POLICY SUBMISSION

TRANSPORT SCOTLAND ON RAIL 2014

SCDI is an independent and inclusive economic development network which seeks to influence and inspire government and key stakeholders with our ambitious vision to create shared sustainable economic prosperity for Scotland.

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Rail 2014

1. SCDI is an independent membership network that strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity. SCDI's membership includes businesses, trades unions, local authorities, educational institutions, the voluntary sector and faith groups.

2. SCDI undertook a survey of our members to inform our response to this consultation. This was completed by 220 individuals/ businesses/ organisations around Scotland and many also replied with detailed comments. The results and analysis are also being submitted to Transport Scotland and the final report can be found at: www.scdi.org.uk/downloads/Scotrail_Survey_Results_FINAL.pdf

Executive Summary

- SCDI's Rail Survey identifies priorities for businesses – reliability and punctuality, followed by frequency of service and ability to obtain a seat
- Improving connectivity between Scotland's cities, by reducing journey times and increasing frequency and quality of trains, is vital for the economy
- There is a need to increase and make effective use of capacity
- Longer franchises increase private sector investment and innovation
- Passengers and taxpayers would benefit from a progressively deeper alliance between the ScotRail operator and Network Rail which drives down costs
- There should be penalties for poor performance - with possible franchise breakpoints if this persists - as well as incentives for exceptional performance
- Inspection regimes need to be brought together to reduce costs
- The Scottish Government should specify a minimum service provision and key outcomes, with greater flexibility for the ScotRail operator to innovate
- Fares policy needs to take into account the economic and environmental costs of passengers being priced away from the railways and onto roads
- The Scottish Government should regulate maximum fare levels
- Smart and integrated multi-mode ticketing should be further developed
- Cross-border services to the North of Scotland are economically important and must be maintained – removal would drive passengers from the railway
- Wi-Fi on trains is the highest priority for productive working, followed by access to a table and mobile phone connectivity. Wi-Fi should be rolled-out and must be a requirement of all new rolling stock. The provision of real-time travel information must keep pace with technological developments
- The quality of the trains on key North of Scotland routes needs to improve
- Sleeper services should be maintained and could become a separate franchise – with £100m+ available for investment, the highest priorities are en suite facilities and improved beds, quieter coaches and digital connectivity
- New stations which demonstrate economic and social benefits, and financial sustainability, should be supported; existing stations with which cannot demonstrate these, and have public transport alternatives, should be closed

Procuring rail passenger services

1. What are the merits of offering the ScotRail franchise as a dual focus franchise and what services should be covered by the economic rail element, and what by the social rail element?

3. The Scottish network should be about the right size of unit to operate an increasingly effective and efficient railway. SCDI would be concerned that the creation of a dual focus franchise would unnecessarily complicate management and operations, and have unforeseen consequences which put the benefits of scale and shared resources at risk. Across the network there are, at present, many lines and services which could be said to perform both economic and social functions. Passengers are not the only considerations – social railways may carry economically important freight. One of the claimed merits of a dual focus franchise is to allow greater innovation on economic lines, but it would be difficult for the franchisee to innovate on some, especially with certain services, because of a lack of capacity. On the other hand, designating a line or services as purely 'social' may have the effect of stifling creativity or commercial-thinking.

4. SCDI believes that passengers and taxpayers are more likely to benefit through a progressively deeper alliance between the ScotRail operator and Network Rail. Closer integration would reduce some layers of management and regulatory bureaucracy. However, other rail operators in Scotland must not be marginalised.

5. There is scope for some more regional devolution of management and branding. This would, potentially, help to reduce costs by aligning standards with regional/ local needs and expectations; encourage innovation and investment in start-up trial services; improve marketing with regional/ local tourism destinations; and better integrate regional train services with their other modes of public transport.

2. What should be the length of the contract for future franchises, and what factors lead you to this view?

6. SCDI supports longer franchises. Contrary to what the consultation says, there is strong evidence in Scotland and the rest of the UK that longer contracts increase the level of investment from train operating companies e.g. First ScotRail, Chiltern Railways and Virgin West Coast. SCDI is not aware of any evidence for the assertion that shorter franchises have improved cost competitiveness.

