THE SCOTTISH MINISTERS’ HIGH LEVEL OUTPUT SPECIFICATION
1. **Ministerial ambitions for Scotland’s railways**

1.1 The updated Government Economic Strategy (GES)\(^1\) set out how the Scottish Government will continue to deliver on the purpose set in 2007 to make Scotland a more successful country with opportunities for all to flourish, through increasing sustainable economic growth. The rail industry has a critical role to play in this by delivering high quality rail infrastructure and services:

- which are attuned to Scotland’s needs
- which are efficient and represent good value for money for passengers, freight customers and taxpayers
- which support our businesses and communities by connecting towns, cities and rural areas
- which support a greener Scotland by offering real alternatives to road and air travel, including the transportation of goods
- which allow us and our visitors to enjoy all that Scotland has to offer

1.2 It is our ambition that Scotland’s railways are a source of pride, with an international reputation for efficiency and service, supporting sustainable economic growth to make Scotland a better place to live and a more competitive place to do business.

1.3 This government has made record levels of investment in support of its ambitions for rail, including new passenger lines to Alloa and between Airdrie and Bathgate, new trains, new services and new stations. The number of rail passenger journeys has also increased by 30% since 2004, and passenger satisfaction rates are consistently high.

1.4 It is in the context of this ambition and on the record of investment and expansion of rail in Scotland under this government that we publish this HLOS and set out our plans for continued investment to support growth over the period 2014-2019.

2. **Legislative context**

2.1 In accordance with their duties under the terms of Paragraph 1D(2) of Schedule 4A to the Railways Act 1993\(^2\), the Scottish Ministers are submitting this High Level Output Specification (HLOS) to the Office of Rail Regulation (ORR) in support of their periodic review of track access charges and of Network Rail’s revenue requirements and regulatory outputs for the period 2014-2019 (Control Period 5).

2.2 With respect to the functions and powers transferred to them under the Railways Act 2005, this document specifies what the Scottish Ministers require the rail industry to achieve with regard to the rail network in Scotland during Control Period 5. In addition, and as far as is possible, it also outlines the

---


\(^2\) Inserted by paragraph 2 of Schedule 4 to the Railways Act 2005
public financial resources which are, or are likely to become, available to support that activity.

2.3 The Scottish Ministers reserve the right to vary the outputs specified in section 3.6 below so as to ensure consistency with the specification for each franchise let by the Scottish Ministers. Should this be required, they will notify the Office of Rail Regulation in writing within a sufficient timescale which is designed to enable this to be reflected in the planning processes for Control Period 5.

3. Requirements of the Scottish Ministers

3.1 The specification is written on the basis that Network Rail will deliver in full the outputs expressed in the ORR’s Final Determination for Control Period 4 (2009-2014), but it is recognised that at the time of publication this has still to be determined.

3.2 All new and enhanced parts of the network delivered in Control Period 3 and Control Period 4 which have previously been subject to interim funding arrangements with respect to construction, operations and maintenance should now be treated in the same way as the rest of the network and any residual responsibilities and liabilities arising from these projects residing with the Scottish Ministers shall transfer fully to Network Rail.

Improving journey times

3.3 Fast and efficient rail services across Scotland, between Scotland and the rest of the UK and beyond are vital to opening up new markets and business opportunities, driving up competitiveness and increasing access to employment and education.

3.4 In support of the Scottish Ministers’ strategy to improve journey times and connections, a clearly defined and measurable process for Control Period 5 should be developed which will enable all opportunities for journey time improvements through planned works, network maintenance, network changes, timetabling and signalling exercises to be explored and implemented where they offer best value for money. The outcome of the process should be a demonstrable improvement in average journey times across service groups, measured against the timetable in place at the date of the publication of this HLOS and any improvements introduced between then and the 31 March 2014. These should be in addition to those journey time improvements secured through the enhancement projects specified at sections 3.16 to 3.20.

A greener Scotland

3.5 Under the terms of the Climate Change (Scotland) Act 2009, the Scottish Ministers seek to reduce overall greenhouse gas emissions. In support of this, the Scottish Ministers seek a continuous and sustained carbon reduction per train kilometre and freight tonne kilometre in the operation, maintenance, renewal and enhancement of the network which is in line with the Key
Performance Indicators (KPIs) set by the Office of Rail Regulation for Control Period 5.

The required capacity and capability of Scotland’s rail network

3.6 The Scottish Ministers require that the capability of the network will be maintained as a minimum throughout Control Period 5 at a level which will satisfy all of the track access rights of all operators in place at the date of the publication of this HLOS and any rights secured between then and the 31st March 2014. This includes any track access rights which have been applied for before the 31st March 2014, but which are not granted until after the start of Control Period 5.

