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Mr Edward Mountain MSP
Convener
Rural Economy and Connectivity Committee
The Scottish Parliament
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BY EMAIL
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13 June 2018

Dear Edward,

Thank you for your email dated 23 May 2018 asking for more information following my appearance before your Committee on 16 May 2018.

I attach responses to the Committee’s follow-up questions below, and trust these are of assistance.

With best wishes

HUMZA YOUSAF
385 and 365 TRAINS

- Jamie Greene MSP asked: When will the 385s be running live on the network with passengers? What is the cost of leasing the 365s? (See Column 8 – 9 of the Official Report)

Hitachi and ASR are working hard to resolve the outstanding technical issues of the new fleet including alternative windscreen. A decision to progress with the new flatter screen has been taken and fitment in Scotland is planned during June. Once approval is granted for passenger service by the ORR at the end of June the new trains are gradually expected to be introduced into service soon after.

The lease agreement between Abellio ScotRail and Everhot is commercially confidential but the class 365 trains are being delivered into service and funded by Abellio ScotRail in lieu of ten Hitachi trains as an interim solution to supplement the later delivery of the new fleet of seventy class 385 trains. This will add 800 extra seats per hour across the peak between Edinburgh-Glasgow and I know passengers will welcome this boost after the minor drop in capacity recently on the route. Late delivery is not anticipated to result in additional costs to Scottish Ministers and is creating jobs in Scotland whilst the units are currently being prepared for service.

HIGH SPEED TRAINS

- Mike Rumbles MSP asked: What is the expected lifetime mileage capacity of a class 43 train? What is the average mileage of the trains that are coming to Scotland? What is the lifetime expectancy of these trains? (See Columns 11 – 12 of the Official Report)

There are no mileage figures available for previous fleet usage given that the HSTs’ key components have been changed many times over. The significant range of work that is being carried out before they enter passenger service will deliver a reliable, refurbished train with extended life given they are scheduled to run in Scotland until 2030. Each pair of power cars are expected to cover around 180,000 miles per annum on average when they are fully introduced and within the Franchise Agreement we have increasing reliability targets across the franchise term for the upgraded fleet.

£54M is being invested to deliver 26 fully refurbished High-Speed-Trains (HSTs) made up of 121 coaches which will be gradually introduced from summer to run between Scotland’s seven main cities, delivering 40% more seats than operate on those routes today. HSTs are faster, popular with passengers, will benefit from power car upgrades and will be upgraded to provide the latest standard of comfort, accessibility and catering provision.
NETWORK RAIL UNDERSPEND IN THE 5 YEAR CONTROL SPEED PERIOD

- Jamie Greene MSP asked: What is the value of this underspend and what happens to the surplus cash? (See Column 16 of the Official Report)

As I stated at my appearance on 16 May I will write to the Committee to confirm final costs once I have received these from Network Rail. Once I have these final costs for the projects being undertaken in CP5, I will then be able to confirm the level of underspend.

It may be helpful to note, due to the way the Rail Network is funded in Control Period 5, any reduction in the costs incurred by Network Rail do not generate a cash surplus. What it does facilitate is a reduction in the actual borrowing required to safely operate, maintain and renew the rail network in Scotland.

HIGHLANDS AND ISLANDS AIRPORT LIMITED CONSULTATION

- Gail Ross MSP asked: Detail of consultation regarding HIAL - who has been consulted? (See Column 22 of the Official Report)

Highlands and Islands Airports Limited (HIAL) has engaged extensively with staff and stakeholders since the HIAL Board made its decision in principle to take forward the long-term Remote Towers and Centralised Air Passenger Surveillance air traffic management solution proposed by leading UK aviation consultants, Helios, after a review into HIAL operations at its 11 airports. This has included meetings with MSPs, MPs, Councillors and local authority officers representing the areas with airports that will be impacted by the proposal as well as with Bristows. HIAL has met with its three recognised trade unions – Prospect, Unite and PCS. Prospect is now representing all the unions in relation to this project and is meeting regularly with the HIAL management team to discuss progress. Looking ahead, Prospect will represent the unions on the Project Board which is in the process of being established.

HIAL gave a presentation on this issue at the Convention of the Highlands and Islands in March. HIAL has organised visits for its staff to the operational facility in Sundsvall, Sweden and to the facility being developed in Swanwick, Hampshire. In addition, HIAL facilitated a supplier day in April for members of the public, staff members and local authority representatives. This enabled attendees to view the technology and question the experts on its operation.
COMMUNITY TRANSPORT

- The Minister offered to send a copy of the letter which he had sent to the UK Government highlighting concerns about section 19 proposals. (See Column 23 of the Official Report)

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1 May 2018

Dear Nusrat

I am taking this opportunity to respond to your consultation on changes to the legislation governing the operation of public passenger vehicles under section 19 and 22 of the Transport Act 1985. As I have stated previously in my letter to Jesse Norman MP, Parliamentary Under Secretary of State for the Department of Transport, dated 2 November 2017, this issue is likely to have consequences for a number of community transport (CT) organisations in Scotland.

The Scottish Government welcomes the comments in the foreword to the consultation that the UK Government is committed to supporting the community transport sector and to maintaining the permit system. I would reiterate our commitment to the sector in Scotland and express the hope that we can work constructively to minimise disruption to those organisations who carry out such valuable work throughout the country.

