Minister for Transport and Veterans  
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Maureen Watt MSP  
Convener  
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M3.18  
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6 November 2012  

Dear Maureen  

Borders Railway – Conclusion of discussions with Network Rail  

Further to my letter written to the Scottish Government’s Infrastructure & Capital Investment Committee on 29 September 2011, I can now confirm that Transport Scotland have concluded the formal handover and commercial terms for the delivery of the project, ensuring that, for the first time in over 40 years, people living in the Scottish Borders and Midlothian can benefit from a direct rail link connecting our capital city and the wider Scottish rail network.  

While it remains our clear target to have the railway line in place by the end of 2014, a contractual completion date of summer 2015 has today been agreed with Network Rail, at which time the people of the Scottish Borders and Midlothian will enjoy a much needed rail link. The local community will be able to see the track laid end to end before the end of 2014, which will be capable of carrying engineering trains.  

The Scottish Government will be working closely with Network Rail and its contractor BAM to look at ways of achieving our clear target to have the railway line in place by the end of 2014. I have asked for a further review of the programme in nine months from now once construction is well underway and we have had an opportunity to make a further assessment of the risks.  

With regard to the cost of the Borders Railway project, while I can confirm that the capital cost has risen by around £50m, the project will be funded through Network Rail’s Regulated Asset Base (RAB). The effective cost of that is estimated to be £294m in Net Present Value terms (at 2012 prices), which is £60m below the estimate we made for the previous private sector NPD competition. Over the whole life, the costs of building and maintaining the line over 30 years have come in £60m under budget.
The target cost of constructing the project agreed with Network Rail is £294m (at 2012 prices). This number includes an allowance to deal with mine remediation works that are required to remove the risk of future subsidence from abandoned mineworkings.

The Scottish Government has always made clear our commitment to the Borders Railway, a key part of our programme of investment in Scotland’s road and rail networks to deliver sustainable economic growth. We are now delivering on that commitment.

Kind regards

KEITH BROWN