7. A short-term franchise reduces the ability of train operating companies to smooth their risks over the economic cycle. This may discourage operators from bidding and would seem likely to make any bidders more risk averse. This would reduce competitiveness and value for money, and, thus, increase the public subsidy.

8. A short-term franchise - which would entail two franchise processes and, potentially, two changes in the operator within a five year period – would more costly and time-consuming for both bidders and Transport Scotland, and more disruptive for management and operations, and, ultimately, the passengers.

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9. The Scottish Government has stated in its *Infrastructure Investment Plan 2011* that, with severe reductions in the level of traditional capital funding available, it is increasingly looking at innovative ways and a long-term framework to unlock other funding streams. However, a short-term franchise is unlikely to attract any significant investment from a train operating company. SCDI would be very concerned that this would effectively lock-out private investment for the rest of this decade. This would not maximise the investment sources available to improve the competitiveness of Scotland's infrastructure and connectivity, and to increase economic activity through capital spending, and it would potentially disadvantage Scotland compared to the rest of the UK for private investment.

10. Such considerations are less important for a management contract as, with no incentive to increase profits, these would attract little if any private sector investment. For the reasons stated above, SCDI favours a standard franchise.

11. Transport Scotland states that other mechanisms could be built into a short franchise, such as making allowance for residual asset value, so as to encourage investment from the franchisee. This would depend on whether the Scottish Government is prepared buy-out the investment from the franchisee. With a short-term franchise, there would be certain assets which could not be delivered within that period (e.g. new rolling stock) and, even with residual asset value, it seems less likely that an operator would make commitments to substantial investment when it is uncertain about whether it will ever directly benefit from it.

3. What risk support mechanism should be reflected within the franchise?

12. A longer franchise offers greater opportunity to smooth the risk profile.

4. What, if any, profit share mechanism should apply within the franchise?

13. There should be a profit sharing mechanism where increased profits have resulted wholly or in part from public sector investment in improved infrastructure.

5. Under what terms should third parties be involved in the operation of passenger rail services?

14. Third parties have provided start-up funding to develop services and this should continue. They may also have an advisory role at regional levels. However, the operation of passenger rail services is the clear responsibility of the franchisee.

6. What is the best way to structure and incentivise the achievement of outcome measures whilst ensuring value for money?

15. The Scottish Government/ Transport Scotland should set the outcome measures, following consultation with passenger, private and public sector representatives, Regional Transport Partnerships and the rail industry. There should be links to

the targets in the National Performance Framework, Government Economic Strategy and National Transport Strategy, as well as more operational aspects.

7. What level of performance bond and/or parent company guarantees are appropriate?

16. This requires specialist knowledge.

8. What sanctions should be used to ensure the franchisee fulfils its franchise commitments?

17. There should continue to be penalties for poor performance. There should also be breakpoints built into the franchise for persistently very poor performance.

Achieving reliability, performance and service quality

9. Under the franchise, should we incentivise good performance or only penalise poor performance?

18. Both incentives and penalties have a role. Exceptional performance should be incentivised, though the performance regime should not be structured in such as way that it incentives narrow targets at the expense of wider transport objectives.

10. Should the performance regime be aligned with actual routes or service groups, or should there be one system for the whole of Scotland?

19. The performance regime should be more aligned with actual routes or service groups. A greater degree of local flexibility in decisions should be allowed in rural areas in order to ensure that services run and passengers make connections.

11. How can we make the performance regime more aligned with passenger issues?

20. Compensation for major delays should continue to be publicised and provided.

21. In times of difficulty, like extreme weather, the railways need to show resilience. In such circumstances, the majority of passengers understand why there may be overcrowding caused by the reduced availability rolling stock and prefer that the operator continues to run shorter trains and is not disincentivised by penalties.