Ensuring a high performing rail network

3.7 The Scottish Ministers expect a consistently high level of performance from rail services in Scotland for the benefit of passengers and freight users in Control Period 5 which builds and improves upon what is expected to be achieved by the end of Control Period 4.

3.8 The Scottish Ministers therefore require that the outputs of the network will be maintained in such a manner as to enable the operators of each franchise let by the Scottish Ministers to achieve a Public Performance Measure (PPM) of 92.5% by the end of Control Period 5, with a minimum PPM of 92% achieved across each year of that Control Period. The Scottish Ministers also require that the outputs of the network will be maintained in such a way as to recognise the position of other operators on the network.

3.9 In support of the delivery of the PPM, the Scottish Ministers will also require Network Rail to work with its industry partners to develop key performance indicators which as a package:

- encourages and facilitates outperformance of PPM, as outlined above
- measures and improves performance on ‘right time’ measures over the lifetime of the Control Period
- are not to the detriment, and where possible improve, the level of service provided to other operators
- reflects the impact of performance on passenger experience
- reflects the economic value of services, disaggregated by Scottish service group, or line, or time period or a combination of those things
- are sufficiently flexible to take account of periods of severe disruption, with a focus on working with all affected operators in those circumstances to provide the best service possible for rail users
- do not add additional expenditure to the baseline costs of the Scottish operating route
Maintaining Scotland’s railway stations

3.10 All stations shall be maintained to an average asset condition as in place at the 31st March 2014 and in a manner that facilitates the operator of the ScotRail franchise to fulfil its obligations under the current or any future Service Quality Incentive Regime (SQUIRE).

Supporting cross border rail services

3.11 Cross border rail services provide vital connections for passengers, key routes to market for freight users and contribute to regional economic development, including within Scotland. In support of this, the Scottish Ministers require that where maintenance, renewal or enhancement activity is required on cross border routes, at least one of those routes will be planned to be available at all times for the passage of timetabled sleeper, passenger and freight services through to London without the need for change.

3.12 In terms of franchised operations, journey times on the open route through to London should be no greater than the relevant service level commitments or equivalent as specified by the Scottish Ministers or the Secretary of State for Transport at the date of publication of this HLOS. In line with the arrangements in place for Control Period 4, where circumstances require short-duration, minor variations to this position, the Scottish Ministers should be advised as far in advance as is practicable.

Safety on Scotland’s railways

3.13 The Scottish Ministers are committed to ensuring a safe rail network in Scotland. It remains the responsibility of the Secretary of State to specify general safety requirements for the whole of the GB rail network and the Scottish Ministers will work closely with the Secretary of State to ensure that the interests of Scotland’s railways are fully reflected.

Background growth in the Scottish network

3.14 Given the Scottish Ministers’ ambition for rail and the considerable ongoing investment in services, it is anticipated that demand for rail will continue to grow substantially over Control Period 5 and beyond. Sections 3.16 to 3.20 outline specific capacity interventions which will support the overall growth in demand. It is assumed, however, that background growth will be accommodated, where possible, through effective and efficient use of the existing infrastructure. This specification assumes a background growth of at least 15% in passenger kilometres over Control Period 5 plus additional route-based growth supported through the specification of the ScotRail franchise.

Increasing the capacity and capability of the Scottish network

3.15 This section contains outputs which will generate additional growth beyond background growth and support the delivery of passenger train services through the provision of additional network capacity and capability. The approach taken
to delivering these outputs, along with the approach to the maintenance and renewal of the network in Control Period 5, should be consistent with planned or expected activities in Control Period 6 and beyond.

3.16 The Scottish Ministers require Network Rail to deliver the following outputs on the basis of separately agreed enhancement specific commercial submissions.

3.16.1 Edinburgh to Glasgow Improvements Programme (EGIP), supporting improved train and passenger capacity, reduced journey times between the two cities, and reduced emissions within the corridor.

3.16.2 Completion of the Borders Railway, supporting the reinstatement of the former Waverley line between Edinburgh and Tweedbank.

3.17 The Scottish Ministers require Network Rail to deliver by the end of Control Period 5 the following outputs to support the ambitions set out in the Scottish Government Infrastructure Investment Plan 2011.

3.18 Aberdeen to Inverness Rail Line Improvements Phase 1, delivering the network capability to enable the operation of enhanced commuting services into both cities, working with station promoters to enable them to deliver Kintore and Dalcross stations, and enhancing the end to end service to support the longer term objective for an hourly interval service between the two cities with an average day journey time, calling at all stations, of around 2 hours.

