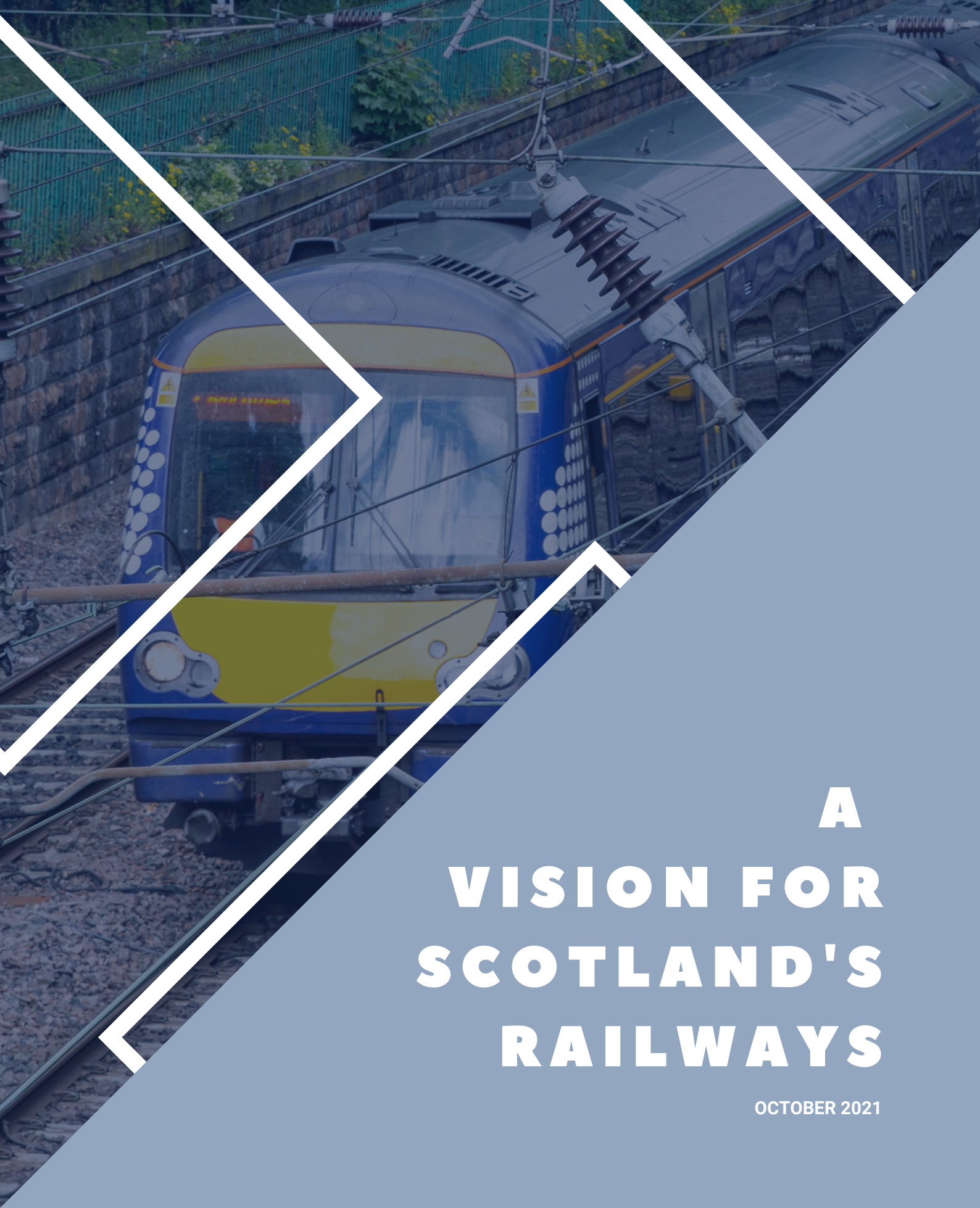

A VISION FOR SCOTLAND'S RAILWAYS

OCTOBER 2021

A Report from UNITY Consulting for Scotland's Rail Unions

ASLEF ESTAB 1880 · RMT · tssa · unite the UNION

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EXECUTIVE SUMMARY

Scotland cannot meet its environmental obligations without a world-class rail service that shifts people and goods from cars and lorries onto trains.

This requires a service that is fully staffed, with affordable fares, stations that are accessible and trains that are clean, green and attractive.

What is needed is an ambition for Scotland's railways that is expansive, that encourages people to make rail their first travel choice and increases freight capacity.

Our long-term vision for Scotland's railways:

- It should be a publicly operated and governed system run as public service and not for private profit
- A system that helps Scotland meet its wider environmental and public policy ambitions
- A railway that is supported by public subsidy
- Is fully staffed
- That reinvests in rail infrastructure, to help grow the economy.
- Takes ScotRail (and the Serco operated Caledonian Sleeper) back under public ownership permanently
- A railway that is part of a wider integrated public transport system with through ticketing
- Is part of an industrial strategy that recognises rail services are a vital part of Scotland's economy helping create jobs and growth
- Has a democratic regulatory and governance structure
- Has a cross representation of Scottish society and rail interests at the heart of decision making
- Has representation from all four trade unions on the board of the new operator
- Has local political representatives on the board
- Has passenger representatives on the board

EXECUTIVE SUMMARY

A new publicly operated passenger service in Scotland should:

- Increase the number of staff in stations and ticket offices
- Expand the ticket office network
- End driver only trains and ensure every train has at least one safety-critical guard on board
- Increase the number of cleaners and train presentation staff
- Improve industrial relations, settle the long-running disputes and pay rail workers what they deserve
- Develop a driver apprenticeship scheme and create 100 apprenticeships across the service
- Reject the Docherty report and ScotRail 'Fit for the Future document'
- Commit to supporting and properly resourcing ScotRail as it seeks to recover demand post-pandemic
- Commit to expanding rail services to serve the nighttime and early morning economy and consider 24/7 running
- Reduce ticket prices, abolish peak fares and simplify the ticketing system
- Offer free rail travel for all under 24's and over 60's
- Improve accessibility for older and disabled people and their carers

These recommendations have been made by railway workers and their trade unions and are offered in good faith with the best interests of their industry at the forefront of their minds.

BRIEF

Scotland's four rail unions, ASLEF, RMT, TSSA and UNITE, commissioned UNITY Consulting Scotland to outline a vision for the future of Scotland's railways.

Part of the remit was to address the current short-term thinking of Abellio ScotRail and those working on their behalf who advocate an erosion of services and public investment in our railways.

Predominantly, however, this report will be focused on outlining a positive and constructive vision for the future of Scotland's railways from a trade union perspective; a vision of improvement and investment that will make rail services more attractive to passengers and businesses.

This vision lays out the different component parts necessary for the effective operations, maintenance, and delivery of first-class rail services, which meets the needs of Scotland's travelling public but also helps deliver the Government's public policy priorities and environmental targets.

This report is motivated by improving the social, economic, and environmental interests of Scotland. Scotland's rail workers are also citizens of Scotland and understand as well as anyone the importance of rail services in advancing Scotland's wider well-being.

The trade unions want rail services protected for passengers. They want to ensure there is enough staff on trains and in stations to help attract people to rail travel, including those with disabilities, and to help create a safe environment for passengers and combat anti-social behaviour.

Scotland's rail unions are unequivocal that a fundamental component of protecting services and making trains affordable, attractive and accessible for passengers is one that values workers appropriately, ensures they are highly trained and are sufficient in numbers.

Any attempts to cut services and reduce staff, using the pandemic as cover to do so, is lacking ambition, short-termist, disingenuous, opportunistic, will disincentivise rail travel and flagrantly disregards the vital role public transport and railways must play in Scotland's future.

Currently, the approach deployed by Abellio ScotRail also marks a new low in industrial relations. As the new publicly-owned passenger service is designed it must listen to the workers more and make them part of the new regulatory and governance framework.

This report is published as COP26 takes place in Glasgow - November 2021.

INTRODUCTION

The future of Scotland's railways is at a critical juncture. The end of the private Abellio franchise is fast approaching, with at long last a new public ownership model set to replace the current privatised framework.

As the franchise ends Scotland, the UK and the rest of the world is also rebuilding after the trauma we have experienced from the pandemic these past 18 months.

Whilst simultaneously the world is facing down a climate crisis that the International Panel on Climate Change (IPPC) described earlier this year as a 'code red for humanity.[1]

Against this backdrop, Scotland needs a public transport, and railway, system that helps Scotland meet its climate targets. This necessitates a rail system that increases the passenger numbers and the transportation of freight by rail.

Scotland needs a public rail system that is democratically accountable, receives the right levels of investment and is fully focused on meeting wider public policy objectives, such as reducing inequalities, growing our economy, and improving health and well-being as well as helping tackle the climate emergency.

[1] Climate change: IPCC report is 'code red for humanity' - BBC News

Scotland needs a public rail system that is affordable and accessible, staffed by a fairly paid workforce that is valued and a railway that helps tackle the climate emergency.

This report sets out a vision for Scotland's railways. It offers an alternative to the short-termism of the recent report by Professor Iain Docherty[2] commissioned by Abellio ScotRail, which argues for a cut to the operating base and with it service cuts, ticket office closures and job losses. It rejects the Abellio ScotRail timetable consultation that has proposed a cut of 300 services per day.

Our railways need to be bolstered and strengthened however the Docherty report and Abellio ScotRail appears to be setting out to erode rail services. Their plans if enacted, would act as a disincentive to use public transport.

Transport is the biggest emitter of CO2 and 68% of transport emissions come from cars or vans and only 6% from trains.[3] A fundamental requirement for Scotland to meet its environmental obligations is to change people's behaviour and shift them from road to rail.

The Scottish Government's Climate Change strategy aims to cut 75% of emissions by 2030 from 1990's levels. A central mechanism to achieve that is to reduce car kilometres by 20% by 2030. The Scottish Government describes this as a truly world-leading aspiration that no other country has committed to.[4]

This is a worthy and very important aspiration, but it can only be achieved by appropriate levels of investment in public transport, including in our railways.

It is acknowledged that demand has significantly reduced because of the pandemic, not least because of public health concerns with people taking refuge in their cars rather than risk contracting the virus through travelling on public transport.[5] Repeated government and public health advice to "stay at home" have also been a significant factor in reducing passenger numbers.

This change should be considered temporary and due to short-lived changes in the behaviour of travellers and their genuine concerns about their own health and well-being. What Scotland must not do, is reduce investment and services based on the current covid related fall in demand, especially considering current trends showing usage of public transport is already on the increase.

Reducing services can only serve as a disincentive to car users to use public transport and detrimentally impact upon Scotland's ability to take climate action. Moreover, cutting now to rebuild later, as has been suggested, is an erroneous argument.

Attempting to rebuild services after extensive cuts would take years, but we we need action now.

If the public policy commitments made by the Scottish Government via its National Transport Strategy (NTS2), to reduce inequalities; take climate action; help deliver inclusive economic growth and improve health

2 scotland-railway-after-pandemic.pdf (covid19transas.org)
3 national-transport-strategy.pdf
4 update-climate-change-plan-2018-2032-securing-green-recovery-path-net-zero.pdf.
5 This is how the pandemic has affected public transport use | World Economic Forum (weforum.org)

and wellbeing, are to be met then we must increase the numbers of people using trains.

This can only be done if the Government's rhetoric is matched by investment and an undertaking to fully resource and support our railways. It will not be achieved by cutting Abellio ScotRail's operating base.

What is needed is an ambition for Scotland's railways that looks to increase not decrease services and a vision for the future that starts now. A vision that encourages young people to make their first travel consideration the train, not private car, which increases rail freight and encourages the use of trains for short, medium and longer journeys in Scotland and to and from other parts of the UK.

We have an unprecedented opportunity to rebuild our railway services. Doing so requires a model of public ownership that acts in the public interest, is governed and regulated democratically, invests in its infrastructure, expands rail freight, reduces and simplifies and integrates ticket prices, owns, builds and maintains its rail stock as part of wider industrial strategy, treats its workforce with respect, pays them well and considers good industrial relations a vital part of their operations.

CHAPTER 1

1.1 RAIL SERVICES IN SCOTLAND

This report provides an overview of rail services in Scotland and sets out how they fit into wider social, economic and environmental policy before setting out the case for a world-class, publicly owned rail service in Scotland.

This is a workers and people vision. It is unique, because the workers and passengers, the people who know and understand rail services in Scotland better than anyone, are too often excluded from contributing within the current framework.

This report has sought to redress that unfair imbalance. It has been written following extensive consultation with the four participating trade unions whose members know the railway intimately, understand how it operates and want to see it succeed.

An efficient, effective, well-resourced, and integrated public transport and rail system is a fundamental part of our national infrastructure and should always be treated as such by

politicians and policymakers. Rail services have a vital role to play within our wider economy and how we respond to climate change and meet our environmental targets.

The Scottish climate assembly made it clear that public transport, and specifically our railways, have a central role to play in reducing CO2 emissions and help Scotland meets its climate targets. For rail services to play this fundamental role, they need to be designed in such a way that is affordable and at the heart of our transport system. As the climate assembly said public policy needs to "Place rail travel at the core of an integrated transport system, by subsidising rail infrastructure to make it more affordable." [6]

Our rail network is also vital to Scotland's economic well-being and a significant employer. Network Rail asserts 'Scotland's Railway provides links between communities and employment, industries and markets. It contributes up to £1.3bn each year to Scotland's economy and employs 13,000 people, 3,000 of which are Network Rail colleagues'.[7] In its last published accounts for the year ending March 31st, 2020 Abellio ScotRail reported that it employs approx 5152 staff. Of those 1311 were drivers. 1209 on-train staff, 1042 station staff, 950 were fleet maintenance staff and 637 management and administrative staff. [8]

These figures reveal the reduction in the numbers of in-station staff employed from the previous year – staff who have direct face to face dealings with the public. For the year for year-end December 31st, 2017,[9] there were 1409 in-station staff by March 31st 2020 there were 1042 in-station staff - a reduction of over 26%.

These workers provide information and support to the public at stations and on trains, they are a reassuring presence and foster safety and well-being for passengers; especially the disabled and vulnerable. These are also the staff who are regularly called upon to help lone travellers who may feel vulnerable and passengers who are elderly, disabled or young and those who are digitally excluded.