22. Passengers trying to make connections between ferries and other forms of public transport expect that common sense should be applied if one is running slightly behind schedule, but the performance regimes of the different modes work against their interests by penalising services which wait. This should be changed.

12. What should the balance be between journey times and performance?

23. The balance will depend on the type of service. In SCDI's survey, reliability and punctuality of service was identified as the highest priority for rail services followed by frequency of service. Reducing journey times over longer distances was the fifth highest priority. This needs the caveat that while everyone is interested in reliability and punctuality of service, not everyone travels over longer distances. In SCDI's view, journey times become particularly important for intercity travel where there is a higher proportion of business travel. For North East Scotland, reducing journey times was the third highest priority. For Inverness-Central Scotland journeys, 52% rated the journey time as poor with only 11% saying that it was good. There were similar numbers for Aberdeen-Inverness. Meanwhile, reduced journey time was identified as the most attractive priority of the Edinburgh-Glasgow Improvement Programme. Reducing inter-urban journey times is a high priority of the Cities Strategy which was recently published by the Scottish Government in collaboration with Scotland's Six Cities and facilitated by SCDI, as well as in the Strategic Transport Projects Review and the latest Infrastructure Investment Plan. With commitments to M8 completion, A9 and A96 dualling and a Dundee Bypass, rail must keep pace.

13. **Is a Service Quality Incentive Regime required? And if so should it cover all aspects of stations and service delivery, or just those being managed through the franchise?**

24. SQUIRE has been effective in raising standards on the railways, but is inappropriate and disproportionately expensive when applied to rural stations.

25. The various inspection regimes need to be brought together to reduce costs.

14. **What other mechanisms could be used for assessing train and station quality?**

26. Passenger satisfaction surveys and other means of customer feedback.

Scottish train services

15. **Can better use be made of existing train capacity, such as increasing the permitted standing time beyond the limit of 10 minutes or increasing the capacity limit? What is an acceptable limit for standing times on rail services?**

27. SCDI's rail survey showed that there is opposition to increasing the permitted standing time beyond the limit of 10 minutes. Overall, 53% said that it was the acceptable limit, 26% said no more than 15 minutes and 21% up to 20 minutes. Within the 53%, a significant number said that the acceptable limit would be zero.

28. There is evidently an expectation that the purchase of a ticket should entitle a passenger to a seat. This is particularly true for longer journeys. SCDI accepts that there are many challenges of meeting this expectation, especially the cost-benefit of providing the required additional capacity which would only be fully utilised at peak times. However, there is a clearly a need to increase capacity

and make better use of capacity by exploring opportunities, such as selective door opening to enable extended trains to use existing platform infrastructure.

16. Should the number of services making use of interchange stations (both rail to rail and rail to other modes) be increased to reduce the number of direct services? What would be the opportunities and challenges of this?

29. SCDI believes that the maintenance and growth of direct services between Scotland's cities is especially important for the economy. As the experience of passengers on the Highland Main Line changing at Perth for Edinburgh or Glasgow services demonstrates, connecting services are often not held. There may be opportunities to designate some stations, particularly in the cities, as interchanges where passengers on stopping trains for intermediate stations can access express intercity services. This would require integrated timetabling to minimise waits. Interchanges should, where necessary, be cross-platform.

30. Should Government direct aspects of service provision such as frequency and journey time, or would these be better determined by the franchisee based on customer demand?

31. The Scottish Government should direct a minimum level of service provision. For example, the Scottish Government has a priority for reduced intercity journey times and the ability to achieve an effective working day when travelling between them. Direction on minimum levels of frequency is required on rural routes where customer demand may not be sufficient on its own. Apart from such minimum levels of service provision, operators should have flexibility to determine services and innovate, such as by trialling services to test and stimulate market demand.

17. What level of contract specification should we use the for the next ScotRail franchise?

32. SCDI agrees with Transport Scotland's proposal for Targeted Specification.

18. How should the contract incentivise the franchisee to be innovative in the provision of services?

33. The length of the franchise is an important factor in stimulating innovation. It takes time to establish, run and evaluate a trial. It is less likely that a franchisee in a short franchise will innovate as there is little time between bedding-in one franchise and the bidding process for the next, and for innovation to be rewarded.

