

## **Report to Partnership Meeting 16 November 2018**

### **RESEARCH AND STRATEGY DELIVERY**

#### **Public Sector ScotRail Franchise Bidder**

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

To update Members on proposals for a Public Sector ScotRail Franchise Bidder.

The proposal to allow a Public Sector Bidder to compete for the ScotRail franchise was announced in the 2017-18 Programme for Government following as a result of the Smith Commission and the 2016 Scotland Act .

On 23 August 2018 , Government announced:

Ministers have confirmed a public sector body will be able to bid for the next ScotRail franchise should they wish to do so.

David MacBrayne Limited has confirmed its interest in exploring the possibility of a bid for a Scottish rail franchise contract.

Any public sector body that wishes to consider bidding for a rail franchise contract that is let by the Scottish Ministers is able to do so.

Michael Matheson, Cabinet Secretary for Transport, Infrastructure and Connectivity said: *Our consistent view over many years is that there ought to be a level playing field between the private and public sector in bidding for rail franchises. We secured the right for a public sector operator to bid for a rail franchise in Scotland, after being denied by previous UK Governments.*

*Identifying a public sector body to make a bid has not been easy. It was vital to consider a range of scenarios as we want to strengthen competition and achieve best value for the public purse, while delivering continuous service improvements.*

*It is important for any public sector bidder to have the appetite to bid; the capability and capacity to see the bid through; and the ability and resources to make the franchise a success.*

*It is also our view that the Scottish Parliament and the Scottish Government should have full powers to consider all options for structuring our railways to meet Scotland's needs."*

*Future Scottish rail franchise competitions will continue to be fair and transparent, giving equal treatment to all bidders whether from the public or private sectors.*

*This approach will help ensure the delivery of rail services in Scotland that maximise economic and social benefit.*

On 24 October 2018 RTPs and union representatives met Mr Matheson and some members of the REC. He updated the group on the latest developments. The franchise is due to end in 2022 with either party able to give notice of termination in 2020; the franchise can be extended from 2022 to 2025 at Scottish Ministers' discretion.

DML remains the preferred vehicle for the bid, although other organisations are not excluded. Union representatives are concerned that there is insufficient government readiness to take over the franchise in the light of continued declining performance figures. The Cabinet Secretary forecast improvements, and noted that 60% of delays are caused by Network Rail over which he has little control.

However, the Williams Review ordered by UK Minister Chris Grayling may result in greater rail devolution and completely remove the need to franchise services.

## **RISK REGISTER**

### RTS Delivery

Impact – Nil

### Policy

Impact – May lead to greater community involvement

### Financial

Impact – Nil

### Equality

Impact – Nil

## **Recommendations**

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

**Report by:** Frank Roach  
**Designation:** Partnership Manager  
**Date:** 6<sup>th</sup> November 2018