Rail privatisation has fragmented the railway into complex layers of companies and interests. It has been the subject of fierce criticism ever since the Conservative Government created it via the Railway Act (1993). The central concern is that privatisation has prioritised the interests of profiteers first and the public second. As a 2012 report said:

"*The privatised railway is very profitable for some: the banks that bought the rolling stock companies at knock-down prices; the parent companies that took the profit from the railway as dividends in the good times but walked away from their franchises when times were less good; the chief executives who enjoy seven-figure remuneration packages. This unfair profit is at public expense.*" [10]

Rail privatisation has failed Scotland and the rest of the UK. This has been evidenced by an abundance of reports, identifying multiple failings, as well as presenting alternative models. For a flavour of this analysis see these reports for a broad analysis of privatisation, its failings and proposed policy solutions.[11]

6 Scotland's Climate Assembly Recommendations for Action.WebVersion (2) (2).pdf
7 Scotland's Railway - Network Rail
8 Abellio ScotRail Accounts - Companies House
9 Abellio ScotRail Accounts - Companies House
10 120419_REBUILDING_RAIL_FINAL_REPORT (transportforqualityoflife.com)
11 A-Public-Future-for-Scotland's-Railways.pdf (commonweal.scot)

Across the UK privatisation has resulted in a 48% real-term increase in rail fares since[12] 1997. Since privatisation fare increases have outstripped inflation and like rising housing costs have contributed to the high cost of living with fares often unaffordable for many people. It is said that:

"*Since the late 1980s rail fares have increased at a rate similar to bus and coach fares, faster than the overall price level and faster than overall motoring expenditure. Rail fares rose particularly quickly, compared to the overall price level, in the early 1990s*". [13]

Rail fares have risen exponentially, and it costs much more to travel by train than by car. Using ONS data the RAC calculated the increasing cost of rail travel compared to the cost of car travel and did so by also setting this against a context of wage rises. Between September 2011 and April 2021 the cost of rail travel had increased by 37.29%, the cost of all motoring by 11.29%, whilst average wages were up 25.99%. Rail travel on this evidence is outstripping the cost of motoring and average wages.[14] This can only act as a disincentive to modal shift from private car to rail travel.

The difference in the cost of travel is illustrated by a real-time cost comparison of travel between Edinburgh and Glasgow. We found that that the cost of journeys on 27th September 2021 leaving at 8 am and returning at 6 pm were as follows:

Edinburgh - Glasgow

- **ScotRail return - £26.60**
- **City Link coach - £10**
- **Megabus - £7.20**
- **Car travel - £10.72** [15]

Running a railway is an expensive business and requires significant public resources. As a public service, this is entirely right and proper. However, within the privatised framework this has resulted in massive corporate welfare across the UK with public subsidies investing in rail services far higher than investment from the private sector. Between 2007/08 and 2017/18 public investment was £60.3bn and private investment £7.3bn - a difference of £53bn.[16] All the while the profits have been underwritten by public subsidy which could have been used instead to reinvest in rail services.

In 2018 the private train operating companies across the UK paid out £218m in dividends to shareholders. For the previous five years, £1.2bn was paid in dividends. The three Rolling Stock companies paid out £272.5m in dividends in 2017.[17] Going back to 1996; private train operating companies have extracted an estimated £3.2 billion in dividends from Britain's privatised railways, while Rolling Stock Companies have extracted an estimated £5.1 billion in dividends. [18]

If Scotland is to see a rapid economic recovery following the Covid 19 pandemic and if we are to meet our environmental obligations then a programme of investment, service expansion and incentives are required. Rail services, passenger and freight trains and maintaining and investing in rail infrastructure, add significant value to the wider economy. A recent report by Oxford Economics on behalf of the Rail Industry Association found that rail services "contributed £42.9 billion to the UK economy in terms of GVA...This was associated with 710,000 (employee and self-employed) jobs, and £14.1 billion in taxation".

12 & 13 Great British Railways (publishing.service.gov.uk)
14 Cost of motoring against costs of public transport (racfoundation.org)
15 All £ correct at 20th September 2021, via the Trainline, Megabus, City link, RAC
16 & 17 RMT submission to the Williams Review - rmt

18 rmt-20policy-20briefing-20-20profiteering-20on-20great-20british-20railways-2017.06.21.pdf

The report also found that in 2019 for every £1 spent on rail, £2.50 of income was generated in the wider economy, compared to £2.20 in 2016.[19]

As previously noted, this report acknowledges that the pandemic resulted in a crash in demand and passenger usage of trains. It will take time to recover and get back to the level of pre-pandemic demand. However, regressive steps that cut services, jobs, and close ticket offices would disincentivise rail use. This would be a major retrograde step and contrary to the Scottish Government's wider social, economic and environmental objectives.

Set against the wider context of the creation of the new Scottish Public Rail operator sits the Williams Shapps Review commissioned by the UK Government. The central plank emanating from their conclusions is for a new body, called 'Great British Railways' (GBR). They claim this will simplify rail services and end the complex fragmentation of rail services across the UK.

There are legitimate concerns that the intention of the Williams Shapps recommendations is to drive down costs by attacking the terms and conditions of workers and cutting their jobs, whilst at the same time accepting the principle of profiteering and corporate welfare that has served the rail industry so badly since the advent of privatisation.

These are the immediate challenges facing Scotland's railways as the Abellio franchise ends and we move to a new publicly-owned passenger system.

These challenges are not solely ScotRail related and include:

- **Delivering modal shift from private care to rail**
- **Meet environmental targets and obligations**
- **Designing a new publicly-owned rail system in Scotland**
- **Increase the role of rail freight**
- **Recovering our rail services post-pandemic and building back better**
- **Responding to and rejecting the Williams Shapps approach and recommendations for the continued profiteering in rail**
- **Delivering investment and infrastructure improvements including acceleration of electrification**
- **Replacing ScotRail's ageing rolling stock**
- **Ensuring sufficient maintenance staff are employed**
- **Rebuilding industrial relations**

19 The Economic Contribution of UK Rail 2021 (riagb.org.uk)
20 The Economic Contribution of UK Rail 2021 (riagb.org.uk)

1.2 OPERATIONS, GOVERNANCE, FINANCING AND REGULATION OF SCOTLAND'S RAILWAYS

The successful operation, maintenance and renewal of rail services in Scotland is a huge challenge. Network Rail Scotland outline the scale of what constitutes rail services in Scotland

- **107 million annual passenger journeys**
- **295,000 passengers each weekday**
- **Scotland's Railway makes up over 17 percent of Britain's rail network**
- **2,500 passenger and 50 freight services per day**
- **4.4m tonnes of product transported to, from and within Scotland (2018/19)**
- **Network Rail own and maintain 4,715 bridges and manage 591 level crossings**
- **Network Rail has 4,326 signals and 359 stations**[20]

In Governance terms, "The Scotland Act 1998 defines rail transport as a reserved matter. The power to let and manage Scottish passenger franchises...and provide the strategic direction, and funding, for the maintenance, renewal and expansion of Network Rail owned rail infrastructure in Scotland has been devolved to Scottish Ministers".[21]

In essence, there is a shared responsibility, between the UK and Scottish Government which is further complicated by the multiple agencies involved in determining investment priorities. Transport Scotland acts on behalf of Scottish Ministers and works across the industry with a spectrum of different bodies.

They say "Scotland's Railway today is a dynamic collaboration of Government and rail industry partners working together to deliver the safe, timeous and high-quality railway that Scotland expects and deserves".[22]

Others would contend that the current operational, governance and regulation and financing context of rail services in Scotland are fragmented and complex. For passengers and workers alike it is often difficult to understand who is responsible - and accountable - for decision making, strategic direction and delivery of the different elements that constitute rail services.

The aspiration to deliver the safe, timeous and high-quality railway that Scotland expects and deserves has not always been the reality experienced by rail passengers. Abellio ScotRail themselves have acknowledged their own poor performance, which they cite as being due to an 'increase in cancellations and decline in punctuality'[23] and also capital investment projects not delivered on time with escalated costs, something acknowledged by the then Transport Minister Humza Yousaf in 2018.[24]

Performance failures have plagued rail services under privatisation and passenger satisfaction is falling. In January 2019 Transport Focus reported passenger satisfaction with the railways was at a 10-year low. In the 2 years since the last survey, it was said that confidence in Abellio ScotRail had significantly declined.[25] In Scotland, the serious performance issues that resulted in passenger dissatisfaction led to Abellio ScotRail losing the franchise and in March 2022 the Scottish Government will take control and establish an operator of last resort. This is a repeat of the

20 Scotland's Railway - Network Rail
21 Transport in Scotland: subject profile | Scottish Parliament
22 Scotland's Railway (transport.gov.scot)
23 train_service_performance_remedial_plan_redacted.pdf (scotrail.co.uk)
24 rail-enhancements-and-capital-investment-strategy-15-march-2018.pdf
25 Rail passenger satisfaction at lowest level for a decade - Transport Focus

the situation in Wales, where the Welsh Government took the Wales and Borders franchise into public ownership in February 2021.

The move to take the Abellio ScotRail franchise back three years early shows how much the Scottish Government lost confidence in their willingness and ability to make the improvements demanded of them by ministers, the public and their workforce.

Speaking in parliament Transport Minister Michael Matheson, said: "We are not satisfied that the significant increase in public subsidy (to Abellio ScotRail) that would otherwise be required would generate commensurate benefits for passengers, communities, and the economy".

Then Scottish Labour transport spokesperson, Colin Smyth, was more scathing about the performance of Abellio ScotRail and why it was the right decision to take Abellio ScotRail into public ownership. He said, '"Abellio failed to meet the basic contractual requirements. They've breached the franchise on punctuality, cancellations and passenger satisfaction, and they have let down the hard-working ScotRail staff.'

While, the vice-chair of the Campaign for Borders Rail, Marion Short, said: "Severe overcrowding on many parts of the network has brought fury from passengers all over Scotland, and has been very acutely felt in the Scottish Borders. Factors such as staff shortages and late delivery of rolling stock have crippled the reliability of services."[26]

1.3 PERIODIC REVIEW PROCESS

The fragmentation and complexity of rail services are illustrated by the Periodic Review Process. The Office of Rail and Road (ORR) is a little known but important agent within the regulatory framework that initiates this process.

The ORR regulates the publicly-owned Network Rail as well as safety across the railways. The ORR has responsibility for the whole of the UK but in relation to Scotland works with Scottish Ministers alongside Transport Scotland and Network Rail to assess investment priorities for the Operation, Maintenance and Renewal (OMR) of the railways in Scotland. The ORR initiates what is known as the periodic review, which then leads to Scottish Ministers setting High-Level Output Specifications (HLOS)[27] and also the Statement of Funds Available (SoFA), which sets out the public funds available to help meet the agreed investment plans.

Network Rail responds to the periodic review by developing a Strategic Business Plan for investment in Scotland, which outlines OMR investment, some of which is framed around the HLOS as set by the Scottish Government. The ORR then holds to account the Network Rail Strategic Plan to ensure its investment priorities meet its own ambitions as set out in the Strategic Business plan and the HLOS within that. The ORR themselves state that they "hold network rail to account for delivering what it promised – at the amount it agreed to do it for – and we require it to meet its obligation to provide a safe, high-performing, and efficient railway."[28]

26 Abellio loses ScotRail franchise in UK | RailTech.com
27 high-level-output-specification-hlos-for-control-period-6-final.pdf
28 Network Rail regulation | Office of Rail and Road (orr.gov.uk)

This process was followed in relation to the most recent investment plan, known as Control Period 6 (CP6) for 2019-2024. The Scottish Government SoFA committed £4.85bn to invest in Scotland's rail network.[29]

"*The SoFA covers funding available for Network Rail operations, maintenance and renewal activities and the completion of projects which carry over from Control Period 5. It also includes some provision for railway improvement projects, which will be subject to the governance and decision making processes to be outlined in the Rail Enhancements and Capital Investment Strategy.*"[30]

Setting investment levels and priorities is the domain of elite stakeholders. Top-down governance dominates the fragmented system, there is little or no involvement of trade unions and their members who deliver frontline services in identifying the investment priorities of the future. A good example of this is Scotland's NTS2 where the collective voice of railway staff is absent.[31] The new publicly-owned operator must ensure that it is not the same elite-driven system with the same people, who have presided over decline and failure.

The exclusion of workers from decision-making processes is also illustrated by Network Rail. They describe who they deem to be key stakeholders without mentioning workers and their trade unions:

"*The industry's key stakeholders in determining future options are: passengers, Scottish Ministers and Transport Scotland who specify and fund the network in Scotland, passenger operators, including Abellio ScotRail, LNER, Avanti West Coast, TransPennine Express, Caledonian Sleeper, CrossCountry, East Coast Trains Ltd, Charter operators and Freight operators including, Direct Rail Services, GB Railfreight, DB Cargo, Colas Rail, Freightliner and Rail Operations Group. The UK Government, HS2 Ltd, ORR and representative groups are also involved in strategic development of priorities that feed through to the Scottish HLOS and PR18 process.*"[32]

This is a glaring omission within the governance and regulatory framework. A lack of partnership working is indicative of the general antagonistic approach towards workers that has been applied by Abellio ScotRail. The end of the franchise provides an opportunity for a change to industrial relations where railway workers are seen as an asset and not adversaries or potential economic efficiencies, but a central part of the regulation and governance of their industry.

1.4 TRANSPORT SCOTLAND AND NETWORK RAIL

Transport Scotland and Network Rail are two of the most important agents in delivering rail services and setting investment priorities. According to SPICE, the research service within the Scottish Parliament

"*Transport Scotland, acting on behalf of Scottish Ministers, is responsible for the letting and management of the ScotRail franchise, currently operated by Abellio, and the Caledonian Sleeper franchise, currently operated by SERCO. It is also responsible for setting the high-level strategy for the maintenance and enhancement of the Scottish rail infrastructure by Network Rail. In common with other national rail networks, the Scottish rail network cannot cover its costs through fare*

29 & 30 sofa-2019-24-25-jan-2018.pdf (transport.gov.scot)
31 Information obtained via Freedom of Information re NTS2 Delivery board members - 'First meeting of the National Transport Strategy (NTS2) Delivery Board'
32 Scotland's Railway Strategic Plan (networkrail.co.uk)

and freight carriage revenue alone, so the Scottish Government provides funding to ScotRail, Caledonian Sleeper and Network Rail to allow them to carry out their respective tasks." [33]

Network Rail is an arms-length (public) body of the UK Department of Transport. It owns, operates, and maintains much of the national rail infrastructure, which includes track, signalling, bridges, tunnels, and stations though not all stations (Abellio ScotRail has responsibility for most stations in Scotland). Network Rail is also responsible for the development of the national rail timetable and long-term planning for the development of the rail network.