Scottish rail fares

19. What should be the rationale for, and purpose of, our fares policy?

34. Fares policy needs to achieve an acceptable balance which offers best value to taxpayers and rail passengers. The railways will always need subsidy, but the pressures on the public purse indicate that passengers will need to contribute a

larger percentage of the cost. The Department for Transport is seeking to move to a 50/50 split between revenue and subsidy. Given Scotland's geography and demography, the railway has a more social character and a consequentially a need for a higher subsidy percentage if rail travel is not to become uncompetitive.

35. Fares policy needs to take into account the economic and environmental costs to the taxpayer if passengers are priced off the railways and congestion on roads increases. As one benchmark, fares policy should not diminish and, if possible, should enhance the competitiveness of train travel in comparison with car travel, particularly as the costs of motoring are also expected to continue to increase. It is recognised, however, that cost is not the only influence in modal decisions.

20. What fares should be regulated by government and what should be set on a commercial basis? Do your recommendations change by geographic area (the Strathclyde area example), or by type of journey (for example suburban or intercity)?

36. The Scottish Government should regulate maximum fare levels to ensure that these do not become a disincentive to travel by rail. Operators should be able to attract passengers who do not currently use the railway and spread loads by offering cheaper fares on off-peak services, increasing revenues for the railway.

37. Fares should be fair across the country. In SCDI's survey, minimising fare increases was the sixth top priority, but in Strathclyde it was fourth. Deregulation of some fares in Strathclyde would need to be done sensitivity, recognising socio-economic considerations and the competitiveness of public transport.

38. Smart and integrated, multi-mode ticketing should be further developed.

21. How should we achieve a balance between the taxpayer subsidy and passenger revenue contributions in funding the Scottish rail network? At what rate should fares be increased, and how feasible would it be to apply higher increases to Sections of the network which have recently been enhanced?

39. Excluding payments to Network Rail for infrastructure, there is already approaching a balance between taxpayer subsidy and passenger revenue. Reducing Network Rail's costs would, therefore, make a significant difference.

40. Fares should not be increased at a rate which makes rail travel less competitive. If fewer people use the railway, the need for taxpayer subsidy would increase.

41. SCDI's Rail Survey showed majority support for the principle that higher increases could be applied to sections of the network which have recently been enhanced. There were marked regional differences in these responses, which may reflect perceptions about past, present and the need for future investments. SCDI has been supportive of the general principle of an increased role for user charging in service provision Scotland, for example in relation to the roads network. However, we do believe that there would need to be clarity about this

idea – such as the level and duration of higher increases, the definition of enhancements, and the regional equity of applying increases to routes yet to be improved but not to recently upgraded sections – and detailed consultation with rail users before their support could be assumed. Our understanding is that the Scottish Government opposes road user charging and SCDI would question the rationale for applying this principle only to the rail network and not to enhancements in the road network when the Scottish Government's policy is to promote modal shift from road to rail and it would make rail less competitive.

22. What should the difference be between peak and off-peak fares? Will this help encourage people to switch to travelling in the off-peak?

42. SCDI's survey asked whether businesses would continue to travel during peak times or switch to travelling off-peak if the difference between peak and off-peak fares was increased. Only a third that that this would encourage them to switch to travelling in the off-peak. This finding was consistent for every Scottish region. Many businesses commented that their meetings are not flexible and, therefore, their travel cannot be flexible. Others pointed out that there would be a cost to them personally or their business by starting or finishing early or late. This is especially true over long distances where it can mean more time out of the office.

43. A number of businesses from the North of Scotland pointed out that longer distance trains arrive and leave Central Scotland at peak times with commuters.

44. There are businesses which already travel plan to take advantage of off-peak fares. The survey found that more would be likely to do so with more difference.

