

Austin Smyth

## Consultation Questions

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### 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?

Q1 comments: Overall there are merits in this proposal. However, to be effective this would require real transparency in both financial and economic costs and benefits by service/route and expertise at TS to ensure the taxpayer and wider society receive maximum value for money

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

Q2 comments: In view of the current political circumstances and the arguments raised in the consultation document there is no demonstrable case for extending franchises. Indeed greater flexibility in provision of services in response to volatile economic conditions is desirable

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

Q3 comments: This is an issue which warrants much more extensive research before a satisfactory conclusion can be reached

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

Q4 comments: Whatever guidelines or regulations are applied in terms of risk of underperformance should be applied in a consistent manner in the case of profits

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

Q5 comments: Potentially there are the merits from a third party (e.g. local authorities and businesses) being able to promote and fund facilities/services. This could include securing reduced costs of delivery and could be of particular importance in securing the social rail sub-network.

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

Q6 comments: The intention to adopt a more outcome-based approach to the

franchise is to be welcomed provided the assessment of outcome encompasses a sufficiently wide range of indicators. This requires establishment of detailed performance statistics on both demand and supply sides as a precursor to setting a series of outcome indicators, capable of being monitored on a rigorous basis. Application of these would require an informed flexibility to be available to operators, that reflect a specified level of risk to both the franchisee and TS. The question of what incentives should be included, and the appropriateness of performance bonds and guarantees requires further investigation.

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

Q7 comments: This requires further investigation.

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

Q8 comments: This requires further investigation.

### **Achieving reliability, performance and service quality**

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

Q9 comments: Both good and poor performance demand incentives/penalties

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

Q10 comments: The performance regime should be applied at a maximum level of service/route level disaggregation.

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

Q11 comments: This requires the application of the wide body of research and market analysis to define performance in terms meaningful to customers/taxpayers

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

Q12 comments: Both are essential. However, competitive journey times are prerequisite for success

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?

Q13 comments: See above

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

Q14 comments: See above

### **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?

Q15 comments: There is a body of research available to inform answers to this question

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?

Q16 comments: This requires extensive analysis. However, more emphasis to inter-modal interchange arrangements is strongly recommended. There are major weaknesses in inter-modal interchange arrangements within the Scottish transport system

17. 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?

Q17 comments: This will depend upon whether the service is part of the social rail sub-network or constitutes an element of the economic rail sub-network

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

Q18 comments: One in keeping with a more outcome-based approach to the franchise that encompasses detailed performance indicators on both demand and supply sides, capable of being monitored on a rigorous and regular basis.

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

Q19 comments: See above

### **Scottish rail fares**

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

Q20 comments: Fares policy should reflect the wider economic environmental goals set for the rail system, consistent with funding constraints and demonstrable value for money based on rigorous application of investment/revenue support evaluation

21. 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)?

Q21 comments: see above in relation to economic and social rail sub-networks

22. 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?

Q22 comments: This requires detailed investigation with particular reference to identifying the cost base of Scotland rail system, benchmarked against similar systems, with view to securing reductions in costs and related subsidy requirements.

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

Q23 comments: See research evidence on this

## **Scottish stations**

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

Q24 comments: No specific comment

25. 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?

Q25 comments: see above

26. 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 value?

Q26 comments: No specific comment

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

Q27 comments: No specific comment

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

Q28 comments: No specific comment

## **Cross-border services**

29. 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?

Q29 comments: Decision should be informed by robust evidence base

30. 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?

Q30 comments: Decision should be informed by robust evidence base

## **Rolling stock**

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

Q31 comments: Decision should be informed by robust evidence base

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

Q32 comments: No particular comment

## **Passengers – information, security and services**

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

Q33 comments: See research evidence

34. 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?

Q34 comments: Decision should be informed by robust evidence base

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

Q35 comments: Decision should be informed by robust evidence base

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

Q36 comments: See research findings

## **Caledonian Sleeper**

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

Q37 comments: This would need to be part of the social railway

38. 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?

39. As part of the social rail sub-network the Caledonian Sleeper services should form an element of the main ScotRail franchise?

40. 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?
- 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?
- What facilities should the sleeper services provide and would you pay more for better facilities?

Q39 comments: Decision should be informed by robust evidence base including potential contributions to tourism potential, social accessibility and as an alternative to air services (both where these are available and where no such facility exists)

### **Environmental issues**

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

Q40 comments: These should be based on principles set out in STAG