Scottish Ministers remain responsible for specifying and funding Network Rail operations in Scotland. [34] Network Rail publishes an annual strategic plan based on investment and improvement priorities for the railways in Scotland. The Williams Shapps report has recommended that Network Rail becomes part of GBR, which would integrate and bring together all rail services under one umbrella. There is some ambiguity about what this means for devolved services, including in Scotland. ScotRail Alliance is a formal alliance between Abellio ScotRail and Network Rail and it is unclear what implications there will be for this arrangement when GBR is established.

There are concerns about the current actions by Network Rail to cut jobs through the industry-wide Special Voluntary Severance Scheme (SVSS), this has been extended across the entire organisation. Up until recently, it was just management grades impacted. While Network Rail is in the domain of the UK Government the cuts may have significant implications for Scotland including NTS2. In these circumstances, there is an expectation that the Scottish Government making the case to their Westminster counterparts not to administer these cuts. So far, the Scottish Government have said very little in relation to the proposed cuts.

Cuts to maintenance jobs against a context of increasing climate change are of the utmost concern. The effect of climate change on the current infrastructure is significant in Scotland due to the geology, topography, and higher levels of rainfall. This requires more staff to ensure the safety of the tracks and assets, not less. We must consider the tragic accident at Stonehaven and ensure this is not replicated due to inadequate track and asset inspection, especially where it has been impacted by the effects of climate change.

Moreover, the Scottish Government plans for electrification and decarbonisation can not be realised with a reduced staff base. This can only be delivered with an experienced, skilled and sufficient staff compliment.

The complex list of actors that deliver train services also includes the different commercial entities that operate rail services in Scotland. The most obvious is ScotRail, but inter-border services include LNER, Avanti West Coast, Cross-Country Trains, First Trans-Pennine Express and the SERCO operated Caledonian Sleeper, the Scottish Government only has responsibility and oversight of Abellio ScotRail and the Caledonian Sleeper.

33 & 34 Transport in Scotland: subject profile | Scottish Parliament
35 Scotland's Railway Strategic Plan (networkrail.co.uk)

1.5 SERCO CALEDONIAN SLEEPER

The Scottish Government franchise with SERCO commenced on 31 March 2015 and is due to run until 31 March 2030. Prior to this, it was operated as part of the ScotRail franchise.

SERCO was given the franchise yet had no drivers or crews in place when given the franchise. The Scottish Government provides significant resources to Caledonian Sleeper, including so-called 'profit support'.

Unlike Abellio ScotRail,[36] despite performance concerns, the Scottish Government has not decided to take the service back into public ownership via the owner of last resort.

Yet, last year the ORR reported that SERCO was the most complained about service in the UK. Over twice that of the next operator.[37]

Deteriorating industrial relations is a characteristic of the SERCO Caledonian Sleeper. An attempted pay freeze during the pandemic led to a recent vote in favour of industrial action.

There were also concerns pre-pandemic around the impact on staff as a result of SERCO management failings[38] and how Serco bosses had ignored "serious concerns raised by staff that have ruined working lives and placed the workforce under intolerable pressure."[39]

These failings provoke serious questions about their future involvement in the franchise.

- **At which point does the Scottish Government intervene and take the Caledonian Sleeper back under public control with a public operator of last resort?**
- **Why did the Scottish Government fail to strip SERCO of the sleeper franchise as they did with Abellio?**
- **What level of performance failure does it need to see an end to SERCO's involvement?**
- **Is the Scottish Government wary of taking on such a large transnational company as SERCO?**

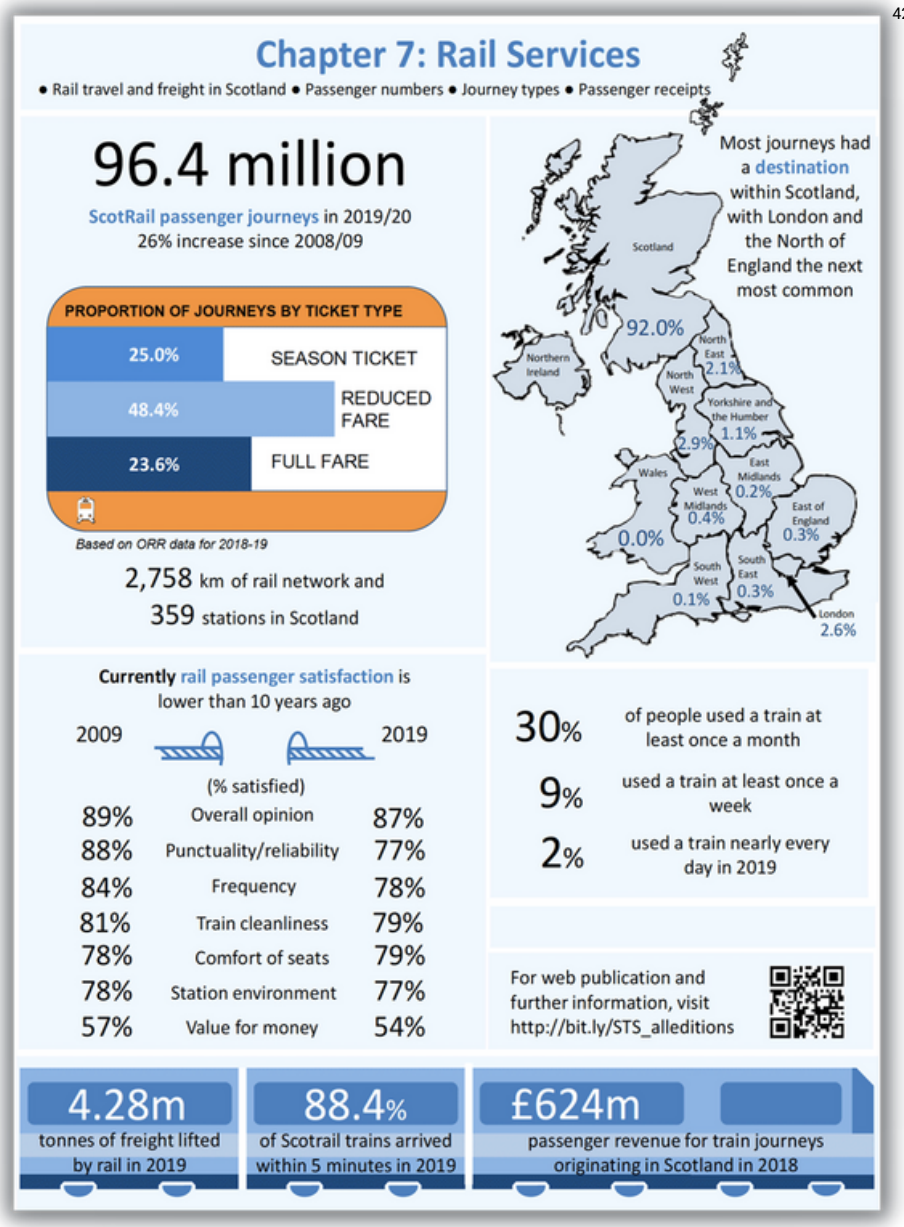
The Scottish Government should take the sleeper back under the ownership structure of the new publicly operated ScotRail.

1.6 ABELLIO SCOTRAIL AND THE FAILURE TO ENGAGE PASSENGERS AND STAFF

Abellio ScotRail won the franchise with promises to recognise the economic, social and environmental importance of rail travel, based on their experiences of running their own Dutch national railway. Since then it has been plagued by inconsistent and poor leadership, performance failure and deteriorating industrial relations. So bad was Abellio' performance, and passenger dissatisfaction,[40] that it was fined more than £11m by December 2019, only 4 years after taking over the franchise.[41]

Eventually, these concerns led the Scottish Government to announce earlier this year, after mounting public anger and political pressure, their intention to take the ScotRail franchise back into public ownership.

36 Caledonian Sleeper suffers setbacks with Highlands train delay and Train feels the strain: passengers slate £150m Caledonian Sleeper | The Guardian
37 Passenger Rail Service Complaints 2019-20 Q2 (orr.gov.uk)
38 RMT confirms Serco Caledonian Sleeper strike dates - rmt
39 Caledonian Sleeper boss to quit much-criticised service | Rail transport
40 PowerPoint Presentation (d3cez36w5wymxj.cloudfront.net)
41 Revealed: Abellio's £11m fines for years of ScotRail failure | HeraldScotland



42

What is most striking from these figures from Transport Scotland is the declining rates of passenger satisfaction with only 54% of passengers believing that train travel is good value for money. This highlights a pricing system that is neither inclusive nor affordable for significant numbers of working people, particularly those on low incomes. This is especially true for those who travel at peak times where a peak fare surcharge effectively acts as an additional tax on work. This surcharge should be scrapped.

ScotRail claims that over 70% of the seating capacity on its trains goes unused.[43] Cutting fares or offering free or discounted travel will help utilise spare capacity but this will require government support. ScotRail should be looking at innovative ways of filling empty seats. The proposed free bus travel scheme for under 24s and the over 60s bus pass should be extended to rail. This will help socialise young people into the benefits of rail travel and improve the health and wellbeing of older people. Abellio ScotRail has belatedly

42 Chapter 7: Rail Services (transport.gov.scot)
43 Fit for the Future | ScotRail)

shown some promise on this with a scheme offering two free return tickets per month for people going to job interviews and a free month's season ticket if people get a new job.[44]

This is encouraging but it could be extended, and similar offers could be extended to include other groups such as care experienced young people, disabled passengers and their carers and people on social security benefits. This would help tackle inequalities and improve the health and well-being of those people in Scotland currently priced off trains.

Bold, imaginative and innovative policies would help fulfil the Scottish Government's wider policy ambitions, as articulated in their Transport Strategy to make transport more accessible and affordable. Cutting train services and retaining current fare costs will not help fill seats and encourage people onto trains.

1.7 INDUSTRIAL RELATIONS

The treatment of staff by Abellio ScotRail has seen industrial relations plummet. Throughout a large part of 2021 RMT has been involved in a prolonged action against Abellio ScotRail over pay.[45] At the time of writing RMT have just voted to take industrial action during the COP26 Summit in Glasgow in November. A reminder to the Scottish Government, and indeed to COP26 delegates that environmental justice must be aligned to social justice.

UNITE members, predominantly made up of engineers also voted overwhelmingly for industrial action. UNITE say 'The vote to support industrial action is a result of the failure by Abellio ScotRail to make a meaningful pay offer, as well as the company withdrawing a number of entitlements from workers including the Rest Day Working Agreement.[46] In July this year, TSSA members also voted convincingly to take industrial action.[47] ASLEF has also consistently challenged Abellio over their approach to industrial relations during an unprecedented period where all four unions have been simultaneously in dispute.

The deterioration of industrial relations reveals the abject failure of Abellio ScotRail to value the workers who deliver services. There are also lingering concerns that the Scottish Government, which has been managing the ScotRail franchise since March 2020 under its Covid-19 Emergency Measures Agreement, and Transport Scotland have played a negative role in recent disputes and blocked pay claims. Instead of treating these key workers with dignity and respect, they have been treated unfairly and as potential cost efficiencies. This has seriously impacted staff morale and led to one official describing relations between workers and management as being at 'rock bottom'.

Concerns have also been raised about the failure of Abellio to meet its franchise obligations. Including commitments to pay the living wage as a minimum for all staff and subcontractors; to create at least 100 apprenticeships; guarantee no compulsory redundancies throughout the life of the franchise contract; sustain rail staff travel rights and introduce guaranteed trade union representation on every franchise board meeting.[48]

The promise not to cut jobs via compulsory redundancies rings hollow with the current Abellio ScotRail consultation which makes

44 https://twitter.com/ScotRail/status/1448733093347663873?s=20
45 ScotRail Conductors vote by over 80% to continue action - rmt
46 Unite Members Vote for Strike Action at Abellio ScotRail
47 tssa.org.uk/news-and-events/tssa-news/tssa-warns-strike-action-in-scotrail-likely
48 The ScotRail Franchise and its Effect (transport.gov.scot)

clear that services are to be cut.[49] It is difficult to see how this would be achieved without job losses, and it cannot be assumed that all of these would be voluntary. The creation of 100 apprentices would help deliver the skilled railway workers of tomorrow. But as of March, this year, Abellio ScotRail employed only 22 apprentices, with a commitment to increase this tenfold by 2025.[50] This all comes as too little too late. Moreover, they do not have any apprentice train drivers unlike other train operators elsewhere in the UK. Wales has just announced a plan for level 3 driver training apprenticeships. Funded by the Welsh Government apprenticeship scheme, this will deliver 100 trainee drivers per year over the next 5 years.[51]

Apprenticeship schemes are important to develop certification for drivers and formal recognition of their skills. They help evidence the transferrable skills train drivers have and will enhance both their life and career opportunities. This is especially pertinent for drivers, who may have to end their driving career through ill health but can still contribute to the working of the railway.

ASLEF have consistently pushed the Scottish and Welsh Governments to develop driver apprenticeship schemes. Progress in Wales also demonstrates the value of partnership with working with trade unions to deliver positive results. For several years before the Abellio franchise, ScotRail did not employ any school leavers. It was only at the insistence of ASLEF and the other unions that this changed, and that Modern Apprenticeships were used to attract young people into the industry. The Scottish Government and new operator of last resort should again listen to and work with trade unions to give a clear and unequivocal commitment to increasing apprenticeship numbers.

