

Report to Partnership Meeting 28 November 2014

RESEARCH AND STRATEGY DELIVERY

Rail Franchise Update

Purpose of Report

To provide Members with information on the status of rail franchises

Update

1. Serco have been appointed by Transport Scotland to run the Caledonian Sleeper franchise for 15 years, starting on 1 April 2015. New trains will be built for operation in 2018, featuring pod flatbeds/seats and cradle seats in seated accommodation, new standard class berths and business berths with ensuite facilities. There will also be new Club cars. The trains will continue the current practice of telescoping 5 trains into 2 arrivals in Euston and vice versa with the same calling pattern as today. Serco are to base their main office in Inverness. Further information appears below.

2. Abellio, the UK arm of Nederlandse Spoorwegen, have been appointed by Transport Scotland to operate the ScotRail franchise for ten years from 1 April 2015, with a possible break point at five years. The press release appears below, along with Transport Scotland's own brochure highlighting benefits for the HITRANS area. HITRANS officers will hope to enjoy the same level of successful engagement that they experienced with the incumbent operator, First. Further information appears below.

3. First Group, Keolis Eurostar and Stagecoach/Virgin are shortlisted for the East Coast franchise which is expected to be announced this month. The bidder will introduce new Inter City Express Trains. The 8 year franchise covers services from London to Edinburgh via stations including Peterborough, York, Newcastle and Berwick-upon-Tweed, with a major branch to Leeds. A few trains continue from Edinburgh to Glasgow, Aberdeen and Inverness. The total route lengths is 1480km. East Coast had an operating profit of £183m in 2012-13. Key points include:
 - New fleet of 43 Hitachi Super Express Trains as part of the DfT's Intercity Express programme
 - Continuation of services to all destinations served by current franchise
 - Options for introducing new services including London to Huddersfield, Scarborough, Harrogate, Middlesbrough, and Sunderland
 - Faster average journey times for services from London to Leeds and Edinburgh from May 2020
 - Introduction of a new innovation fund

Recommendation

1. Members are asked to note the report.

Risk	Impact	Comment
RTS delivery	√	This project fits well with a number of RTS Horizontal themes.
Policy	√	This project has integration and environmental benefits.
Financial	√	This project is fully funded
Equality	-	No impact on equalities issues.

Report by: Frank Roach
Designation: Partnership Manager
Background Papers: Franchise Announcement Press Releases
Date: 19 November 2014

OCTOBER 8th, 2014

SCOTRAIL FRANCHISE: PRESS RELEASE

ABELLIO AWARDED CONTRACT TO OPERATE SCOTLAND'S NATIONAL RAILWAY, SCOTRAIL

Dutch passenger transport group Abellio welcomed the decision of Transport Scotland today to award them the opportunity to run the next ScotRail franchise.

Jeff Hoogesteger, CEO of Abellio Group, said of the decision, "This is a huge day for Abellio and indeed the Netherlands which has such a rich history of commercial and cultural trade with Scotland. Abellio is delighted and incredibly excited to have been given this opportunity to manage Scotland's national rail network. For two years our team has been on a journey across Scotland and met people from the Borders, across the seven cities and to the very peak of the Far North Line so that we could prepare a plan that would meet and exceed the expectations of the Scottish Government.

"We look forward to delivering significant new benefits for passengers under the next franchise. Highlights will include new trains between Glasgow and Edinburgh, upgraded intercity services, better connectivity and journey times, innovative new fares, major station investments, a £1m community rail programme, and an employee gain share scheme."

Dominic Booth, Managing Director of Abellio UK added, "We would like to congratulate Transport Scotland on a transparent and extremely robust procurement process underpinned by a very clear vision of the role of the next franchise in driving long term socio-economic development. Abellio's record of collaborative, partnership working rests at the heart of our commitment to deliver that vision.

"With a population of 5.3 million and 82.5 million passenger journeys a year on ScotRail not once did we underestimate the challenge of delivering a high quality service to existing passengers while encouraging more people to use the network."

Our plans to transform the ScotRail franchise for passengers include:

Brand new trains operating between Edinburgh and Glasgow as part of the EGIP project

- Eighty new trains due to arrive at start of December 2017
- Free Wi-Fi capability throughout all carriages
- Enhanced catering service for passengers

A true intercity offer Scotland can be proud of: Transformation of the quality of inter-city services by introducing a fully refurbished fleet of HSTs by December 2018 to connect the seven cities. The refurbishment will deliver:

- high quality on-board service, buffet and at seat catering
- a proper First Class offer for business travellers



- more toilets, luggage space and bike accommodation
- improved journey times and connectivity between the key cities

A major investment programme for the flagship stations:

- Aberdeen: major investment in concourse and retail development to improve links between the station and Union Street
- Inverness, Perth and Stirling: major investment in retail improvement schemes
- Introduction of our “Stations2Stations” business centres to facilitate working at stations

Exciting new fares offering excellent value for money for passengers:

- A standard class fare between any two Scottish cities starting at £5
- A new first class advance fare of £7.50 on the same routes
- A new carnet to allow customers to choose where they want to travel , how many tickets they want to buy and how long they need them to be valid
- Launch of Club50, a significantly improved version of Club55

A flagship £1m national community rail programme to deliver the Scottish Government’s commitment to encourage and facilitate deeper community engagement:

- Delivering 10-15 new Scottish Community Rail Partnerships
- Stimulating volunteering and enhancing the station adoption programme
- Community outreach programmes and Community Ambassadors to promote the value and benefits of rail travel

Working with partners to attract international attention to the scenic beauty of Scotland’s railways with major upgrades to Scotland’s scenic trains to enhance the tourist experience:

