to key hubs and markets. Within our transport network rail will continue to play an increasingly important role, sustaining and enabling economic development, labour market flexibility, tourism and community life and it is essential that this position is continued to be supported.

Franchise Length

CBI Scotland continues to call for longer and more flexible, rail franchises in order to unlock much-needed investment in the network and is concerned with the consultation’s view that short-term franchises improve competitiveness. Short franchises encourage more of a short-term focus on managing railways with overly rigid and detailed specifications within the franchise agreement stifling innovation, new ways of working and better practice.

¹ “Energising the Scottish economy – A business agenda for reform and recovery” – June 2010



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At present the franchise as outlined in the consultation document has very little provision for innovation or safeguards for long term investment and CBI Scotland is concerned that the proposal for the next franchise to cover only a five year period will undermine Scotland's rail services. We would therefore welcome further information on the length of the proposed shorter contracts and the ways in which they will improve competitiveness going forward.

Capacity

For business, one of the most important responsibilities of any government is to provide reliable, efficient and safe transport networks. Governments have the responsibility to either directly or indirectly deliver investment to accommodate the demands that are placed on its transport networks. Through boosting capacity, managing demand and improving reliability, investment in transport will lower the costs of doing business in Scotland, therefore increasing the productive capacity of the economy. Which is why we have supported recent improvements including the Stirling-Alloa-Kincardine and Airdrie – Bathgate rail links.

Therefore going forward the capacity of Scotland's railway network will become more pertinent an issue for business and industry. This is already being borne out at a UK level. In the CBI's recent infrastructure survey² almost half of firms (46%) identified that they believe the state of the UK's commuter rail network has deteriorated. This assessment reflects a concern at a UK level that, despite significant investment in capacity to provide over 1,000 new train journeys across the network each day compared to five years ago³, the network is struggling to cope with rapidly increasing demand. Passenger journeys have risen by 71% in 20 years to 1.3 billion a year⁴, and this trend is projected to continue.

The consultation document states that 'the demand for rail travel in the Glasgow conurbation is forecast to increase by between 24% and 38% by 2024-25. The Edinburgh growth for the same period is forecast to be between 90% and 115%'⁵. CBI Scotland would suggest that in order for the service to expand as set out in the document the railway would require vast investment, which at a time of public sector constraint is unlikely to be forthcoming.

Capacity, or the lack thereof, will increase in importance as an issue for business and industry and it will continue to be important to ensure our businesses and employees are connected in an efficient manner. Capacity and the availability of services will play a huge role in this agenda.

Rail Stations

Leaner times for devolved public finances present opportunities to do things differently, to challenge sacred cows and ingrained habits, to rethink how and when money is spent and to make taxpayers' pounds work harder than ever before.

The rail industry is no different and CBI Scotland is concerned at the consultation's statement that there will be no intention to 'reduce the number of stations'⁶. The Scottish Government and the franchise operator are faced with the difficult but necessary task of deciding how to become more efficient and leaner. Stations are no different to any other item of public expenditure in that they must justify their existence by providing a service the taxpayer values. While different stations have different roles to play for the community and businesses they serve, and most have a vital role to play, it is hard to see how a lightly used railway station with very few trains calling, and often even fewer passengers, can be justified when reasonable alternative public transport is available.

² Making the right connections – CBI/KPMG Infrastructure Survey 2011, September 2011

³ Network Rail, Britain Relies on Rail, 2011

⁴ *ibid*

⁵ Rail 2014 – Public Consultation, Transport Scotland

⁶ *ibid*

Costs

CBI Scotland continues to call for the implementation of the McNulty Review on efficiency in the rail sector. We welcomed Sir Roy McNulty's report as an important step to delivering necessary improvements to the rail network at an affordable cost.

However, to unlock much-needed investment in the network, there is a need for the Government to deliver on more flexible, longer-term rail franchises, as stated earlier and to back the modernisation of outdated working practices. The latter would be supported by reforms to industrial relations practice in the sector – including our proposed strike threshold⁷. The wages in the industry are also traditionally high and dealing with this legacy will be painful for all those involved, however we need the implementation of a policy which focuses on ensuring staff are properly rewarded in accordance with their skills and the economic circumstances.

Cross Border Services

The cross border services between Scotland and England are of huge importance to the business community and we would encourage any policy decision which would ensure that the current level of service is maintained. These services serve to stimulate our industry sectors, improve Scotland's attractiveness to inward investment and provide connectivity and choice for the business and leisure passenger.

Whilst CBI Scotland does not have specific thoughts on the implementation of an Edinburgh hub what we would caution is the loss of service onwards north from Edinburgh if services are not specified. The through trains to Aberdeen and Inverness and their connections to London are significantly important not only to the local economies but to Scotland's economy as a whole.

Going forward it will be important to ensure the cross border services are specified and the paths in the timetable are preserved – if paths are not preserved we run the risk of trains not running.

Sleeper Service

CBI Scotland is fully supportive of the Sleeper Service due to the important role it plays in connecting Edinburgh and Glasgow with London in a manner than many individuals and businesses find convenient.

There is a long term need to improve the offering and increase its revenue potential in order to close the funding gap. We welcome the funding set aside by the Scottish and UK Government's to enable the delivery of a higher quality product and with improved coaches the impetus would be on the franchisee to deliver added value and improved customer service.

Mobile Communication Connectivity

The development of much improved mobile connectivity and Wi-Fi type services across the network is strongly supported by CBI Scotland, and we welcome the consultation's impetus to deal with Wi-Fi access and enhanced electronic provision in conjunction with the rail industry and communications providers.

Giving rail passengers the ability to communicate effectively while travelling will help aid modal shift by encouraging more passengers to travel by train. However, in order to benefit fully from these effects provision of these services will have to be provided at a high quality especially as commuters expectations of connectivity and bandwidth is only going to increase in the future.

⁷ We have proposed that the strike threshold is at least 40% of the balloted workforce (and a simple majority of those voting) vote in favour of a strike.

I do hope these comments are helpful.

Yours sincerely,

Lauren McNicol
Policy Executive, CBI Scotland