1.8 ROLLING STOCK

Rolling Stock Leasing Companies (ROSCOs) lease passenger and freight trains to the operating companies. The three major ROSCOs are Porterbrook, Eversholt and Angel Trains. In Scotland part of the Abellio ScotRail fleet Hitachi EMUs) are leased from Caledonian Rail Leasing Ltd, a special purpose vehicle owned by SMBC Leasing (UK) Ltd and the remaining fleet are leased from the three ROSCOs (Porterbrook, Angel Trains and Eversholt). Serco Caledonian Sleeper's carriages are leased from Caledonian Sleepers Rail Leasing Ltd, which is owned by Lombard North Central PLC.[52]

The ROSCOSs are fully privatised and own the assets (trains) used throughout the whole UK network. Abellio ScotRail is fully dependent on ROSCOs to provide the trains Scottish rail passengers use. However, ROSCOs are guided and guaranteed profits by Governments at Westminster and Holyrood. The contracts are effectively PFI contracts insofar as "the government sets the requirement to build new trains, the ROSCOs raise money to buy them from train manufacturers and then the operating companies lease them back."[53]

Payments to ROSCOs rose to 17% of operating costs to 2018/19 and is the fastest of their rising costs.[54] During the height of lockdown with falling passenger numbers, train operators received payments from Emergency Measures Agreements (EMA); meaning that the Government effectively also paid the privatised leasing companies. Meanwhile,

49 Detailed Assessment | ScotRail
50 ScotRail unveils plan to boost apprentice numbers | ScotRail
51 Train Driver Apprenticeships for Wales | ASLEF
52 RMT research reveals extent of Scottish rail companies Covid profiteering - rmt
53 & 54 Minister confirms that the public pay for railway profiteering - rmt

analysis of the ROSCOs' accounts shows that in the year prior to July 2020 they made profits of £241 million.[55] Porterbrook recently posted annual profits of £81m and paid out £80m in dividends to shareholders.[56] In Scotland, the pandemic response has seen the Scottish Government EMA's guaranteeing £15m profit to ROSCO's.[57]

ROSCOs were created from privatisation, and because they own 87% of the trains on the railway, have a virtual monopoly of the provision of trains. This keeps the lease costs high as the pivotal position they have in the running of the railways, is used to accumulate and extract significant profits underwritten by the public purse.

Electrification has driven the renewal of some rolling stock. However, the reintroduction of 40 year-old HST engines has been a backwards step.[58] These heavy polluting diesel engines have been described by workers during this research, as 'notoriously unreliable', an 'unmitigated disaster' and that using them is 'tantamount to environmental vandalism'.

Their reintroduction broke a negotiated agreement between ScotRail and trade unions, to stop the dumping of human waste on the tracks.

Only the activism of unions such as ASLEF and the RMT, threatening not to operate these trains led to retrofitting of tanks that stopped this practice.

Reliance on such an aged fleet is a prime example of the short-termist mismanagement of the passenger franchise.

There is a structural dependence on ROSCOs that is unhealthy for Scotland's rail service. ROSCOs are an industry within an industry, with three companies centrally involved in leasing the majority of trains in the UK.

They are in a prime position to engage in excessive profiteering. In developing a new system the Scottish Government should look at ending the stranglehold ROSCOs have which fuels the outflow of money from the system.

Publicly owned rolling stock would leave more finance available to be reinvested in services. Taking all trains back into public ownership would of course require an initial outlay. Innovative and imaginative use of public finance, for example through the issuing of green bonds, could raise the money required. f

1.9 ENGINEERING AND INDUSTRIAL STRATEGY

Developing an engineering and manufacturing base in Scotland as part of a wider industrial strategy is both logical and desirable. However recent decisions made would suggest that a coherent industrial strategy that places railways at the heart of its thinking appears lacking. For example, the capacity to carry out both light and heavy maintenance of trains has been undermined by the failure to support and develop domestic engineering capacity. The closure of the Caledonian Railworks in Springburn is a prime example.

55 & 56 RMT on Coronavirus bailout bonanza for TOC's - rmt
57 RMT research reveals extent of Scottish rail companies Covid profiteering - rmt
58 https://www.railmagazine.com/news/network/scotrail-takes-three-more-classic-hsts

The Scottish Government's failure to ensure work went to the 'Caley' or take it into public ownership, even for a temporary period to protect jobs as new markets were sought was a hugely retrograde step that revealed a total lack of vision in developing heavy and light engineering capacity as a vital part of a wider industrial strategy.

Allowing 200 jobs to be lost and leaving such a skilled workforce with a heritage stretching back 163 years to the whims of the market was, viewed by unions and the workforce as industrial neglect.

It is not too late, to act. The Scottish Government could reverse its decision. The skills, knowledge and experience are still here in Scotland. What is required is the political will and a plan to invest and develop the industry.

In addition, the in-house engineering staff at ScotRail have reported a decline in the standard of tools, PPE and essential items they require to carry out their work. They see this as further evidence of financial 'penny-pinching'.

They also identified the wasteful outsourcing of a contract for air conditioning where an engineer traveled weekly from England for 14 years because of ScotRail's inability to recruit inhouse locally.

1.10 RAIL FREIGHT

Expanding rail freight is a key element in the Scottish Government's national transport strategy. It is vital to economic growth, importing and exporting goods effectively and taking climate action. It is a "safer, greener and more efficient way of transporting goods."[59] However, most journeys that move freight around Scotland are by road.[60]

The 2016 Scottish Government paper on rail freight recognised the importance of shifting the transportation of goods from roads to rail.[61] The 2020 NTS2 said, "we will also promote efficient and sustainable freight transport for the movement of goods, particularly the shift from road to rail."[62] If health is to improve, pollution to decrease, and environmental targets are to be met then increasing the movement of goods by rail freight is imperative. 'Per tonne of cargo rail freight produces 76% less carbon dioxide than road freight. Rail freight emits less than one tenth of the nitrogen oxide and fine particulates of road haulage per tonne'.

"Rail freight can also improve safety and reduce congestion, with each freight train removing up to 76 heavy goods vehicles from the roads."[63]

In so doing reducing road congestion, road maintenance budgets and road accidents as well as pollution. "Alongside passenger services, rail freight prevents up to 57 serious road casualties and fatalities per year and delivers up to £241m in travelling time savings through reduced road congestion.[64]

This is notwithstanding the economic benefits. Rail freight is reliable and cost

59 , 61, 63 & 64 ts-rail-freight-strategy-a4-aw3.pdf (transport.gov.scot)
60 Transporting Scotland's Freight
62 https://www.transport.gov.scot/media/47052/national-transport-strategy.pdf

effective especially for the transportation of goods for longer journeys.[65] It was reported earlier this year how:

"Transporting freight by rail plays a key role in the UK economy, delivering significant economic, environmental and social benefits across the country. New analysis from Deloitte shows that the industry delivered £2.45bn of economic benefits to the UK in 2018/19. This is made up of £1.65bn in user benefits (time savings, cost savings, reliability improvements), and £800m in social benefits (reduced congestion, emissions and safety impacts)."[66]

During the pandemic and post-Brexit rail freight traffic has slightly increased. According to the ORR, there was an "increase of 36.5% on the same quarter last year (2020-21 Q1), an increase of 1.3% compared with the same quarter two years ago (2019-20 Q1)."[67]

Against the context of the current shortage of HGV drivers, a 1.3% increase from pre-pandemic levels[68] represents a disappointingly poor level of improvement. Albeit there have been some positive developments with companies such as Tesco, increasing their use of rail freight as a sustainable and reliable way to transport their goods. In the North of Scotland, Timber producers are trialling this approach as part of their decarbonisation agenda.[69]

Taking a longer-term overview rail freight has suffered because of the loss and falling demands from core contracts in industries such as coal and steel. Despite this decline, there appears to be a renewed focus to increase rail freight. This is clearly the case in Scotland as expressed in NTS2, Transport Scotland's Rail freight strategy and the subsequent Scottish Parliament Committee report into rail freight. The challenge now is to turn policy commitments into practical change.

By the Scottish Government's own admission, they can incentivise the use of rail freight but they "cannot lead the way on rail freight innovation – it is a matter for the rail freight industry, where the expertise resides."[70]

Rail freight is in private hands with seven Freight Operating Companies (FOCs) licensed to operate on the UK rail network, the largest of them are DB Cargo UK, Freightliner and GB Railfreight. The Scottish Government policy paper on rail freight reported how private operators don't do enough to share routes and rail freight movements.

"To spread the costs and risks presented by the sharing of rail freight movements i.e. where two or more freight providers would combine to run a single train. While there has been a number of good examples of this, as a consequence of some technical and commercial barriers, this is not common practice. It is our view that there are potentially significant benefits from sharing freight movements:

- *Reduced costs for the respective rail freight providers.*
- *Pooling of risk across both provider and customer.*
- *More efficient use of network capacity.*
- *Reduction in rail freight's carbon footprint.*
- *Increased carbon efficiency"*[71]

65 Tesco credits use of rail freight for keeping shelves stocked in supply crisis
66 raildeliverygroup.com/media-centre-docman/12827-2021-07-rail-freight-future-for-britain/file.html
67 Rail freight moved across Britain's railway returns to pre-pandemic levels
68 Driverless Lorries In The UK - Perfect Or Problem? (easyashgv.co.uk)
69 Rail freight plan to take 400 timber lorries off Caithness roads
70 & 71 ts-rail-freight-strategy-a4-aw3.pdf (transport.gov.scot)

Transporting goods is a global business and there is potential for significant growth in containerised freight. However, freight workers who contributed to this research were scathing about the current model which they see as an impediment to growing freight services. They reported how the unavailability of wagons and drivers are a significant barrier to growth, saying:

"Unfortunately, rail freight is not able to quickly respond to peaks and troughs, changes in customer needs etc, as the resources needed to take significant investment and significant time to deliver. Operators cannot afford the luxury of unused assets so will always wish to employ as few staff as possible, and rely on rest day working, limiting the ability to adapt and grow." [72]

The Rail Delivery Group argue that rail freight has been one of the success stories of privatisation.[73] An assertion not supported by freight workers who contributed to this report, who said:

"There is little incentive for the established operators to go out looking for new work. Far from helping them grow, taking on new work they can't resource is likely to lead to deterioration in the service to existing customers, jeopardising contracts. So very little new freight ever comes onto the railway, come to think of it almost all the freight on the network is a legacy, even the containerised traffic which has grown in recent years uses terminals that date back to BR days. Simply, in most other cases the only reason that freight is on the railway at all is because decades ago sidings, vehicles were built, etc, I'm honestly struggling to think of any genuinely new work that has come onto the network."

You'd think there would be some innovation in that great success story." [74]

This raises the question of whether more state intervention and a publicly operated rail freight operator should be created. Rail freight is integral to meeting net-zero targets and there is huge economic and environmental importance attached to it. There is a pressing need toincrease and expand rail freight capacity.

Freight operators like passenger operators rely on public sector investment both to help incentivise potential customers but also to invest in infrastructure. Businesses rely on rail freight to get goods to market as efficiently and reliably as possible.

The Scottish Government should consider the creation of a nationalised freight operator. This would increase uptake, optimise efficiency, develop the economy, and improve sustainability, whilst providing strategic public control and direction over rail freight without a reliance on the vagaries of the market.

The distortions of the market and how it can lead to contradictions and a move away from public policy (and environmental) objectives was shown in October 2021 when Freightliner, the biggest UK rail freight company using electric trains, took rail freight from their green electrified trains and back onto polluting diesel trains due to the increasing price of electricity.[75]

A textbook example of market failure in both rail and energy. It also compounds the concerns that rail freight is increasing its use of polluting trains.

72 & 74 From an ASLEF members working in rail freight
73 file.html (raildeliverygroup.com)
75 UPDATED: Freightliner to withdraw entire electric fleet (railmagazine.com)

According to the ORR:

"The amount of diesel consumed by freight trains in 2019-20 has increased by 12.5% to 172 million litres. This is the highest figure since 2015-16, and the first time that diesel use increased year on year since 2015-16. Electricity usage fell by 6.3% to 70 million kWh."[76]

The single biggest issue in rail freight is the question of investment and how to enable the shift from road to rail and ensuring rail is using decarbonised trains. A concerted and focused effort to increase freight traffic is required. Network Rail and Transport Scotland both say they are committed to this.[77] There has been investment in the Mossend Hub.

"*Phase 1 of the £260m Mossend International Railfreight Park has been given planning approval in Scotland, and this includes sidings capable of handling 775-metre trains. Work has been delayed by the pandemic, but it is scheduled to open in early 2023, handling 16 trains a day, creating 2,700 FT jobs and 2,200 construction jobs."* [78]

The Scottish Government has also set up a rail freight fund, worth £25m over 5 years, to encourage an increase in rail freight.[79] While the UK Government finances the Mode Shift Revenue Support grant scheme, which has helped finance many of the sidings still in use.

Such investment at Mossend and the support available is obviously helpful, but questions remain. For example, the planned end of diesel locomotive use by 2040 could have a beneficial impact on Scotland's environment but this will require an expansion of electrification on all routes and electric freight trains.

Rail freight drivers are currently involved in delivering contracts in the following sectors: aviation fuel, supermarkets, concrete, paper, slurry, mail, Network Rail and even periodically nuclear fuels.

Several freight operating companies compete for contracts in Scotland, resulting in what some see as a race to the bottom. With contracts won by driving down wages and the terms and conditions of workers. A nationalised freight operating company could help fulfil the Scottish Government's fair work agenda and business pledge.

Immediate challenges in developing freight capacity include:

- **Are there a sufficient number of freight hubs in the right places close to potential customers, harbours and ports?**
- **Are we enabling single container intermodal shift for smaller orders and companies?**
- **Are sidings long enough and able to cope with longer trains at all hubs?**
- **Are there sufficient freight paths and timetable slots for freight?**
- **Is investment in infrastructure focused sufficiently on freight and given equal footing with passenger operations?**
- **Should passenger trains be able to carry lighter freight?**
- **Is freight fully integrated with other transport modes to ensure efficient transit of goods to the final destination?**
- **Is the investment in transport infrastructure for freight sufficiently taking into account environmental considerations?**
- **Are all areas needing to see expanded track being prioritised in order to help increase freight traffic?**

76 Rail Emissions 2019-20 (orr.gov.uk)
77 file.html (raildeliverygroup.com)
78 Dave Watson: The future is railfreight (unisondave.blogspot.com)
79 Rail Freight fund announced - gov.scot (www.gov.scot)

If rail freight is supposed to be a priority area then questions have to be asked about major road projects. An example of this is the upgrading of the A9 to a dual carriageway North of Perth whilst the railway in this region remains single-track.

An extensive program of investment in rail freight is urgently required .

1.11 WILLIAMS SHAPPS REVIEW – GREAT BRITISH RAILWAYS

The Williams Shapps review was chaired by the former British Airways Chief Executive Keith Williams and reported to Secretary of State Grant Shapps. It had no worker/trade union involvement in its 'challenge board'.