3.19 Highland Main Line Rail Improvements Phase 2, supporting an hourly train service in both directions between Inverness and Perth extended to either Glasgow or Edinburgh with an average end-to-end journey time reduction of around 10 minutes in both directions (measured against the timetable in place on the date of the publication of this HLOS or any improvements introduced between then and the 31st March 2014) and more efficient freight operations that better respond to the demand from freight customers.

3.20 The Scottish Ministers require Network Rail to deliver by the end of Control Period 5 the following outputs on the basis of the Initial Industry Plan 2011:

3.20.1 In support of the Scottish Ministers priorities for reduced carbon emissions, reduced energy consumption and improved accessibility, Network Rail to develop a capability in Scotland and implement a rolling programme of electrification which will cover around 100 single track kilometres per annum commencing from the completion of EGIP. Specific routes should be agreed with the Scottish Ministers in advance but is expected to include the Shotts and Whifflet routes as developed within the Control Period 4 Tier 3 project.

---

3 Infrastructure Investment Plan 2011, Scottish Government, December 2011
4 Initial Industry Plan Scotland 2011, Network Rail et al, September 2011
3.20.2 Motherwell signal box re-signalling and Motherwell Depot stabling improvements to support the more effective operation of train services in the area, improved servicing of trains, and improved track maintenance opportunities.

Flexible, opportunity led improvements to the Scottish network

3.21 The following funds will be established which will support the development of industry led proposals to improve the capacity and capability of the Scottish network:

3.22 Scottish Stations Fund - £30 million. The objective of the fund is to improve the public’s access to railway services. To support this objective the Scottish Ministers would expect that this will fund, or support the funding of:

- improvements to station buildings and facilities
- improvements to passenger facilities at stations supporting long-distance services including the Caledonian sleeper services
- the development of new and improved car and cycle parking facilities
- new stations
- accessibility works

3.23 Scottish Strategic Rail Freight Investment Fund - £30 million. Consistent with objectives of the Scottish Ministers to encourage growth in rail freight and reduce emissions, the Fund should support sustainable transport for freight, thereby reducing the supply chain’s transport emissions and reducing road congestion. The fund will facilitate, or contribute towards, strategic infrastructure interventions on the Scottish network to enable rail freight to deliver against these objectives. This fund does not replace, nor will replicate, the grant elements of the Scottish Government Future Transport Fund, which aim to encourage a shift of freight to rail and water.

3.24 Scottish Network Improvement Fund - £60 million. This will fund, or support the funding of, interventions on the Scottish network which support the development of the capacity and capability of general infrastructure and network communications systems in line with the strategic priorities of the Scottish Ministers, including improved journey times, improved connectivity and resilience. The fund should exploit opportunities available through current or planned works.

3.25 Future Network Development Fund - £10 million. This will fund or support the development of proposals for strategic interventions to improve the capacity and capability of the Scottish network in Control Period 6 and beyond, as expressed in section 3.28.

3.26 Level Crossings Fund - £10 million. The Scottish Ministers will make available this funding, in addition to the baseline funding requirement for level crossing safety in Scotland, to support Network Rail, Local Authorities and other local stakeholders to work in partnership to facilitate the closure of level crossings in Scotland.
3.27 The Scottish Ministers require that governance arrangements for the management of the funds shall be developed which, as a minimum, reflect the following principles:

- simplicity
- evidence based
- additionality
- the benefits to passengers and freight users central to all decisions
- whole industry approach, based on partnership
- encouraging and facilitating third party investment
- responsive, with speed of process and decision making
- clarity on purpose and transparency on outcomes
- consistency with the principles and appraisal criteria as set out in Scottish Transport Appraisal Guidance (STAG)
- key decisions will be taken in Scotland for the benefit of Scotland’s rail users, and will support the policies and priorities of the Scottish Ministers

**Future network developments**

3.28 The Scottish Ministers require the rail industry in Scotland to work together to meet future reasonable passenger and freight capacity requirements. In addition to this, the Scottish Ministers require the following strategic projects to be developed to an appropriate level to inform potential future funding decisions:

- Phase 3, 4 and 5 electrification in line with the conclusions of the STPR
- Aberdeen to Inverness Corridor Improvements Phase 2
- Highland Main Line Corridor Phase 3
- Aberdeen to Central Belt
- Passenger capacity at Glasgow Central, Glasgow Queen St, Edinburgh Waverley and Edinburgh Haymarket, including any requirements resulting from the introduction of High Speed 2 services
- Train handling capability at Glasgow Central, including potential to use the Central low level line for further local services
- Train handling capability at Edinburgh Waverley

**4. Statement of Funds Available**

4.1 The Scottish Ministers identify that the following public financial resources are or are likely to become available to support the activity specified in this HLOS:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>639</td>
<td>664</td>
<td>664</td>
<td>672</td>
<td>684</td>
</tr>
</tbody>
</table>

All values £ millions, cash terms