45. However, broadly, it suggests that a greater differential may not be effective in making better use of capacity. It would increase the costs to passengers and businesses and runs the risk of pricing some off the railways and into their cars. There may be a need to be more radical, for instance by trialling in Scotland the South Australian experiment of free rail travel for all before 7.00 in the morning.

46. Increased capacity on the especially crowded Edinburgh-Glasgow express may need to be created through a combination of higher frequency (the Edinburgh-Glasgow Rail Improvement Programme) and the creation of competitive alternative city-centre to city-centre options to the Falkirk High route i.e. through price differential with the other routes and/ or by offering faster journey times on the other services, especially those between Edinburgh and Glasgow Central.

47. Capacity issues which are caused by the exceptional demand generated by a specific major event around Scotland could be addressed through the provision of a spare, "go anywhere" train set which would complement existing services.

Scottish stations

23. How should we determine what rail stations are required and where, including whether a station should be closed?

48. SCDI supports the view expressed in the consultation that the railway network is dynamic. The expansion of the network and growth in passenger numbers suggests that, on balance, the number of stations should increase, but stations should also be closed where they no longer serve an economic or social need.

49. SCDI supports proposals for new stations where they would support sustainable economic growth (through enhancing integration with other transport modes or improving access to a key business location) or serve an expanding population area. Strategic and local development plans should show where this will occur. Service patterns at new stations should be designed to avoid slowing end-to-end journey times, particularly on intercity routes and as far as possible development plans should aim to encourage growth in rail corridors around existing stations.

50. There are a number of well-known examples of stations with very low footfalls in communities which are costly to maintain and with alternative public transport options. These should be considered for closure. However, cost-benefit cannot be the only consideration for many other stations, especially in rural areas. These communities often have no other public transport options. The stations may also help to generate vital income for businesses during the tourist season. Before full closure is considered, reductions in the running costs at stations and/ or timetabling changes/ request stops should be implemented. Network Rail's review of variations to group standards at low footfall stations could potentially unlock significant savings. Where closure is justified, there should be guarantees of equivalent connectivity through bus services where these do not already exist.

24. What are the merits or issues that arise from a third party (such as a local authority or local business) being able to propose, promote and fund a station or service?

51. Third parties should be able to propose a station or service where they can provide evidence of an economic and/ or social need. Discussions need to involve Transport Scotland, Regional Transport Partnerships, Network Rail and the franchisee. The impact on priorities for transport policy and the route, such as interurban journey times and freight, need to be considered. It should be possible for third parties to fund trial services. The criteria to judge the success of the trial should be clearly stated in advance and the evaluation should identify whether or not they will be sustainable in the longer term. While third parties are able to promote and fund a station, it will be the franchisee and the infrastructure manager which is responsible for any long term costs. It must be sustainable.

25. Should only one organisation be responsible for the management and maintenance of stations? If this was the franchisee how should that responsibility be structured in terms of leasing, investment, and issues relating to residual capital?

52. The franchisee should be responsible for the management and maintenance of stations, with investment approved by Transport Scotland and Network Rail.

26. How can local communities be encouraged to support their local station?

53. Further promotion of the successful Adopt a Station scheme would be supported. There is scope for more community involvement, but the management and operation of stations should continue to be the responsibility of the franchisee.

27. What categories of station should be designated and what facilities should be available at each category of station?

54. The categorisation of all of Scotland's stations appears to be complex given the wide range of and multiple functions that stations of different sizes may perform.

55. City centre stations should have facilities which enable people to work productively, including the provision of a First Class waiting facility. Cycling facilities should be available at tourist and commuter stations, and parking facilities at commuter stations should be designed to encourage modal shift.

Cross-border services

28. Should cross-border services continue to go north of Edinburgh? In operating alongside ScotRail services, how do cross-border services benefit passengers and taxpayers? And who should specify these services, the Department of Transport or the Scottish Ministers?

56. As SCDI and many businesses and organisations, including the Scottish Government, stated very clearly when through services to/ from Aberdeen and Inverness were threatened following Sir Andrew Foster's review of the InterCity Express Programme, that these are key services which must be maintained.