It was asked to consider ways to support:

- Commercial models for the provision of rail services that prioritise the interests of passengers and taxpayers
- Rail industry structures that promote clear accountability and effective joint-working for both passenger and freight services
- A system that is financially sustainable and able to address long-term cost pressures
- A railway that is able to offer good value fares for passengers, while keeping costs down for taxpayers
- Improved industrial relations, to reduce disruption and increase reliability for passengers
- A rail sector with the agility to respond to future challenges and opportunities [80]

Williams Shapps concluded that:

"A new public body, Great British Railways, will own the infrastructure, receive the fare revenue, run and plan the network and set most fares and timetables. Network Rail, the current infrastructure owner, will be absorbed into this new organisation, as will many functions from the Rail Delivery Group and Department for Transport....Great British Railways will simplify the current confusing mass of tickets, standardising mobile and online ticketing, and bringing an end to the need to queue for paper tickets." [81]

There are concerns that no fundamental change to the current model will be made. Whilst there is a commitment to end franchising, but not private involvement, profiteering and capital extraction, which are such a negative feature of the current system. Williams Shapps makes clear their support for continuing private sector involvement; stating:

"Private sector innovation has helped deliver the spectacular growth the railways have seen in the last quarter-century; it is essential that we keep the best of this and encourage more, particularly in IT, data and modern payments. In most cases Great British Railways will contract with private companies to operate trains to the timetable and fares it specifies, in a way similar to that used by Transport for London (TfL) on its successful Overground and bus networks. Operators will compete for the contracts, and we expect competition to be far greater than for the old franchises, with simpler procurement, lower costs and no one-size-fits-all approach." [82]

This defence of privatisation despite all its failings and the massive levels of capital

80, 81 & 82 Williams Rail Review - GOV.UK (www.gov.uk)

transfer from the taxpayer to private shareholders illustrates the very legitimate concerns trade unions have about the Williams Shapps approach. There is a continued commitment to allow scarce resources, to flow into private hands: resources that could have instead been used to reduce fares, expand services, and invest in rail infrastructure.

Trade unions are concerned that this is a program to drive down costs by cutting jobs and eroding the pay, terms and conditions of workers. Manuel Cortes, general secretary of TSSA, dismissed the plan as "papering over the cracks" and that "A concessions-based model will still see passengers' and taxpayer money leak out of our industry in the form of dividend payments for the greedy shareholders of the private operators who will hold them".[83]

The Scottish Government has expressed concern about how Williams Shapps might impact upon their current devolved responsibilities, not least around the absorption of Network Rail into the new public entity and claimed that they had not been consulted on any proposed change.[84]

What Williams Shapps means for Scotland is therefore yet to be clarified. Network Rail have said that whatever the outcome "Scotland's Railway will embrace it in a proactive manner".[85] How the Scottish Government intends to respond is unclear. The trade unions, whilst supportive of increasing devolved powers over rail infrastructure are still committed to an integrated rail network across the UK and are opposed to any fragmentation of Network Rail.

The idea of driving efficiencies, by cutting the operating base, appears to be a shared objective of the Scottish and UK Governments. The potential implications of this for workers, passengers and for wider policy ambitions is worryingly uncertain and needs to be clarified.

1.12 PAYING FOR RAIL SERVICES

Rail services receive significant public subsidies. This is entirely right and proper: rail services are a vital public service and merit proper support and funding.

The then Transport Minister, Humza Yousaf said in 2018 how:

"Our railways are a national asset, they connect communities, enhance our quality of life and spread prosperity. Rail is well placed to play a pivotal role in the wider strategic context including the review of the National Transport Strategy, the work on the Strategic Transport Projects Review, our wider ambitions in the Climate Change Plan and the promotion of active travel." [86]

This need for public support for our rail services is compounded by the understanding that rail services are an intrinsic part of Scotland's wider environmental strategy to cut CO2 emissions. If Scotland is to meet its targets and wider public policy objectives it cannot afford ***not*** to properly invest in rail services in Scotland.

One concern from the current arrangements is that public subsidy helps facilitate profiteering and capital extraction. Abellio ScotRail and the SERCO operated Caledonian Sleeper

83 & 84 Great British Railways body has been announced to run industry
85 Scotland's Railway Strategic Plan (networkrail.co.uk)
86 rail-enhancements-and-capital-investment-strategy-15-march-2018.pdf

receives public funds to run passenger services. A recent Transport Scotland document outlined the level of support provided to both during the pandemic. This payment was in part to ensure that the Scottish Government met its entitlement to provide Revenue Support for Abellio and Profit Support to SERCO. [87]

Similarly, Network Rail receives support from the Scottish and UK Governments, encompassing infrastructure investment in cross border services.

According to Abellio ScotRail:

"*The Scottish Government's pre-COVID rail budget for the 2019-20 and 2020-21 financial years was £989 million and £1,264 million respectively. This covered subsidies for the ScotRail and Caledonian Sleeper franchises, and funding to Network Rail Scotland for operations, maintenance, renewals, and enhancements*". [88]

It excludes additional funding that Abellio ScotRail received through the EMAs, an emergency funding stream, over and above standard funding, which helped keep the railways operating during the pandemic and lockdowns when demand for trains plummeted.

Abellio ScotRail's Budget comes from a combination of fares, other revenue and public subsidy.[90] A helpful illustration of where ScotRail's revenue comes from and how it is spent is provided in their accounts. For the year ending March 2020, they show revenue was £917m. This is broken down by a subsidy of £526.35m and passenger fares.[91] The subsidy value includes an element of pass-through funding which is paid to Abellio ScotRail and then subsequently paid to Network Rail. This value is determined by the Office of Rail and Road (ORR) Final Determination.

The full Scottish budgetary commitments for this year and the previous 2 years is shown in Table 1 below.

Budget (£ millions) [89]

	2019/20	2020/21	2021/22
Major Public Transport Projects	207	207	173
Rail Development	3	3	2
Rail Franchise	417	520.1	638.9
Rail Infrastructure	362	534	501
Total Rail Services	**989**	**1,264.10**	**1,314.90**

Table 1

87 Payments to rail franchisees under the Emergency Measures Agreements
88 Detailed Assessment | ScotRail
89 Scottish Budget 2021 to 2022 - gov.scot (www.gov.scot)
90 The annual contract for the ScotRail service delivered by Abellio: FOI release - gov.scot (www.gov.scot)
91 Abellio ScotRail Accounts for Year Ending March 31st 2020 - Companies House

Some of the main ways that revenue was spent include £271m to Network Rail for access charges. Most/all passenger train operating companies receive an indirect subsidy because they do not pay all of their track access charges – the Network Grant to Network Rail picks up the outstanding charges. It is argued that these payments assist in guaranteeing profits and act as a fix for a flaw in the privatised model and helps guarantee profits. Recent accounts also show £263m for staff costs. In the 2019 accounts, it was reported that the spend included £127m to ROSCOs for leasing trains.[92] In the 2020 accounts, Abellio ScotRail stated that the liabilities for rolling stock were still nearly £277m (this includes the £127m leasing costs).[93]

Abellio ScotRail also owes £90m to its parent companies. Interest rates on this are charged between 2% - 8% There are legitimate questions to be asked around these loans and the rate of interest being charged. It is right to ask whether this is providing indirect profit to Abellio and if the loans could have been accessed at much lower rates of interest like those being charged by banks and other financial institutions.

There are also concerns around the management and performance fees given to Abellio and Serco via the EMA during the pandemic.[94] Since March 2020, both operators have been operating under an Emergency Measures Agreement (EMA) whereby the Scottish Government takes on all revenue and cost risk and the operator receives a fee for running services. The initial EMA i.e. 'EMA1', was in place for six months from March – September 2020. Under the terms of EMA1, Abellio and Serco were entitled to a performance and management fee equivalent to up to 2% of the pre-pandemic cost base of the franchise.

The EMAs have subsequently been extended and are currently in place until December 2021. In the later EMAs, Abellio and Serco will receive a fee worth up to 1.5% of the pre-pandemic cost base of the franchise. The Scottish Government has indicated that it is its intention to extend the EMAs until March 2022.

After months of delays, the Scottish Government finally published the management and performance fees paid to Abellio ScotRail and Serco Caledonian Sleeper in July 2021. This revealed that for the six-month period, Abellio received £8.8 million in management and performance fees and Serco received £500,000.[95]

Based on ORR data for the 2018-19 cost base of the franchises, RMT estimates that ScotRail could make around a further £20 million in performance fees from September 2020 – March 2022 (when it is expected that the EMA will end), meaning total fees paid to Abellio under its EMAs could exceed £27 million. RMT has estimated that Serco could make a further £1.2m under its EMAs.[96]

Trade unions have questioned why the budgets for the Abellio ScotRail and Serco Caledonian Sleeper EMAs contain funding for fees for profits for the private operators, but nothing for a pay award for the frontline workers.

92 Abellio ScotRail Accounts for Year Ending March 31st 2019 - Companies House
93 Abellio ScotRail Accounts for Year Ending March 31st 2020 - Companies House
94 Payments to rail franchisees under the Emergency Measures Agreements - March to September 2020 (transport.gov.scot)
95 Payments to rail franchisees under the Emergency Measures Agreements - March to September 2020 (transport.gov.scot)
96 RMT research reveals extent of Scottish rail companies Covid profiteering - rmt

There are also questions around the efficacy of the financial management of ScotRail by Abellio.

At a time of increasing turnover (both revenue and public subsidy), Abellio ScotRail has seen losses increase. Issues around closure of tracks for electrification and the potential loss of revenue have been posed as potential reasons for this.

However serious questions still need to be asked:

- **What is the cause of these loses?**
- **How are they to be absorbed?**
- **What role has the Scottish Government played in the financial situation facing Abellio ScotRail?**
- **Was the electrification of track and upgrades built into the business case and financial projections (and if not why not)?**
- **Is public subsidy being used to address financial mismanagement by Abellio ScotRail?**

Primarily, the concerns are based around the growing value of assets minus liabilities.

ScotRail does not own many assets, the rolling stock is leased by private companies and the track and infrastructure owned by Network Rail.

There has to be transparency over how assets have grown tenfold since 2015 - what are these new assets and what does this mean for the legacy left for the incoming publicly owned ScotRail? [97]

Prior to the new operation being established next year, the Scottish Government must commit to continue supporting and investing in rail services and infrastructure.

The Government must ensure that the new operating company will provide world-class, well-staffed, affordable services that help meet Scotland's public policy and environmental objectives.

Rail services should not be a marketised service. Like health and education, public transport is vitally important and should be funded accordingly. Government Ministers do not openly call for budget cuts to schools and hospitals neither should they with essential public transport services.

Any attempt to establish a new rail system based on contracting services, job losses and station closures will be robustly resisted.

Scotland's new publicly operated rail service must improve our rail services, not preside over further decline. Any attempts to do so must be resisted.

97 Unite Members Vote for Strike Action at Abellio ScotRail

1.13 THE DOCHERTY REPORT / SCOTRAIL CONSULTATION

Scotland's railways are in a state of flux. The decision to end the Abellio franchise early was warmly welcomed by trade unions and passenger groups. But there is a lack of clarity around what type of public service will replace the current model.

Transport Scotland state "The services will be provided within the public sector, by an arm's length company owned and controlled by the Scottish Government"[98] but no detail is provided of how this will be structured and governed. Neither is there any detail of what level of resource will be committed to the new publicly-owned ScotRail other than regular pronouncements from current Transport Minister Graham Dey that the current funding levels are unsustainable?

The Docherty report commissioned by Abellio ScotRail has fuelled concerns about the current thinking at government level. Docherty openly suggests that the pandemic presents an opportunity to cut the operating base.

Saying:

"*Given the likely economic circumstances post-pandemic, it seems infeasible for the rail sector to continue operations without radical efforts to reduce the cost base. There is therefore a classic crisis/opportunity dilemma for the sector to address in determining its actions during the period in which increased government support appears secure'. He went on making suggestions rail services should 'reduce its ongoing revenue requirement so that it presents a more sustainable cost base to government.*"

And that:

"*This will at the very least require revisiting of difficult and long avoided questions of the size and role of the workforce, and whether legacy business activities such as the provision of ticket offices is viable in future...*

A reduced service level has been operating for more than a year now and can enable transition to a demand (rather than politically) driven timetable structure which can meet the future needs of customers and the economy with at least 10% fewer services and vehicle miles than before the pandemic." [99]

His analysis is clear – he sees an opportunity to use the pandemic as cover for cuts to services, jobs and ticket offices.

Such an approach contradicts the government's stated policy objectives of encouraging a modal shift from private car to rail travel.

This contradiction is seen in Docherty's acknowledgement of the importance of public transport in helping Scotland meet its environmental obligations.

Yet, his report on the other hand continues to push a cuts agenda that seems more concerned with reducing government expenditure than expanding sustainable travel.

98 The ScotRail Franchise and its Effect (transport.gov.scot)
99 Scotland's Railway After the Pandemic - Professor Iain Docherty, University of Stirling

Following the Docherty report, Abellio ScotRail launched a consultation on timetable changes.

This proposed that due to a fall in demand because of covid, services should be cut by 300 trains a day: a fall from 2400 pre-pandemic to 2100. This amounts to a total of 109,000 fewer trains a year.

Abellio ScotRail argues that only 23% of seats in Scotland's trains were being occupied before the pandemic and that these cuts would save the taxpayer around £30m to £40m per annum, claiming this would improve reliability and punctuality.[100]

This proposal has angered other stakeholders as well as the trade unions.

Transform Scotland said that:

"...the Scottish Ministers' immediate focus should be on failing to restore levels of rail service provision when it should instead be delivering an environmentally-sustainable recovery from Covid".[101]

The proposals run contrary to the central aims of NTS2 and the Scottish Government climate change strategy that places public transport at the heart of it.

Yet, the Scottish Government has consistently failed to reject the Docherty report's recommendations or the central themes of the ScotRail Fit for the Future consultation.

This stands in contrast to developments in Wales where the government took the Wales and Borders franchise into public ownership, with a commitment to growing services, increasing passenger numbers, protecting staffing levels and cutting emissions.

If the Scottish Government is in favour of the Docherty and ScotRail's cuts agenda, they should say so and make it clear where any efficiencies should come from. The Scottish Government is already managing the franchise under the EMA and will have taken ScotRail into public ownership before the proposed revised timetable comes into effect raising the question of whether they have already endorsed this agenda. Scottish Government[102] Minister for Transport, Graeme Dey, implicitly endorsed the underpinning message of the consultation in parliament, when he said:

"We cannot continue the level of funding that is now going into rail. Prior to the pandemic, Scotland was spending about £1.1 billion per year on its railway. That figure covered all aspects, including investment. Because of the money that we have had to put in due to the pandemic, that figure has risen to around £1.5 billion per year.