It is also pleasing to see an acknowledgement in the consultation that the purpose of the sector is not confined to transport but that many community transport operators are effectively providers of social care to some of the most vulnerable members of society.

It is worth stating that the section 19 and 22 permits regime was set up in the Transport Act 1985 and associated guidance as a light touch regulatory and licensing regime for the provision of community transport. In the decades since introduction, the regime has provided an effective framework within which not-for-profit organisations can provide community-based local transport services to people in need, often plugging gaps in commercial provision.

CT operators in Scotland raised concerns in response to Stephen Fidler’s letter, in advance of the consultation, about their capacity to meet the revised operator and driver requirements which may mean they can no longer provide services. These organisations and their services are greatly valued by their users, who are often vulnerable and otherwise unable to get out from their homes, to access services in the community. This is particularly the case in remote, rural and island areas of Scotland where communities may be entirely reliant upon community transport, with no alternative providers.

The Scottish Government has received representations from a number of individuals and organisations within the sector expressing their concern at the changes proposed in the consultation. In particular, how community transport organisations are expected to meet the
interpretation of the permits regime set out in the consultation and whether the changes proposed will lead to significant alterations in the way in which they have been operating over a number of years.

Although not all community transport organisations in Scotland rely on section 19 and 22 permits to carry out their work, there are a significant number who do. The CTA State of the Sector Report Scotland 2015 stated that over 70% of CT operators in Scotland use section 19 permits, 24% have section 22 permits with only 8% having PSV operator licences. Many operators fear that the changes proposed are likely to lead to much more onerous conditions and may give them reason to consider whether they can still meet their commitments under the new regime. It is important that community transport operators know where they will stand in regard to the proposals in the consultation. However, many have expressed that the proposals are confusing, too complicated and that further clarity is needed particularly on the “non-commercial” and “short distance exemptions”.

Exemptions
To be regarded as “non-commercial” all of an operator’s services must fall under at least one of the following:
- the service is free of charge
- any charge is substantially less than cost (10% or less)
- where any charge equals or is greater than cost and evidence can be provided that there is no competition from PSV licence holders.

As community transport providers are not for profit organisations and many struggle with funding issues it is difficult to see how they could exist if no charges were made for services or if they were levied at 10% below cost price.

Where a charge is imposed that equals or exceeds cost, permit applicants are required to provide evidence from local authorities confirming that commercial operators have shown no interest in competing for that service or from commercial operators themselves to the effect that they have no intention of bidding for contracts or running competing services. This could have the effect of allowing commercial operators to control the local market by ruling out bids from community transport operators, removing competition and dictating contract prices to local authorities.

The CTA State of the Sector Report Scotland 2015 states that 25% of community transport operators in Scotland rely on service level agreements for more than 50% of their income, 46% for less than 50% of their income and 29% do not rely on service level agreements. Similarly, 20% rely on contracts for more than 50% of their income, 46% for less than 50% of their income and 34% do not rely on contracts.

On the matter of the “short distance” exemption, I understand that this is being looked at further and account will be taken of the views provided in consultation responses. The short distance currently suggested is a 15 mile radius. Although this could apply in some urban areas, there is a greater preponderance of community transport organisations in Scotland that operate in rural and remote areas and will cover much greater distances in their day to day operations.

In these circumstances a 15 mile radius would be meaningless – some rural community transport routes can reach this distance between two or three stops – and would not allow a number of operators to be regarded as “non-commercial”. An extended limit would seem a more reasonable option for remote rural areas.
I would also encourage you to follow the advice in the Transport Select Committee’s recent report not to use a sledgehammer to crack a nut and to “maintain achievement of the key public policy objective—the provision of high quality, safe and secure community transport services for people who might otherwise be left isolated”.

I welcome DfT’s confirmation that a transition fund will be available, including to those in Scotland, to help with the costs for those who choose to transfer from permits to PSV licences. I understand that an initial sum of £250,000 has been proposed for the UK. Some community transport operators in Scotland have stated that it could cost of up to £120,000 to transfer their operations to PSV licences and associated requirements. I would therefore urge you to reconsider and substantially increase the amount to be allocated for this fund.

Finally, I would expect the proposals set out in the consultation and any subsequent changes as a result of views submitted to it, to be fully set out and discussed in advance with my officials in Transport Scotland. In Scotland, we wish to continue to meet the Standards required by the European Single Market, but we also recognise the value of organisations providing local services, tailored to individual needs for accessibility and inclusiveness.

Sudden changes to a long standing effective system of providing community transport services could prove to be traumatic to the sector and should be avoided. I cannot overstate the importance of clear guidance being provided to community transport operators on how they might best be able to meet the changed requirements being considered in the consultation.

NATIONAL TRANSPORT STRATEGY REVIEW AND STRATEGIC TRANSPORT PROJECTS REVIEW

The Committee also asked for more information with regard to when the National Transport Strategy Review will be published; and the timing for the Strategic Transport Projects Review.

The National Transport Strategy will be published in Summer 2019.

It is anticipated that the second Strategic Transport Projects Review will be completed within the lifetime of the current Parliament (2021). It will be aligned with National Planning Framework 4 (NPF4) which will mean it is dependent on the Planning (Scotland) Bill receiving Parliamentary Approval, which is expected by the end of 2020. Transport Scotland has commenced the procurement process for a consultant to undertake the review, with their appointment expected later this year.