57. SCDI's Rail Survey found that 92% of respondents from North East Scotland said that they used cross-border services, with 72% saying that they were their preferred option for journeys to Central Scotland and 53% saying that they used them for direct connections with England. The "normal journey" for 59% of respondents is within Scotland and cross-border for 41%. Nearly three-quarters (71%) said that connecting to/ from ScotRail services at Edinburgh would make them less likely to travel by train. For the Highlands, 70% used cross-border services, with 85% saying that they were their preferred option for journeys to Central Scotland and 30% saying that they used them for direct connections with England. The "normal journey" for 86% is within Scotland and cross-border for 14%. Half said if this service was ended they would be less likely to use the train.

58. Cross-border services are, therefore, clearly of benefit to significant numbers of businesses to the north of Edinburgh. They provide an alternative to aviation at a time when the slots for Aberdeen/ Inverness and London appear to be threatened and for those businesses which encourage rail rather than air travel. They also ensure resilience for Scottish businesses and the economy at times when aviation is not possible, as was demonstrated at the time of the ash cloud.

59. It is important that "cross-border" is not only regarded as North of Scotland-London. Significant numbers of passengers, especially in the oil and gas sector, travel between Aberdeen and Newcastle/ North East England. The National Planning Framework 2 highlights the East Coast corridor between Aberdeen and Newcastle as offering opportunities to develop knowledge economy links based on the expertise associated with the energy and offshore industries and the universities of Aberdeen, Dundee, St. Andrews, Edinburgh and Newcastle.

60. Cross-border services have far greater capacity than ScotRail services and if they were no longer an option, there would be an immediate need to provide sufficient, high-quality capacity and ensure that capacity would be available in the event of future events affecting aviation. It is also likely that the connectivity and capacity offered by them is more attractive to potential visitors to Scotland. All these benefits to passengers, ultimately, benefit the economy and taxpayers.

61. Overall, over half of respondents to SCDI's survey said that they would be less likely to travel by train if they needed to use ScotRail rather than cross-border services. This suggests that discontinuing services north of Edinburgh would, rather than increasing ScotRail's revenue by an equivalent amount, lead to a loss of passengers from the rail network to other modes and, in consequence, a reduction in business productivity and an increase in greenhouse gas emissions.

62. SCDI's survey also identifies reasons why cross-border services are preferred for journeys within Scotland, such as greater comfort and the provision of Wi-Fi, First Class capacity and a buffet car. It is felt that the current ScotRail rolling stock is not suitable for the length of Aberdeen/ Inverness-Central Scotland journeys.

63. SCDI does not believe that there is a great need to change the specification of these services. Transport Scotland offers non-binding guidance and should continue to work with operators and others to encourage improvements to services. The UK Government has announced that it will support the continuation of through trains through the purchase of bi-mode trains. Transport Scotland and the Scottish Government should continue to support this procurement process.

29. Or should the cross-border services terminate at Edinburgh Waverley, allowing opportunities for Scottish connections? And if so, what additional benefits would accrue from having an Edinburgh Hub?

64. SCDI does not support the termination of cross-border services at Edinburgh Waverley. It does not believe that there would be opportunities for Scottish connections which would be regarded as compensating for the loss of seamless cross-border services and the capacity/ facilities offered by these trains.

65. The views and priorities of passengers should not be overlooked. Cross-border services offer a degree of competition on both these routes and their loss would reduce the incentive for ScotRail to innovate and to improve its services. As previously highlighted, the result would be a loss of passengers to the railway.

66. Rather than the creation of an 'Edinburgh Hub', the Scottish Government and Transport Scotland should keep up the pressure on the UK Government on the procurement of bi-mode trains, and focus on the replacement or refurbishment of ScotRail's rolling stock and accelerating the improvements and electrification of the lines. Priorities for the rolling stock are also identified in SCDI's survey.