That is simply not sustainable. We have encouraged unions and management to come together constructively and to identify efficiencies on both sides that could be used to fund reasonable pay increases." [103]

100 Fit for the Future | ScotRail
101 Rail patronage recovery campaign should be the priority, not rail service cuts - Transform Scotland
102 Public consultation on proposed new ScotRail timetables | ScotRail
103 Meeting of the Parliament: 07/09/2021 | Scottish Parliament Website

This is disingenuous from the minister. He knows that the additional money was EMA money which came from Barnett consequentials via extra UK Treasury spending to support Scottish workers and public services during covid. This extra money was a temporary measure and not intended to last indefinitely.

The implication of the Minister's statement is that he endorses Abellio ScotRail's proposed approach. He fails to recognise the fundamental flaws, short term and regressive nature of what is outlined. The Docherty / ScotRail proposals have provoked genuine anger from the travelling public, trade unions and passenger bodies.[104]

Scotland's rail unions have repeatedly raised concerns at these proposals, saying:

"*It is exactly this type of short-term thinking that has contributed to the climate crisis. We need a railway where trains are regular, reliable and affordable with services properly staffed. It is this model of high-quality dependable service that will encourage car drivers onto our trains. ScotRail's proposals will achieve the opposite. Scotland deserves a world-class rail service supported by the Scottish Government that helps us meet our historic duty to cut emissions and tackle the climate change that threatens our very existence.*"[105]

Instead of accepting this temporary fall in demand as the new normal, policymakers should be to looking at ways to fill empty seats. It is self-evident that a more punctual, reliable, affordable, safer, accessible and better-managed system are fundamental prerequisites to moving travellers from their cars and on to public transport. A service which is contracting will act as a disincentive and lead to further decline in passenger numbers.

It appears that prior to the publication of the Docherty report and Abellio ScotRail consultation there was a series of meetings between Professor Docherty and Bill Reeve, Rail Director at Transport Scotland. A Freedom of Information request has revealed, these meetings were to discuss 'academic research' being conducted by Professor Docherty in relation to how transport recovers post covid.[106] While no documents from these meetings have been released, Professor Docherty's report is clear that the way for Scotland's railways to recover from the pandemic is through cuts to jobs and services.

Professor Docherty appears to enjoy frequent and privileged access to the highest levels of Transport Scotland. His meetings with senior director Bill Reeve appear to have influenced the outcome of his report. With an apparent synchronicity between his view and that of Transport Scotland. It should be noted Professor Docherty is an academic adviser to the Scottish Government's national transport strategy and as a former non-exec director of ScotRail and Transport Scotland.

If there are efficiencies to be made in Scotland's rail system they should come from addressing financial mismanagement, ending corporate welfare, tackling excessive management fees and the multiple layers of profit financial extraction. They should not come from attacking the jobs, terms and conditions of the key workers who gave so much to keep Scotland moving throughout the greatest health crisis of modern times.

104 Hundreds of axed ScotRail trains will not be restored under planned post-pandemic timetable | The Scotsman

105 Leaked ScotRail document shows no plan to resume pre-covid timetable as firm accused of cutting services - Daily Record

106 Fredom of Information Response(s) to T. Kane August and September 2021

A firm commitment from the Scottish Government to fully fund rail services in a way that encourages rather than discourages, and incentivises rather than disincentivises, train use is required. This means that as ScotRail goes back into public ownership, and recovers from the reduced demand as a result of Covid, that the Scottish Government must commit to funding ScotRail appropriately, with a medium to long term view that only continued and proportionate levels of investment and service expansion, will help shift people from cars to trains, in the numbers required.

1.14 THE THE SNP AND GREEN GOVERNMENT AGREEMENT

All this uncertainty is taking place at a time when the Scottish Green Party have signed a cooperation agreement with the SNP and against the backdrop of COP26 coming to Glasgow.

Coalition agreements necessitate compromise and the dilution of entrenched positions - this one is unlikely to be any different.

There are however some central principles that one would think cannot be abandoned such as the Greens' commitment to public transport and the understanding of its vital role in cutting greenhouse gas emissions.

A recent report commissioned by former Green MSP John Finnie stated that:

"*The study argues strongly that the Climate Emergency demands a significant move away from road-based transport to rail-based, to reduce both emissions and energy needs*"[107]

The Scottish Greens have been unequivocal in their support for increased investment in the public rail system. In their 2021 manifesto for the Scottish Parliament election, they said:

"The Scottish Greens are proposing the Rail for All investment programme: a 20 year, £22bn investment in Scotland's railways to build a modern, zero carbon network that is affordable and accessible to all, making rail a natural choice for commuters and business and leisure travellers. This investment will be a central component of Scotland's green recovery from Covid, creating at least 16,800 jobs while delivering infrastructure that is essential to tackling the climate emergency, supports our long-term economic prosperity, and will be enjoyed by generations to come". [108]

In 2019 they committed to:

"Redirect funding away from high-carbon transport infrastructure and to public transport, cycling and walking. It would see the existing programme of city and region deals, which deliver large-scale public investment but are largely focused on road infrastructure, replaced with green city and region deals, and a massive increase in investment in the strategic growth and decarbonisation of Scotland's railway network." [109]

These are big and important commitments. They have rightly concluded that investing in rail services is inextricably linked with Scotland's environmental obligations. However, they now find themselves in a coalition with a partner whose current position on rail services is some way off what the Greens have committed to in their last two manifestos.

107, 109 Deltix Rail for All Final Report Nov 2020
108 Transport - Scottish Greens

There is a widespread expectation and hope that the Greens will not deviate from their central and longstanding commitments to rail. That they will use their leverage from inside Government to argue for the level of investment needed to help Scotland meet its environmental targets and its other public policy objectives.

The SNP had, until the recent decision to take ScotRail back into public ownership, confined itself to supporting a public bid within a tendering process.

Even now it has only committed to a five-year contract under public ownership. The Greens must use their leverage as a partner, albeit a junior partner, to push for full and permanent public ownership of ScotRail.

CHAPTER 2

2.1 THE ROLE OF RAIL SERVICES IN MEETING WIDER TRANSPORT STRATEGY, PUBLIC POLICY, ECONOMIC OBJECTIVES AND ENVIRONMENTAL TARGETS

Public transport, incorporating bus and rail services will be pivotal in Scotland's response to the climate emergency. Shifting travellers from private car to public transport is a vital component in helping Scotland meet its environmental targets. The benefits of this have been highlighted by Abellio ScotRail. They estimate that the environmental impact of one train equates to taking 500 cars off the road.

Abellio's figure is all the more stark when applying their methodology over a full calendar year. .

300 services X 500 cars = up to 150,000 car journeys a day.

150,000 x 365 days = an additional 54.75million equivalent car journeys a year as a result of their proposed cuts.

These are astronomical figures that give a sense of the huge environmental impact of Abellio's planned cuts.

A world-class publicly operated railway would help deliver on several other policy areas; sustainable economic growth, improved health and well-being, the creation of quality jobs and a workplace environment that properly values the workers as an asset and not as a potential efficiency. Indeed had ScotRail conducted a series of focused impact assessments on their plans to reduce services, it is our contention that it would result in an expansive rail policy with increased investment.

2.2 SCOTTISH NATIONAL TRANSPORT STRATEGY

The Scottish Government NTS2 is framed by and seeks to achieve "Our key Strategic Outcomes for all transport modes, including rail, support our priorities for sustainable, inclusive growth. They are improved journey times and connections, reduced emissions, improved quality, accessibility and affordability." [110]

Cabinet Secretary for Transport, Michael Mathieson sets out the context of the NTS2 when he stated in the Ministerial Foreword how:

"This Strategy advocates a Vision for Scotland's transport system, that will help create great places - a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors. It sets out Priorities to support that Vision: reduces inequalities; takes climate action; helps deliver inclusive economic growth; and improves our health and wellbeing. Within these Priorities there is greater focus on reducing inequalities and taking climate action to ensure we address the key challenges we face." [111]

The NTS2 vision for transport in Scotland - to reduce inequalities; take climate action, help deliver economic growth and improve our health and well-being - these are worthy and important ambition but are contradicted by the cuts being proposed.

2.3 CLIMATE ACTION AND ENVIRONMENTAL TARGETS

Taking action to meet the climate emergency is the most pressing public priority facing Scotland.

The Scottish Government climate change plan makes clear the scale of the emergency and Scotland's responsibilities.[112] Within the plan, they confirm that transport is an urgent and priority policy area to help meet our environmental obligations (and other policy objectives, including tackling inequalities) and, point towards the NTS2's aim to reduce emissions from transport.

The Strategic Transport Projects Review reiterates the linkage between the climate plan and the NTS2. Stating how:

"The transport related components of the plan build upon the new National Transport Strategy, with a specific commitment to reduce car kilometres by 20% by 2030....Transport's contribution to the climate emergency and net zero targets, means that there is a need to reduce unsustainable travel and deliver modal shift towards walking, cycling and public transport."[113]

110 https://www.transport.gov.scot/media/39496/high-level-output-specification-hlos-for-control-period-6-final.pdf
111 national-transport-strategy.pdf
112 Securing a green recovery on a path to net zero: climate change plan 2018–2032 - update - gov.scot (www.gov.scot)
113 Strategic Transport Projects Review 2 Update and Phase 1 Recommendations

Transport is Scotland's biggest polluter producing 37% of all greenhouse gas emissions. 40% of this total is from cars, 12.5% from light goods vehicles (vans) and 12.5% from heavy goods vehicles.[114]

This stands in contrast to rail services which provides a clear and practical example of how to cut CO2 emissions.

"Rail is already a very low carbon form of transport for passengers and freight and in 2017 rail accounted for just 1.2% of all transport emissions in Scotland and between 2012 and 2018 (UK) emissions per passenger kilometre fell by 24% for rail compared to 8% for petrol cars, 4% for diesel cars and 10% for buses".[115]

The Scottish Government commitment to decarbonise Scotland's railway is a significant step in the right direction. Updating the Scottish Parliament, Transport Minister Michael Mathieson said:

"Transport is a significant contributor of greenhouse gas emissions, but within the transport mix, Scotland's railway is a success story, with around 76% of passenger and 45% of freight journeys already on electric traction".[116]

This programme should now be accelerated at pace as most of the electrification that has taken place is concentrated on busy central belt routes.

In terms of the actual track electrified as of 2020 "Only around 29 per cent of tracks (or around 41 per cent in terms of single-track rail kilometres) are electrified in the country".

Road freight is a significant polluter, increasing rail freight, especially on decarbonised trains, would have a major impact on reducing Scotland's CO2 emissions. One freight train is the equivalent of 76 lorries on the road.[118]

However, a clear industrial strategy is required to ensure a just transition within an integrated transport system that does not abandon road freight drivers.

The replacement of rolling stock with electrified trains and the quicker decarbonisation of services should be central to future HLOS plans. Developing technologies such as battery-powered and hydrogen-fuelled trains are as yet unproven but should be considered as and when they become viable.

Achieving the ambitions on climate action laid out in NTS2 requires Scotland to have a transport system that is fit for purpose.

The aspirations of the NTS2 are important, but the ambition is hollow if not matched by proper levels of investment and if cuts to services occur.

2.4 ECONOMIC POLICY

Rail services support jobs and the wider economy.

Transport Scotland says "The railway is part of the fabric of our nation's economy and well-being. It connects people and places - supporting over 13,000 jobs, around 9000 of those directly". [119]

114 Strategic Transport Projects Review 2 Update and Phase 1 Recommendations
115 & 116 rail-services-decarbonisation-action-plan.pdf (transport.gov.scot)
117 Scotland will decarbonise its railways by 2045 | RailTech.com
118 ts-rail-freight-strategy-a4-aw3.pdf (transport.gov.scot)
119 Investing in Scotland's Railway (transport.gov.scot)

Rail services are important because they:

- **Offer fast routes to employment for commuters**
- **Link our cities with the rest of Great Britain, making our nation a more attractive place to not only live and work, but also do business**
- **Move goods around the nation and bringing customers to businesses**
- **Connect tourists to world-famous destinations and attractions up and down the country.** [120]

This from Transport Scotland offers an understanding of how trains and the railway network moves goods, brings people to work, helps develop tourism, increases leisure opportunities, supports economic activity and sustains jobs. This will be undermined if Abellio's planned cuts are implemented.

The NTS2, also makes clear that rail services are a fundamental part of growing our economy. It says: "Improvements in transport connectivity between businesses reduces costs and increases productivity, thus generating higher levels of economic growth".[121]

A recent report published by Oxford Economics highlights the value of rail services to the wider economy and that demand for rail was booming pre-covid.[122] UK Government Rail Minister Chris Heaton-Harris believes the fall in demand is temporary and will return to pre-pandemic levels though he said peak times may differ from before.[123]

The Oxford Economics report also sets out the case for continued investment based on National Infrastructure Commission (NIC) research.

It suggests that:

"if rail investment is increased by 50 per cent, the rail sector would contribute to the economy an additional £5.6bn per year between 2025 and 2029, with an extra 104,000 individuals employed in the industry as a result."[124]

This is further evidence that economic recovery could be accelerated, new jobs created and existing ones protected if rail investment is made.

Environmentally sustainable rail investment would create an immediate stimulus to the Scottish economy. An STUC report on the potential for green jobs said there is a catalogue of 'shovel ready' projects for example platform upgrades, journey time improvements, and reopening older lines.

These projects could cost £2bn and create over thirteen thousand (direct and indirect) jobs over a two-year stimulus period.[125]

The STUC report also presents an analysis of the economic benefits of longer-term projects to improve infrastructure. It recommends:

- expanding an electrified rail network to serve all major towns where feasible
- the operation of high-speed services on main lines
- increasing freight service capacity to take freight off roads where possible [126]

It is estimated this would cost between £4.5bn-£9bn over the course of 10-15 years and in the process would create between

120 Transport Scotland's Rail Policy and Strategy
121 national-transport-strategy.pdf
122, 123 & 124 Latest figures show the UK rail sector was booming before pandemic losses | E&T Magazine (theiet.org)
125 & 126 STUC_Green_Jobs.pdf (transitioneconomics.net)

four thousand and thirteen thousand jobs.

