WRITTEN EVIDENCE FROM SCOTTISH ASSOCIATION FOR PUBLIC TRANSPORT

**Summary of Main Issues**

1 The foreword to the draft Scottish Budget stresses the Scottish Government's commitment to "*investment in the low-carbon economy, to cut emissions, create jobs and secure Scotland's leadership in the green economy*".

2 The funding situation is tight and expected to remain so for several years. But the draft budget allocates a share of £142 M additional resources to improvements to the A75 and A77, design work for future improvements to the A82, A90, and bringing forward dualling of the A9.

3 By contrast, the bus service budget is fixed (falling in real terms), the Edinburgh-Glasgow rail Improvement Programme (EGIP) has been scaled back and is likely to be delayed, and no budget allocation has been made for planning upgrade of the Perth-Inverness and Aberdeen-Inverness railway lines, despite bringing forward funding for the parallel A9 and A96 roads. The net effect will be to encourage a shift from public transport to car use, in direct contradiction to the Scottish Government's commitment to low carbon, sustainable development. Scottish Transport Statistics show that road traffic has now stabilised and is now declining, while rail use continues to increase. This healthy trend could be destroyed if the Government goes ahead with allocating additional resources to road schemes while scaling back and delaying rail capital investment.

4 Most of the budget rail allocation of £837 M is for the £511 M revenue support for the ScotRail franchise. The franchise is due for renewal in autumn 2014 which is beyond the 2013/14 budget period. Our Association recommends the new franchise specification should include an overhaul and update of ScotRail timetables to improve services and efficiency, allowing future annual budgets to increase capital investment and reduce the need for revenue support for rail. Faster progress towards electrification will increase rail revenue and operating efficiency and is consistent with the Scottish Government's commitment to lower carbon emissions.

5 The allocation of £6 million for cycling, walking and safer routes (out of a total transport budget of £1953 million) is entirely inadequate. Statistics show increasing rates of injuries and fatalities of cyclists and pedestrians. The Scottish Government's commendable target of achieving 10% of all trips on bike by 2020 will not be reached unless there is a serious commitment to increasing investment in creating a safer environment for cyclists and pedestrians. More active travel and greater exercise is a key factor in creating a healthy Scotland.

**Detailed Comment on Draft Budget**

**6** We accept that the present funding situation is extremely tight and expected to remain so over the next five years. Direct Scottish Government funding of the Additional Forth Crossing and of the Glasgow South Hospitals puts particular pressure on the capital budget for other schemes, partly eased by the ability of Network Rail to borrow against programmes approved by the Office of Rail

Regulation (ORR) as being realistic within the public funding and rail track access charge income likely to be available to support such programmes and related borrowing charges.

7 PPP, PFI and other innovative approaches can also be utilised to facilitate increased capital spend on schemes with high benefits for the economy, lowered carbon and health and well-being. To permit informed comment, we suggest that the finalised budget include clear indications of :

a) direct capital spend by the Scottish Government.
b) annual charges (and the length of period involved) payable by the Scottish Government where up-front capital is provided by others.
c) estimates of the combined total of capital spend on schemes within the infrastructure and capital investment portfolio.

**8** We consider that greater analysis is required of links between transport, the economy, lowered carbon and changing public and business behaviour. There is a risk in assuming that all transport infrastructure investment and improved connectivity will strengthen the economy, lower carbon emissions, and improve well-being compared to alternative uses of scarce investment funds. It is surprising that the draft budget increases motorway and trunk road spending from £655m a year to £691m while cutting rail infrastructure spend from £291m to £277m. The justification for this is lacking when there is strong evidence from the past decade, and in forecasts, that rail growth (in Scotland and elsewhere in the UK) has continued at record levels even in recent years of recession while car use has stabilised and fallen. The finalised Budget should be accompanied by an ANNEX showing recent and expected changes in internal movement and mode share, and similar information on travel to and from Scotland.

**9** The list of extra, smaller-scale projects capable of quick delivery, if funding prospects improve, should be adjusted to include rail, tram and bus schemes rather than being heavily skewed towards roads

**10** In the absence of regulated borrowing powers for the Scottish Government (a change which we would welcome), SAPT agrees with the modest proposed shift from revenue to capital spend but would urge increased attention to innovative sources of capital funding and means of restructuring and reducing revenue spend to give improved outcomes for the economy and society. In particular, reforms of BSOG, concession travel and rail franchising should be considered. Changes in service patterns and track maintenance can cut costs while greater income from increased rail travel can be secured by average (and simplified) fares rising at no more than the rate of inflation. The Budget should include an allowance for **rail operational savings but with the majority of savings used to increase levels of rail investment in Scotland**. Present investment is now lower than between 2000 and 2011 and there has been a protracted lull in new orders for additional and replacement rolling stock. Similarly, **greater urgency for smart multi-modal fares and reforms in BSOG, concession travel and other bus support could reverse recent falls in bus use and permit co-ordinated bus, tram and rail services** . Using the Budget to develop such approaches could deliver a greater contribution to the strategic aims of a stronger, lower carbon economy based on:

a) sustainable, prosperous cities with less congestion and an improved environment.
b) promotion of more sustainable tourism and leisure encouraging shifts to public transport, walking and cycling.