67. Following the development of a UK high-speed rail network including Central Scotland, an 'Edinburgh Hub' would become a necessity. With the planned rolling stock and journey time improvements north of Edinburgh and the availability of high-speed trains to the south, this concept would become more acceptable to business passengers. However, this appears unlikely to be in place pre-2030.

Rolling stock

30. What alternative strategies or mechanisms could be used to reduce the cost of the provision of rolling stock?

68. In theory, in the same way that the Scottish Government, through Caledonian Maritime Assets Ltd, owns ferry vessels, it could borrow funding through the NPD model to buy and own the rolling stock which it then provides to the franchisee.

31. What facilities should be present on a train and to what extent should these facilities vary according to the route served?

69. A good level of comfort, cleanliness and facilities should be provided on all trains. In SCDI's survey, Wi-Fi was identified as the highest priority facility for working productively, followed by access to a table, mobile phone connectivity, sockets on standard class and First Class capacity. There were some regional differences. For the North, where a higher proportion of respondents could be expected to travel longer distances, in the Highlands sockets on standard class came above mobile phone connectivity and for the North East access to a table came above Wi-Fi and First Class capacity came above sockets on standard class. This suggests that over longer distances, business class is particularly important. Catering facilities would also be a higher priority for journeys of two hours or more. Respondents also commented on the need for clean toilets.

70. In SCDI's survey, we asked specifically about the quality of trains on Aberdeen-Central Scotland, Inverness-Central Scotland and Aberdeen-Inverness routes. Those responding "good" was below 20% in each case (and as low as 8% for Aberdeen-Inverness compared to "poor" for 22% on Aberdeen-Central Scotland, 28% for Inverness-Central Scotland and 50% for Aberdeen-Inverness. SCDI's asked about priorities for refurbishment. The three highest priorities identified were greater ability to get a seat, greater ability to work and digital connectivity. HITRANS has commissioned work to investigate the options in more detail.

71. Cycle spaces are especially important for tourist routes and will become more so for commuter services as cycling is promoted in communities and by businesses.

<u>Passengers – information, security and services</u>

32.How should we prioritise investment for mobile phone provision and / or Wi-Fi type high-bandwidth services?

72.Both are important for working productively and improving the attractiveness of rail. In SCDI's survey Wi-Fi was identified as the highest priority facility for working productively, followed by access to a table and mobile phone connectivity. These were the three highest priorities in each of the regions, apart from in the Highlands and Islands where sockets on standard class came above mobile phone connectivity. In Strathclyde, mobile phone connectivity was by far the highest priority. Wi-Fi is already being offered on the bus network and SCDI welcomes the trials of Wi-Fi on trains. The Cities Strategy states that the Scottish Government and the Six Cities will work collectively on improved mobile coverage along main transport links. Wi-Fi and mobile phone provision should become a requirement on all new rolling stock as funding becomes available.

33.How should we balance the need for additional seating capacity and retain the flexibility of a franchisee to offer first-class services if commercially viable?

73.In SCDI's survey, 62% of respondents supported the proposition that First Class should be removed on services to reduce standing in Standard Class. However, there were marked regional disparities. In the North East, 62% opposed this idea with opinion roughly split in the Highlands. In the South East, Tayside and Central, and (especially) Strathclyde there was strong support. This reflects the greater need of First Class to work productively on longer distance trains. Further differentiation between commuter and longer-distance services may help.

74.There is some demand for First Class in all parts of the country and it should be recognised that it provides an important revenue stream for the franchisee.

34.What issues and evidence should be considered prior to determining whether or not to ban the consumption of alcohol on trains?

75.The views of passengers, the wider public and police need to be considered. It would be useful to understand whether some people who do not use the railways are put off by the over-consumption of alcohol by others. The views of visitors to Scotland are also relevant, particularly on those routes which attract tourists.

35.How can the provision of travel information for passengers be further improved?

76.The provision of travel information, particularly real-time information, needs to keep pace with technological changes. The availability and accuracy of onboard information was not identified as a high priority in SCDI's survey which may indicate that most passengers are generally content with the improvements being

made. More needs to be done at times of disruption to ensure that staff onboard and within stations are able to update passengers with the latest information.