It is clear that investing in rail infrastructure brings a long-term economic dividend.

If we are serious about economic recovery and moving people from cars to public transport then we need to reject short-termism, expand, rail passenger services and increase investment in infrastructure.

Now is the time to consider how we revive and regenerate our economic activity.

For example, we could increase usage on busy routes by running trains much later at night to support town and city economies.

Encouraging workers in the nighttime economy and leisure travellers to use the train rather than travelling by private car.

2.5 SOCIAL POLICIES AND TACKLING INEQUALITIES

Transport policy is not simply about building roads, trains, and ferries. It plays an integral part in the wider functioning of our individual and collective lives.

As the NTS2 acknowledges, a good transport system has wider benefits and is a necessary policy component to help achieve other objectives set by the Scottish Government.

On inequalities the NTS2 states amongst other things:

- "Our vision for transport in Scotland will help households access employment, training and education – supporting an increase in earned incomes – and by being affordable will help to reduce overall household costs."
- "It will take account of the more complex travel patterns of women due to, for example, domestic care and more part-time working, and consider the disproportionate impact on women when decisions are being made to cut or remove public transport services."
- "This Strategy will play a crucial role in tackling social isolation by connecting people through improvements to transport, allowing them to socialise, access services and meet with friends and family face to face."
- "It will help improve the lives of older people in Scotland by giving them greater opportunities to be connected, engendering a sense of greater independence and increasing confidence in older people's ability to travel."
- "As a society, it is important that older and disabled people can plan and get to their GP or hospital without facing physical barriers and enduring distress, anxiety or additional transport costs. [127]

The NTS2 also raises the following issues in relation to barriers to travel:

127 national-transport-strategy.pdf

"Women and disabled people, for example, are more likely to experience affordability barriers to transport. They are less likely to drive and more likely to use public transport, particularly buses. However, many women and disabled people feel vulnerable when using public transport. This is especially true at bus stops or train stations that have poor lighting, are isolated and not frequently used at certain times of the day or are located in places perceived to be unsafe."[128]

The issue of affordability and the disproportionate impact on women and disabled people must be prioritised and addressed. The cost impact of high fares on already marginalised groups is pricing people out of rail travel.

Identifying problems is however a redundant exercise if there is no distinguishable plan to address them. If women and disabled people feel vulnerable using public transport, especially late at night, then this must also be addressed as an urgent priority. One way to provide support and confidence to the travelling public is by increasing, staff numbers and their presence both at stations and on trains.

The concerns of passengers cannot be allayed if station and 'on train staff' are cut. Many disabled passengers require assistance to travel and access services.

Vulnerable passengers often feel anxious about using trains, especially at night, when few or no staff are present and British Transport Police availability is limited.

We cannot expect to encourage more disabled people to use the railway if the vast majority of stations have no staff to assist them and many stations are inaccessible? Yet, the Scottish Government proclaim:

"We believe in the absolute rights of disabled people to participate as full and equal citizens; we know that accessible travel is key to enabling this. Our vision is that all disabled people can travel with the same freedom, choice, dignity and opportunity as other citizens." [129]

There are concerns that investment to improve accessibility is insufficient to meet the needs of disabled passengers. Progress is so slow that it is estimated it will not be until 2070 before all stations are made accessible, currently, only 46% are.[130]

Further reductions of staffing at stations will deter disabled passengers even more.

Anti-social behaviour and safety is a recurring theme raised by passengers and staff. A recent RMT survey showed "70% of RMT transport members said there has been an increase in violence in the last year. Reasons given for this include more lone working, and cuts to the British Transport Police which has seen the force decimated in recent years." [131]

If staff feel less safe then the impact on passengers must be even greater. In Scotland, this is particularly relevant given the high level of driver-only operated services and unstaffed stations.

At present only 45% of Abellio ScotRail services operate with a 'safety critical' guard on board and around 60% of stations do not have a staffed ticket office.

128 national-transport-strategy.pdf
129 A Fairer Scotland for Disabled People: progress report 2019 - gov.scot (www.gov.scot)
130 Disabled rail users 'have to wait decades' for accessible stations - STV News
131 https://www.rmt.org.uk/news/rmt-survey-reveals-violence-against-transport-workers/

The ambition of the NTS2 must be matched by action and investment. The service failures identified in this report will be exacerbated if ScotRail's new timetable is implemented, reducing the ability of the Scottish Government's to meet its own policy commitments to reduce inequality.

2.6 HEALTH AND WELL-BEING

Improving health and well-being as well as addressing inequalities, including health inequalities, needs an enhanced public transport system that is affordable and accessible.[132] A recent report by Public Health Scotland said:

"Actions to limit increases in car traffic; support walking, wheeling and cycling; and protect the long-term viability of public transport are needed to bring positive benefits for health and wellbeing, sustainability and the local economy…Prioritised actions should be those that: to protect the long-term sustainability of public or community transport services through, for example, improving accessibility, affordability, availability and appropriateness, and ensuring greater integration of transport services and ticketing to facilitate multi-modal journeys to limit increases in private car travel…" [133]

The Scottish Public Agency the Poverty and Inequality Commission has published a report that looked at the link between Transport and Poverty in Scotland. They said:

"*Poor access to transport can lock people into poverty by limiting access to these opportunities to increase income. The cost of transport can put significant pressures on household budgets. This can include the cost of public transport, or the cost of needing to run a car. Transport costs can also prevent people from travelling entirely. Transport costs need to be weighed against earnings in making decisions about taking jobs, for example. Access to transport can also reinforce or lessen the impact of poverty. Being unable to access or afford transport can prevent people accessing services, reduce quality of life and lead to social isolation. This can increase inequalities linked to income, such as health inequalities.*" [134]

If as a society, we are serious about tackling inequalities then public transport has an important role to play. It must be accessible, affordable and available. For too many of our citizens, the converse is true with rail services unaffordable, inaccessible and unavailable.

Having access to affordable transport is a key driver for lifting people out of poverty. Conversely, cutting services and investment entrenches poverty, it detrimentally impacts access, while rising prices also clearly has a negative impact on those without the means to purchase fares that are too often beyond their reach.

Currently, due to concerns over access and affordability, we have what could be described as 'mobility poverty'.

An important element for Scotland to end the stubborn inequalities is investment in public transport and making it more affordable and accessible.

Increasing the numbers of people on public transport, trains and buses, will also help improve the overall health of people and save

132 Health inequalities are the unfair and avoidable differences in people's health across social groups and between different population groups. Scotland experiences some of the greatest health inequalities in Western Europe. People in the most deprived areas spend around 23 fewer years in 'good health' than those in the least deprived areas

133 & 134 Transport use, health and health inequalities: full report

lives. Air quality is detrimentally impacted by pollution, predominantly from road traffic. Traffic causes 2500 early deaths a year in Scotland and is the dominant cause of air pollution.[135]

"It causes heart attacks, strokes, and respiratory problems, with children and the elderly amongst the worst affected. Seven sites in Scotland are still exceeding air quality legal limits, nearly ten years after the limits were formally introduced".[136]

According to the NTS2 "Transport generates just over one-sixth of Scotland's total particulate matter (PM10) and over one-third of the total emissions of nitrogen oxides (NOx). The majority of these emissions are caused by road transport".[137] While emissions of NOx from road transport are reducing they are not doing so "at the anticipated rate and transport, and road transport, in particular, remains a significant contributor to poor air quality...increases the risks of diseases.., Air quality is often worse in areas of deprivation and is also a health inequality issue."[138]

This is a public health emergency. People are dying and the lives, often of the poorest, are being impacted by poor air quality from road traffic. Prioritising a shift from car to public transport, should therefore also be considered a priority for improving public health.

2.7 FAIR WORK?

The Fair work framework describes how:

"Fair work is work that offers effective voice, opportunity, security, fulfilment and respect; that balances the rights and responsibilities of employers and workers and that can generate benefits for individuals, organisations and society". [139]

A central plank of the Fair Work Agenda is to offer a voice to workers and a recognition that they should be engaged with listened to and respected whilst able to make a constructive difference in their workplace. The agenda recognises workers are integral to the effectiveness and efficiency of the work they do, the general running of the organisation they work for and the services they provide. As the Fair Work Framework says:

"Effective voice requires a safe environment where dialogue and challenge are dealt with constructively and where workers' views are sought out, listened to and can make a difference." [140]

Under Abellio's stewardship, industrial relations have plummeted to rock bottom.

Therefore, the Scottish Government must ensure that its Fair Work agenda is adhered to under the new publicly-owned operator of last resort and that a new era of constructive and positive industrial relations is created.

135 Air Pollution - Friends of the Earth Scotland (foe.scot)
136 Transport-in-a-net-zero-future-v2.pdf (foe.scot)
137 & 138 national-transport-strategy.pdf

139 & 140 Fair-Work-Convention-Framework-PDF-Full-Version.pdf (

CHAPTER 3

3.1 A PEOPLE'S SCOTRAIL

The people best placed to shape Scotland's railway of the future are those with the expertise and knowledge of the network: Scotland's railway workers. Yet too often their voice is ignored excluded from decision making and governance processes.

This report seeks to bring together their vision and elevate their voice.

There is no group of people with more expertise and knowledge about our railways than the people who work on them. Rail workers have no interest other than making the railways the best they can be for passengers, their colleagues and wider society. Their concerns can be seen from a survey of nearly 400 ScotRail workers which found that: 96% believe the cuts will affect passengers negatively, and 89% believe the cuts will deter passengers from the rail network. [141]

It is a truism that the staff are the greatest asset the railways have. The Abellio approach has been to treat them as adversaries and potential efficiencies to be cut in a game of profit maximisation.

141 RMT calls for new ScotRail timetable plans to be scrapped - rmt

Rail workers who have contributed to this report have shared their knowledge, understanding and passion for their industry. They gave their views openly, honestly and with clarity.

They want to see:

- **A world leading publicly operated and governed system.**
- **A service run in the interests of people and communities not and a cash cow for shareholders and profiteers.**
- **A system that helps Scotland meet its social, economic and environmental policy ambitions.**
- **A system that is supported by subsidy, is affordable and accessible for all and gets more people on trains.**
- **A fully staffed railway with a safety critical guard on every train, staffed stations and ticket offices.**
- **A system that reinvests in rail infrastructure, and helps grow the economy.**
- **A system that expands rail freight as part of a just transition.**
- **A system which takes ScotRail and the Serco operated Caledonian Sleeper back under public ownership permanently**
- **A railway that is part of a wider integrated public transport system, with a rational ticketing system and through-ticketing**
- **An industrial strategy that recognises rail services as a vital part of Scotland's economy**
- **A railway that provides heavy and light maintenance locally and in-house**
- **An end to driver only trains and ensure all trains have at least one additional safety-critical person on board**
- **An increased number of in-house cleaners on trains and at stations**
- **Improved industrial relations, settling the long running disputes and delivering on the fair work agenda**
- **A fully developed driver apprenticeship scheme with 100 apprenticeships per annum recruited across the railway**

The contributions from rail workers to this report offered up a level of detail that, taken together, presents an exciting and positive vision that would transform our railways into a modern, dynamic, clean, affordable, safe and popular public service. Their ideas, grounded in decades of experience, should form the basis of Scotland's new railway.

As we move to the public operator of last resort model policymakers must learn from good examples across the globe and not be restricted to replicating the failed legacy of the UK privatisation.

3.2 PUBLICLY OWNED NON-PROFIT SCOTRAIL

In and of itself public ownership will not resolve the issues and challenges facing ScotRail. It must be a publicly operated system that builds and delivers a much-improved system. It must move away from the present cuts and decline agenda and invest in an expansive rail network.

Central to this must be a democratic regulatory framework that rejects a narrow form of elitist governance, dominated by financial interests over the quality of service. A genuine, inclusive partnership approach, where governance and regulation has both cross-industry and cross-society representation would be beneficial and constructive. One where each board member's views are welcomed and respected, which cultivates good relations and engenders a unity of purpose.

The new board must prioritise improving and repairing industrial relations and putting to an end the adversarial approach taken by the current management. This will ensure all voices are heard and ultimately improve staff/management relations, morale and service delivery.

The new publicly owned operator of last resort must therefore:

- **Democratise the regulation and governance of ScotRail and rail Services in Scotland.**
- **Ensure that there is a cross representation of Scottish society and rail interests at the heart of decision making.**
- **Have trade union representatives from all four trade unions on the board of the new operator.**
- **Have local political representatives on the board for example SPT, COSLA.**
- **Have passenger representatives on the board.**

3.3 STAFF, INVESTMENT AND EXPANSION

Staff are the public face of the train operators, they drive trains, clean trains, sell tickets, plan journeys, help and assist passengers, maintain engines and the track and ensure travellers feel safe on trains and in stations.

In recent years we have seen "Injuries from accidents on trains increase from 230 to 324 between 2018 and 2019. Injuries from train accidents in stations increased from 465 in 2018 to 609 in 2019."[142] Moreover, whilst train accidents are rare and their number fell it was still the case that there were 32 accidents in 2019 alone. In 2020 the Stonehaven derailment demonstrated the dangers that exist on our railways.

142 Chapter 7: Rail Services (transport.gov.scot)

Tragically, the driver, the conductor and one passenger died in that accident.

These statistics demonstrate the importance of train staff being available, initially to try and prevent accidents from happening but also to assist should they occur. It is not unreasonable to suggest there might be a correlation between staff reductions and increased accidents. As part of this research, workers told us that in critical areas such as health and safety human beings cannot be replaced by machines. “A machine cannot tighten a bolt or lead passengers to safety from a derailed train” and “there is no replacement for boots on the ground”. [143]

The presence of staff is particularly important to the disabled, the elderly, the young and vulnerable passengers who may need assistance to travel. Staff can clear up confusion over ticketing, help those who cannot book online or are digitally excluded, provide support to wheelchair users and the visually impaired and help them to negotiate transfers to connecting trains at busy stations.

It was also suggested by respondents that similar to new generation buses, the rolling stock should be equipped with the technology to ensure that no passenger has to step up onto trains or use a ramp for access.

Having enough staff would instil confidence in those who may find the prospect of travelling by train daunting. Currently, of the 359 stations in Scotland over 200 do not have staff working in them. This does not inspire disabled people and other vulnerable groups to use the train. Moreover, neither will the fact that 57% of trains in Scotland are driver only operated and only 43% have another member of staff supporting the driver.

