

## **Report to Partnership Meeting 7 February 2020**

### **RESEARCH AND STRATEGY DELIVERY**

#### **Rail Matters**

##### **Purpose of Report**

This is a consolidated rail report to update Members on ongoing rail activity.

##### **ScotRail franchise**

The third ScotRail franchise awarded to Abellio (Dutch Railways) on 1 April 2015 was a 7-year franchise with the possibility of a 3-year extension. Either party was entitled to terminate the arrangement in March 2022, with two years' notice.

Abellio approached Transport Scotland with a proposal to rebase the franchise i.e. review the subsidy requirement in the future. This was unacceptable to Scottish Ministers who announced in December 2019 their intention not to extend the contract. Michael Matheson said: "We are not satisfied that the significant increase in public subsidy that would otherwise be required would generate commensurate benefits for passengers, communities and the economy."

Abellio ScotRail has just made a £7.9m loss, while borrowing from NS and Abellio has increased to £39m.

What next? Scottish Ministers will hope to hear that the eagerly anticipated Williams Review will result in a change of legislation, allowing franchising to end. Time is tight and while there have been early discussions about a public sector bidder for the franchise (possibly CalMac), there may be a Direct Award to Abellio, in the form of a management contract or an Operator Of Last Resort run by Ministers similar to East Coast when run by Directly Operated Railways (a DfT company). As cuts are politically untenable, we may just end up with Scotland's Railway costing more.

Elsewhere UK Transport Secretary Grant Shapps has announced his intention to axe the Northern franchise, South Western Railway is in financial difficulties, there are mayoral calls for Abellio to be stripped of the West Midlands franchise and Great Western is under scrutiny as their current Direct Award is due to finish in March. We are not alone.

##### **Branchliner**

Following on from work on Timber by Rail in Scotland, and successful events held in Perth and London, we have been working on Branchliner Live. This would test the feasibility of overcoming the current market failure of roundwood by rail by procuring a rake of wagons for collaborative use by the public sector in a similar manner to Lifting

the Spirit. Some early cost modelling has been done, and a preparatory bid may be made to the Scottish Timber Transport Scheme for a small amount of funding to investigate the feasibility of this in terms of wagon availability, train scheduling and market interest. This would require some match funding from HITRANS.

### **Inverness Airport Dalcross Station**

A renewed planning application for what is now a major scheme incorporating a long loop and a two platform station is likely to be submitted in summer this year. While the delay is regrettable, the shift from a single platform is welcomed as it helps to create capacity for a full hourly Aberdeen-Inverness service.

Petty Level Crossing stopping up order will be also sought, and a connection for freight to and from Norbord will be facilitated.

### **Skyefall**

Network Rail, HITRANS and Highland Council are working on a draft report investigating options for operating on the shared road-rail corridor. Once it is completed, further discussions be held with the Office for Road and Rail on safety matters.

## **RISK REGISTER**

### RTS Delivery

Impact – Resilience, safety

### Policy

Impact – Efficiency of transport operations, mode shift

### Financial

Impact – Branchliner requires some match funding

### Equality

Impact – Access to network

## **Recommendation**

1. Members and Advisors are recommended to note the report.

**Report by:** Frank Roach  
**Designation:** Partnership Manager  
**Date:** 28<sup>th</sup> January 2020