Caledonian Sleeper

36. Should we continue to specify sleeper services, or should this be a purely commercial matter for a train operating company?

77. Sleeper services should be maintained. SCDI's rail survey shows that 60% of those who use the service believe that its removal would disadvantage their business. If the service was discontinued, 80% would fly instead, 44% would arrange more overnight stays, 21% would arrange fewer meetings in London and 17% would use rail during the day. Therefore, its removal would have implications for greenhouse gas emissions, business costs and business links. The option to fly instead depends on the availability of suitable slots in London.

37. Should the Caledonian Sleeper services be contracted for separately from the main ScotRail franchise? Or should it be an option for within the main ScotRail franchise?

78. SCDI believes that there is potential for the Caledonian Sleeper to be operated a separate franchise which may attract a specialist operator to grow the business.

79. Services are integrated with the ScotRail timetable. This should be maintained.

38. We would be interested in your views in the level and type of service that the Caledonian Sleeper Services should provide. Including:

- **What is the appeal of the Caledonian Sleeper Service, and if there were more early and late trains would the appeal of the sleeper services change?**

80. SCDI understands that passenger numbers for sleeper services have increased by 31% in the last 6 years. As with all cross-border services, there is particularly high demand - and resilience benefits - at times when aviation cannot operate.

81. SCDI's survey found that 80% of respondents said that they used sleeper services due to the arrival time in London, 47% for the departure time from London, 47% to avoid the cost of a London hotel and 24% for environmental reasons. Sleeper services provide city-centre to city-centre connectivity which can be preferred to a flight and also serve some communities which are a long way from the nearest airport. At over 90% of respondents, the arrival time in London was more important for businesses in Strathclyde, the Highlands, and North East than the South East, which may reflect the availability of the new fast, early morning Edinburgh to London service. The departure time from London appears to be a lower priority for passengers in Strathclyde than other regions.

82. More early and late trains may change the appeal of sleeper services to and from Central Scotland. However, the relatively high number (64%) of businesses from

South East Scotland, the region of Scotland with a fast, early morning, which say that the removal of sleeper services would disadvantage their business, indicates that, for some, the appeal/ value of the sleeper service may not be diminished.

- **What is the value of sleeper services to Fort William, Inverness and Aberdeen and are these the correct destinations, for example would Oban provide better connectivity?**

83. For the North, early and late trains appear unlikely to be realistic options. Sleeper services provide the means of early arrival in/ late departure from London by rail. For Fort William, furthermore, there is no easily accessible aviation alternative. The possibility of later departure times for the sleeper services, while retaining early arrival times in London and in the North, would be supported if feasible.

84. It would be worth considering whether the Fort William service could run alternately with a service to Oban (for connections to the islands). A connection at Crianlarich could ensure a service to the town which not was being directly served. The West Highland service could be better marketed to visitors, working with the local tourism industry to offer packages including nights on the sleeper.

- **What facilities should the sleeper services provide and would you pay more for better facilities?**

85. SCDI warmly welcomes the commitments by the UK and Scottish Government to £50m funding each to improve sleeper services. In SCDI's survey, the highest priorities for refurbishment were en suite facilities and improved beds, followed by quieter coaches and digital connectivity. Nearly two-thirds of respondents said that they would be prepared to pay more for better facilities, with majorities in the Highlands (57%), South East (68%) and North East (77%), and a minority in Strathclyde (45%). The funding from both Governments should, hopefully, offer the opportunity to improve sleeper services without increases in ticket prices which might price some existing, or potential, users off the sleeper services.

86. HITRANS' recent report provided a great deal of information on developments with sleeper services in Europe and insights into trends affecting future demand.

Environmental issues

39. What environmental key performance indicators should we consider for inclusion in the franchise agreement or the High Level Output Specification?

87. Indicators could include modal shift from road, energy efficiency and low carbon energy use for travel and for station infrastructure, and the number of cyclists.

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