Staff also have a role in preventing anti-social behaviour in and around stations and on trains. During the pandemic, anti-social behaviour got so bad that ASLEF, seriously considered stopping driving trains running past 7 pm. There is a clear correlation between anti-social behaviour on the railway and a lack of visible staff. If there is no conductor or ticket examiner on board this acts as a disincentive for many solo travellers, including women, the elderly, the young and the disabled especially on the evening and nighttime services. The justice system should create a specific offence to ensure repeat offenders are banned from the rail network, this would help protect staff and other passengers.

The cleanliness of trains is a key concern for passengers. This is especially relevant when we see the current focus on good hygiene to help prevent the spread of infection and disease transmission.

High-quality, in-house cleaning by well trained and staffed teams is a vital part of maintaining high standards.

Scotland’s railway should be an exemplar in delivering apprenticeships, including driver apprenticeships. This would deliver on Abellio's unmet franchise commitment to engage 100 young people in this role, developing the workforce of tomorrow.

143 From interviews with workers

To deliver access requires an expanding service.

However, the ScotRail Fit for the Future document proposes a cut of 300 services a day or 109,500 fewer trains a year. This includes on the Glasgow Queen Street to Edinburgh via Falkirk High line.[144] Cuts such as these can only result in moving people from rail back onto the roads.

Rail staff call on the new publicly owned operator of last resort to:

- **Reject the Docherty report and ScotRail Fit for the Future document**
- **Fully resource ScotRail as it recovers from the pandemic and rebuilds passenger numbers**
- **Expand rail services not cut them**
- **Extend timetable operating times to serve the night-time economy**

3.4 FARES AND PRICING

Scotland's railways need both a pricing system and structure that incentivises people to use trains. Fare prices are beyond the purchasing power of many people and exclude them from travelling by rail and the complexity of the ticketing system often leaves people baffled and undermines the system's credibility.

Scotland needs to introduce integrated ticketing linking with other forms of public transport. Such a system could also encourage walking and cycling to public transport terminals.

Integrated ticketing has been long promised but progress has been glacial

After several years of promises, the industry is only just consulting over the membership of the advisory board. Again, there is no mention of trade unions in the list of appointees.[145] Despite the Fair Work report stating there should be a trade union rep on all new public bodies.

Ironically, as a result of COP26 Scotland has introduced a temporary integrated ticketing system for delegates but not local people. When asked about this Transport Scotland said although it supports integrated fares "adopting a universal smart ticketing scheme is ultimately a commercial matter for transport operators".[146] An admission by the Scottish Government that while they claim integrated ticketing is a good thing they are dependent on private operators to make it happen.

Ticket prices must be reduced to a level that is on par with the cost of travelling by car and the charging system made more transparent. Fares for under 24s and over 60s could be offered free as they are with buses.

The Scottish Pensioners Forum recognise the barriers to rail travel experienced by older people and stated in their 2021 Scottish Parliament Election manifesto that the Concessionary Travel Scheme should be extended throughout Scotland, include rail and ferry travel and that additional funding should be made available to help improve accessibility to transport for older and disabled people and their carers.[147]

In relation to young people aged 16/17 the current level of the minimum wage is £4.62 per hour and £4.30 for apprentices.[148] Some young workers effectively have to work for two hours a day just to pay for their daily rail travel.

144 Timetable Routes | ScotRail
145 Consultation: Membership of the National Smart Ticketing Advisory Board (transport.gov.scot)
146 COP26 delegates get free Oyster-like smartcard unavailable to Glasgow residents | The National
147 Scottish Manifesto 2021 Final.pdf (scottishpensioners.org.uk)
148 National Living Wage extended to younger workers - GOV.UK (www.gov.uk)

As previously stated peak fares effectively act as a hidden tax on workers - they should be abolished. All of these measures should be supported by the Scottish Government as they would encourage more people onto trains, socialise young people onto rail at an early age and make it their preferred travel choice, ultimately leading to increased revenue over time as passenger numbers increase.

The new publicly owned operator of last resort should therefore:

- **Reduce prices for all ScotRail passengers**
- **Offer free rail travel for all under 24's and over 60's**
- **Improve accessibility for older and disabled people and their carers**
- **Abolish peak fares**
- **Create an integrated, simplified, open and transparent ticketing system**

3.5 INVESTMENT AND ENDING PROFITEERING

The level of funding put into rail services by the Scottish Government is an acknowledgement that they are a vital part of Scotland's infrastructure and that they need public support and subsidy to operate. The level of subsidy provided is not insignificant. However, there are legitimate concerns that some of the public funding that has been going into Abellio ScotRail has been used to deliver shareholder dividends.

The extensive list of positive suggestions set out in this report would attract more people back to the railway, stimulate the economy and increase tax yields, meanwhile creating environmentally sustainable green jobs.

The counter approach claims that there is no more money to invest in rail services and that efficiencies must be sought - Scotland's rail unions reject this.

Indeed, rail staff regularly highlight the loss of revenue due to ticket barriers being opened at peak times allowing passengers through who have not paid, a result of there not being enough staff on duty to collect payments.

Other revenue could be recouped by ending the huge leasing payments to ROSCO's and purchasing rolling stock outright and by ensuring that light and heavy maintenance is carried out efficiently and effectively in-house.

Bringing the SERCO operated Caledonian Sleeper back into public ownership, would deliver further long-term financial benefit. The Scottish Government should take the sleeper back into public ownership and bring the Sleeper service and ScotRail under the one publicly owned umbrella.

Options for financing the railways in the longer term include the use of a wealth tax or the issuing of 'Green Bonds'. Bonds are included in Scottish Government borrowing limits at present and further increasing borrowing powers is on the political agenda as part of the current review of the Fiscal Framework. Potential investment could come from Scottish public sector pension funds in much the same way as ABP pension fund in the Netherlands has invested €160m in the European Union's (EU) first-ever green bond program.[149]

This requires imaginative thinking, political willingness and an understanding that investment, using the borrowing powers

149 Dutch pension fund ABP invests €160m in EU green bond - European Pensions

available to the Scottish Government and local authorities will help Scotland meet its environmental targets and grow the economy.

With a similar political will, the Scottish Government could introduce a wealth tax. The Scottish Greens, now in coalition, were committed to this in their manifesto.[150] It has been estimated that a 1% windfall tax on Scotland's top 1% could raise more than £3 billion.[151]

The Scottish Government can borrow and raise finance via bonds. For capital projects, the Scottish Government can borrow up to £3bn, and they have the power to increase this. We would hope that during the review of the fiscal framework this will happen and that this additional borrowing would be invested in rail.

Local councils can also borrow to invest in green projects. Green bonds are issued by borrowers to raise finance for projects that will reduce Co2 emissions and pollution. SEPA and the Scottish Wildlife Fund recently proposed a £1bn fund for nature conservation that would see local authorities issue bonds directly to the public via a crowdfunding platform.[152]

For rail with an ongoing and consistent revenue stream, there is an obvious case to be made for issuing green bonds to buy back rolling stock, invest in new track, electrification, and enhance rail freight infrastructure. This will reduce existing costs and grow revenue.

Meeting the challenges of ageing infrastructure and adapting to and mitigating against climate change requires significant public investment and the Scottish Government could use the powers at its disposal in an imaginative way to raise the necessary funds.

The need to quickly upgrade infrastructure and raise investment to address the climate emergency is recognised throughout the world. We have seen the development of green bond markets especially following the signing of the Paris Climate agreement in 2015.[153]

International agencies, banks and funds such as the World Bank, the International Finance Corporation and the Climate Bonds Initiative exemplify this development. The Climate Bonds Initiative said that in 2019 the use of green bonds had reached a new global record and was up 51% from the previous year.[154]

In the knowledge that increasing rail travel is a fundamental mechanism to reducing pollution and Co2 emissions, rail sectors across the world have seized on green bonds as a means to finance improvements in infrastructure and services and deliver environmentally positive outcomes in the process. In Japan for example:

"Odakyu Electric Railways Co. has developed the Odakyu Electric Railways Green Bond Framework (the "Framework") under which it is planning to issue a green bond and use the proceeds to finance and/or refinance expenditures related to clean transportation and infrastructure". [155]

In France, the state-owned SNCF SA is one of the world's biggest issuers of green bonds. *"With a total of €7.2 bn in Climate Bond debt*

150 Fair Taxes - Scottish Greens
151 A Taxing Problem // New Socialist
152 Trust and SEPA publish route map towards £1 billion for nature conservation | Scottish Wildlife Trust
153 .https://doi.org/10.1186/s40991-020-00056-0
154 Climate Bonds Initiative | Mobilizing debt capital markets for climate change solutions
155 https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/odakyu-electric-railways_green-bond-framework-overview_spo_final.pdf?sfvrsn=76ee4128_3

at the end of 2020 SNCF ranks among Europe's leading green bond issuers and is the rail industry's largest green bond issuer worldwide." [156]

SNCF is investing in environmentally positive outcomes for the railways in the knowledge that rail is "The most efficient and environmental-friendly mode of transportation. Railway transport is a key contributor in the fight to reduce Greenhouse Gases emissions as it emits less than 1% of total CO2 emissions in France in the transportation system while transporting 10% of passengers and freight." [157] SNCF explains where their investment in green bonds is spent:

"*Until 2020, SNCF Green Bond programme was dedicated solely to railway infrastructure assets. Since 2020, the group has been working to extend its Green Bond programme to additional eligible assets. More specifically, SNCF Group plans to extend its program to these two categories of assets:*

- *On SNCF Réseau perimeter: to investments related to maintenance, upgrade and energy efficiency on the electrified network, for UIC 5 or UIC 6 rail assets according to UIC classification*

On SNCF Voyageurs perimeter: to investments directly and indirectly related to zero-emission train fleet, and more precisely:

- *Purchase of new rolling stock material;*
- *Maintenance/overhaul operations on rolling stock;*
- *Maintenance/overhaul of associated maintenance facilities*[158]

SNCF state how in making this investment services will improve and in so doing continue to attract passengers and users. Stating how

1. *"By investing in upgrades, we keep our infrastructure running at its best and ensure that rail continues to attract users.*
2. *Without these investments, network quality would deteriorate, causing a marked slowdown in traffic."* [159]

It should also be noted that the French investment continues despite covid and a similar reduction in passenger demand.

Indeed, "At the end of 2020 and to dissipate the effects of the COVID-19 crisis, the French State provided the group with a capital contribution of 4.05bn euros, channelled through SNCF SA but dedicated solely to the benefit of its subsidiary SNCF Réseau". [160]

These examples point the way for Scotland. Of course, the situations are not identical, and frameworks are different, however, there are general principles that could be replicated.

The Scottish Government could raise capital for further investment in green infrastructure such as the replacement of the rail rolling stock.

As the host nation of COP26, Scotland should consider following the French example by utilising green bonds.

Taking these steps would initially require additional investment from the taxpayer but this investment will both stimulate growth in the railways as well as in the wider economy and increase the tax yield that can be invested into public services.

156 ,157, 158, 159 & 160 2021_Green_Bond_Framework_SNCF_VF.pdf

The Scottish Government should consider:

- **Taking the Serco operated Caledonian Sleeper back into public ownership under the one ownership umbrella alongside ScotRail**
- **Funding accelerated electrification of our railways**
- **Increasing investment in Scotland's rail infrastructure, including rolling stock**
- **Issuing green bonds to finance increased investment**
- **Creating a wealth tax to invest in Scotland's railways and public infrastructure**

3.6 PLANNING AND FUTURE-PROOFING

The rail workers and trade unionists who contributed to this report take pride in their work and made it clear that working on the railways for them was a way of life and not just a job. They understand the value and the importance of rail services and are motivated to improve them.

They are clear however that for this to be successful, it will require improvements to rail infrastructure, greater investment in making trains more attractive, reduced fares and a fully staffed railway.

Improving connectivity is critical to a successful economy and society.

This means better planning at the local and national levels to ensure new housing development, industrial projects and strategic initiatives are built whilst taking into account public transport needs.

Such a system would see buses linked to trains and trains linked to airports and ferry terminals with through-ticketing and coordinated and complementary timetables. No longer would we see trains leave stations 2 minutes before the timetabled bus arrives. If we want people out of cars and onto public transport buses should be waiting as trains arrive in stations.

A genuinely integrated system would encourage active travel, including walking and cycling and have provision for charging electric cars.

Encouraging the use of public transport and active travel to stations could also be incentivised if people were given fare discounts where they could demonstrate that they walk or cycle to the station. Installing charging points at stations would encourage the greater use of electric vehicles.

Designing a new timetable that meets the needs of passengers is a huge and complex issue. It was acknowledged by rail workers that this is a massive undertaking, but they contend that the current timetable is not fit for purpose and must be changed.

Enjoying Scotland's natural beauty could help develop the rural economy and create jobs. For example, future rolling stock could have viewing carriages for tourists to travel on

so they can enjoy Scotland's natural landscape. This is similar to schemes operating in Canada and other states.

Railway workers are global as well as local citizens. They want to encourage people onto trains to help address the climate emergency.

They want clean, modern, non-polluting trains and welcoming fully equipped stations that put an end to train idling and unnecessary waste and pollution.

They want a public rail system that encourages and increases train use and looks to the future with investment, rejecting the short-termist approach of cuts and job losses.

They are committed to a railway system that is world-leading.

One that looks to the future.

One that they are proud to work in.

CHAPTER 4

4.1 CONCLUSION

The vision presented here is ambitious but realistic. It is one that could be delivered with the right level of support and political will.

That is not to say there will be no challenges or obstacles along the way, but the biggest barrier is the limited ambition and a lack of vision for the railways that prevails at present.

If that is changed then anything is possible.

The current mindset has to change. Scotland needs a vision for our railways that is committed to increased investment, which matches action with rhetoric.

Rail services are not solely about transport policy. They have a central role to play in the future of Scotland. They are integral to delivering on the wider policy agenda of addressing social and economic inequality, improving health and wellbeing, creating economic growth and taking climate action.

This report sets out a set of bold and imaginative ways in which we can achieve excellence.

This vision is presented by Scotland's rail unions, ASLEF, RMT, TSSA, UNITE and we hope it will be adopted by the Scottish Government.

A PEOPLE'S SCOTRAIL NOW

ASLEF ESTAB 1880

RMT

tssa

unite the UNION