- Specially refurbished trains to align seats with windows
- More luggage, cycle and ski storage
- Additional service to Oban in peak season
- A Tourist Ambassador and improved on board catering that showcases local Scottish produce
- Special events in the low season to attract customers

A new transport integration programme focused on key interchanges including those with ferries, buses and airports:

- More through tickets that combine rail travel with bus, sail and air travel
- Expansion of multimodal products on Smartcards, including cycle hire and car parking
- Better multimodal information through staffed desks at 10 interchange stations, improved staff training, and our “Journey Companion” planning app
- More car parking and the introduction of “Cab and Go”
- A £520K station travel planning programme for 30 stations

Based on our Dutch experience we will deliver the UK’s most extensive cycle/rail network:

- £1.6m investment in more cycle parking spaces:



- New, fully staffed Dutch style “Cyclepoints” at the key city hubs and “Cycleparks+” at five others
- Bike&Go cycle hire scheme at 10 stations, for only £3.80/day hire charge
- Improved off peak cycle capacity on trains

Investments in staff health training, technology and incentive schemes

- Customer service training and a gain share initiative to incentivise staff to achieve performance targets
- Optional lifestyle checks and flu jabs for frontline staff.
- Health and wellbeing trainers to assist staff with stress management, quitting smoking, better nutrition and exercise.
- Recruitment of 10 new apprentices every year targeted in areas of high unemployment

New investment in accessibility and sustainability measures to help Scotland meet national targets:

- More step free stations and prioritised investment of Access for All funds in other station schemes
- 400% increase in Blue Badge parking and specialist way-finding at stations
- Specialist staff training and a new “Passenger Assist” app to allow staff to track disabled passengers throughout their journey
- 37% reduction in traction CO2 and a 15% reduction in non-traction CO2 emissions
- An innovative Sustainable Development Enterprise Unit to promote economic growth and sustainable transport use across the network

Abellio will also put in place a true Deep Alliance with our partners Network Rail to drive improved performance for passengers and combined efficiencies through the life of the franchise

In closing Mr Hoogesteger added, “Abellio is a subsidiary of the Dutch national rail company Nederlandse Spoorwegen (NS). With a pedigree stretching back over 175 years, NS is one of the oldest and most experienced rail companies in the world. We now look forward to bringing every part of that experience to the management of Scotland’s national railway to make it a world class exemplar for the future of passenger rail services.”

Highlands, Moray and Argyll (HITRANS)

- Hugely popular high speed trains with improved facilities, galley catering, more comfort and greater security for passengers between Inverness and Aberdeen and Inverness and the central belt
- Timetables which can accommodate future stations at Kintore and Dalcross
- Partnership working to deliver a new entrance façade and concourse at Inverness
- Staffed information desk at Inverness
- Hourly high speed service between Inverness and Perth (extended to either Glasgow or Edinburgh) by 2019 with at-seat and galley catering
- Scenic railway service on West Highland, Far North and Kyle lines
- Clearing vegetation to enhance views on the West Highland line.

SERCO Press Release Date : 28 May 2014

Serco Group plc, the international service company, has been selected by Transport Scotland to manage the new 15-year franchise for the Caledonian Sleeper service which is to be operated separately from the main ScotRail franchise. From April 2015, Serco will be responsible for operating all aspects of the Caledonian Sleeper including marketing, sales, passenger services, station facilities and fleet maintenance. To meet Transport Scotland's aim of transforming the service, over £100m will be invested in new rolling stock which, together with many other innovative changes, will give a dramatically improved customer experience. The Sleeper service provides a vital connection between London and Aberdeen, Edinburgh, Fort William, Glasgow, Inverness and many other of Scotland's main towns and cities.

Total revenue to Serco over the 15-year franchise period is estimated at up to £800m, of which approximately £180m will be in the form of franchise payments. A gain share agreement is included to incentivise performance improvements.

The new fleet, representing an investment of over £100m, is expected to be introduced by the summer of 2018. Reflecting their aspirations for the service, this is part-funded by a £60m capital grant from Scottish Ministers. The fleet, to be built by leading rolling stock manufacturer CAF, will be leased to Serco by Beacon Rail. Significant improvements include en-suite berths, Pod Flatbeds used for the first time in rail, and a brasserie-style Club Car. Customers will also benefit from being able to book through a new website with a much broader range of fares, earlier boarding of the trains, the ability to manage their journey virtually and use of many other new service features.

The new Caledonian Sleeper franchise is centred on creating an outstanding hospitality service that is emblematic of the best of Scotland. Serco will improve significantly the guest service using our extensive transport and tourism experience, together with that of our partners including

leading Scottish hotel business Inverlochy Castle Management International (ICMI) and the Michelin-starred chef Albert Roux OBE KFO. Serco also plans to promote and support Scottish enterprise by sourcing local products and produce from small and medium-sized businesses. These changes, combined with the new sales and reservation system and other improvements in marketing, are anticipated to provide greater market penetration and growth in passenger numbers from UK residents travelling on business or leisure, as well as international tourists.

Rupert Soames, Serco Group Chief Executive Officer, said: "Serco has a strong track record of providing high quality and efficient rail services around the world, as well as experience in managing large-scale tourism-focussed transport services. I am delighted that we can use this unique blend of expertise to transform the iconic Caledonian Sleeper into a modern, high quality hospitality service to make Scotland proud. Serco has a very constructive relationship with many parts of Scottish Government and already operates essential public transport and many other services. With 3,000 Serco employees living and working in Scotland, we are tremendously excited to be delivering these new developments and meeting the vision of Transport Scotland."