**Specific Proposals for changes in Draft Budget**

**11** **Buses and Concession Travel** Propose that this heading be changed to cover support for **Local Travel**, including walking and cycling, Glasgow Subway and Edinburgh trams – also encourage co-ordination and better alignment of spending with regional differences in Scotland by clear indications of **EITHER** a phased transfer of a greater proportion of present Scottish Government funding to Regional Transport Partnerships from April 2013 **OR** a phased enlargement of Scottish Government Grants for which RTPs could bid. Budget should include:

a) a target to introduce smart multi-modal ticketing across the Scottish Central Belt and around Dundee, Aberdeen and Inverness by 2014 (with bus operator support grants withdrawn for those not within smart ticketing guidelines) This does not require any rise in Scottish Government costs but would deliver higher public benefits and boost the overall use of public transport.
b) reform of BSOG and concession travel from April 2013 with an increased proportion of this funding transferred to RTPs for use as they think appropriate, but providing free local travel for concession-holders (with some peak restrictions) available by bus, rail, tram, Subway and local ferry, plus a reduced fare national concession for longer-distance travel within Scotland.
c) transfer allowances for Glasgow Fastlink, Glasgow Subway, Edinburgh tram payments and Scottish government grants for active travel (walking, cycling) to this section.

**12** **Motorways and Trunk Roads:** Rather than the projected rise in PFI spend from £74.5m to £84.7m a year, we suggest restricting this to no higher than the present level in real terms with saving used, along with other innovative funding, to enlarge the very restricted allowance for other trunk road improvements. We suggest also that maintenance allowance be reduced in real terms rather than increased but with such savings used to enlarge **grants available for improved maintenance of local roads and pavements** *(Recent report on road maintenance concluded that the more urgent economic need was to raise spend on local road and pavement maintenance and renewals)*

**13** **Rail:** This part of the Budget lacks the detail found on the Motorway/Trunk Road section and fails to explain the rise in rail passenger franchise costs from £447m in 2012-13 to £531m and a puzzling fall in infrastructure spend from £291m to £277 and also a fall from £39.8m to £28.7m in the separate category of major public transport spend. The Budget states that the latter category includes EGIP, Borders Rail (open by 2014) the residue of Edinburgh tram payments and the actual spend of the Anglo-Scottish £50m sleeper allowance temporarily diverted to Scottish Water. Is sleeper spend included in the franchise category 2014-15 or is a separate capital award proposed in addition to new annual payments for a separate sleeper franchise from 2014? It is hard to relate the Budget rail information to the greater detail provided in the Scottish Government 2014-19 HLOS statement still awaiting a response from ORR. The HLOS includes funding for interchange improvements, new stations, level crossing safety, rail network improvement, rail freight development and 100 track kms of track electrified each year.

**14** The draft Budget proposes to spend more (via the franchise) in maintaining and improving passenger services but this runs counter to expectations that significant savings can be made in net passenger service operational costs and in infrastructure maintenance and procurement yet giving positive outcomes for passenger growth, modal shift from car and HGVs plus an added boost to lowered carbon within the transport sector.

**15** The draft Budget requires modification to deliver:

a) a reduction in franchise costs (partly used to enhance investment).
b) a reduction in track maintenance and procurement costs (partly used to enhance investment and lessen pressures for real rises in average fares).
c) a list of enhancement schemes completed on, or before 2015-16.

**16** SAPT fully supports early completion of **Borders Rail**. But the principal contracts have not yet been awarded and there is no direct evidence of budget funding to back the stated commitment for the line to be open by 2014. The Budget should fund completion within the 2014-15 financial year.

**17** Since **Glasgow-Falkirk-Edinburgh electrification** has been government policy since 2006 (subsequently expanded into a phased programme extending as far as Aberdeen in the 2020s), the descoping and slow progress on EGIP is unsatisfactory and in conflict with the aims to encourage economic revival and lowered carbon in line with Climate Change Act targets. Without amended funding in the finalised Budget, there is a danger that even Phase 1 of EGIP will take 11 years to deliver (2006-17) compared to four years (2010-14) for delivery of Liverpool-Manchester electrification.

**18** The Budget should be amended to ensure:

a) completion of Glasgow-Cumbernauld electrification by summer 2014.
b) completion of Glasgow Queen St HL-Falkirk-Edinburgh electrification (including the Falkirk Grahamston loop) not later than December 2016 with Stirling, Dunblane and Alloa following on.
c) the year in which a steady annual rate of 100 track km of electrification will start.
d) a list of projects (derived from the Scottish HLOS and Rail Industry Plan) on which design work will proceed with a view to construction work starting before 2015 (including Perth-Inverness and Aberdeen-Inverness rail upgrades).
e) creation of a £20m special fund from 2014/15 to which RTPs could apply for Scottish Government contributions to improved interchanges, additional halts and other enhancements e.g. on tourist/leisure routes and an Edinburgh tram extension to Leith.
f) creation from 2014/15 of a £20m special fund to accelerate rail freight expansion and lowered carbon (both of these special funds - though at lower levels - are listed in the Scottish HLOS).