



OFFICIAL REPORT
AITHISG OIFIGEIL

Rural Economy and Connectivity Committee

Wednesday 18 January 2017

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

Wednesday 18 January 2017

CONTENTS

RAIL SERVICES.....	Col. 1
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RURAL ECONOMY AND CONNECTIVITY COMMITTEE
2nd Meeting 2017, Session 5

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Gail Ross (Caithness, Sutherland and Ross) (SNP)

COMMITTEE MEMBERS

*Peter Chapman (North East Scotland) (Con)

*Mairi Evans (Angus North and Mearns) (SNP)

John Finnie (Highlands and Islands) (Green)

*Rhoda Grant (Highlands and Islands) (Lab)

*Jamie Greene (West Scotland) (Con)

Richard Lyle (Uddingston and Bellshill) (SNP)

*John Mason (Glasgow Shettleston) (SNP)

*Mike Rumbles (North East Scotland) (LD)

*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*attended

COMMITTEE SUBSTITUTES

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP)

THE FOLLOWING ALSO PARTICIPATED:

David Dickson (ScotRail Alliance)

Angus Thom (ScotRail Alliance)

Phil Verster (ScotRail Alliance)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Economy and Connectivity Committee

Wednesday 18 January 2017

[The Convener opened the meeting at 10:00]

Rail Services

The Convener (Edward Mountain): I welcome everyone to the second meeting in 2017 of the Rural Economy and Connectivity Committee. Everyone who is present is reminded to switch off their mobile phones. Apologies have been received from Richard Lyle and John Finnie, and I welcome Christine Grahame to the meeting as a substitute member for Richard Lyle. Unfortunately, Humza Yousaf, the Minister for Transport and the Islands, is unwell today and will not be attending the meeting, so he will not be able to answer the questions that we had planned to ask him. It is proposed to reschedule a meeting with him at the earliest possible opportunity, so that we can continue to scrutinise the Government's announcements and what is going on in the rail network.

Agenda item 1 is the taking of evidence on rail services in Scotland from the ScotRail Alliance. Before we proceed, I invite any member who wants to declare a relevant interest to do so now.

Gail Ross (Caithness, Sutherland and Ross) (SNP): As is stated in my entry in the register of members' interests, I am a vice-president of the Friends of the Far North Line.

John Mason (Glasgow Shettleston) (SNP): I am a co-convener of the cross-party group on rail.

Rhoda Grant (Highlands and Islands) (Lab): Like Gail Ross, I am a vice-president of the Friends of the Far North Line.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I am one of 50 honorary vice-presidents of Railfuture UK and the honorary vice-president of the Scottish Association for Public Transport. Neither of those roles carries any executive responsibilities.

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): I apparently have some interests to declare. I was unaware of that, although I perhaps ought to mention that I am an honorary member of the Campaign for Borders Rail. Given that the Borders railway runs through my entire constituency, the subject of my questions will come as no surprise to Mr Verster.

The Convener: Gosh. There are no other declarations of interest.

The committee agreed that it would be helpful to receive regular updates from the ScotRail Alliance, and I welcome back to the committee the managing director, Phil Verster; the infrastructure director, David Dickson; and the engineering director, Angus Thom.

I invite Mr Verster to make an opening statement.

Phil Verster (ScotRail Alliance): Thank you for the opportunity to address the committee and to answer your questions; it is much appreciated. David Dickson and Angus Thom, as directors in the ScotRail Alliance, will support me in covering some of the questions on performance.

I will offer three or four ideas as introductory concepts. First, the ScotRail Alliance was set up to deliver, and is focused on delivering, customer satisfaction. One of our biggest drivers on customer satisfaction is our aim to deliver a punctual railway service. That is one of the key drivers of customers' appreciation of what the railway delivers for them. When we cover the performance improvement plan and the punctuality improvements that we have delivered, you will see that that is a central part of the work that we do.

A second key driver of customer satisfaction, especially at this time in Scotland, is the provision of capacity. Our railway is currently extremely busy and we have in a record time delivered the class 385 preparedness and fleet readiness for introduction later this year, around September. That additional capacity will make a massive change to the service that we deliver. For example, on the Edinburgh to Glasgow line, it will add nearly 50 per cent more capacity, which will contribute significantly to customer satisfaction.

The third driver of customer satisfaction is just what we do day to day and what we do with stations. We have significant innovation and improvement schemes at stations such as Perth, Stirling, Aberdeen, Inverness, Motherwell and the like. It is about what we do with ticket-vending machines, new gate lines, new customer information screens, new closed-circuit television and the introduction of smart ticketing. We are delivering a huge number of things on a continuous basis, all of which are aimed at improving our railway.

Just as an observation, I think that the debate is sometimes focused on one area, which is punctuality—we will want to address that very significantly today—and is often not focused on how much else we are delivering to significantly improve Scotland's railway. Some of the things that we are doing with the new timetables that will

be implemented in the next couple of months and into 2018 will have a gigantic impact. The capacity of services on the Aberdeen to Inverness route will increase by about 75 per cent. The Inverurie to Aberdeen service, which at the moment is one train per hour, will go to two trains per hour and four trains per hour at its peak. That is significant, and it is a very exciting place to be.

To focus on the issue of punctuality, today we will share with you why the 0.5 per cent improvement in our annual measure of performance over the past three months is such a significant improvement. Where we are going with the programme in the future is really positive. We have achieved the 90 per cent punctuality measure, which is psychologically important, and we will continue to drive that performance in the right direction. We have completed around 733 milestone actions out of 1,266 actions in our performance improvement plan. We now have 273 action plans instead of the 249 that we had originally, because it is a live plan that grows. This is an exciting time for us.

Our people in our business are really important, and they are really engaged. We hope that, with the sort of feedback that we will give the committee today, we will continue to create positive momentum in what we do in ScotRail and confirm to our people that we are doing the right thing and going in the right direction.

Thank you very much, convener.

The Convener: Thank you. Stewart Stevenson will ask the first question.

Stewart Stevenson: I want to pick up on the challenge of the public performance measure, which Mr Verster has just referred to. Before I do so, it is worth saying that, although I think that the travelling public will recognise the infrastructure upgrades that are being made, they very quickly get used to them and do not notice that they have been done, whereas the day-to-day performance of the actual trains that people get on is probably the most important thing, particularly when it does not meet the required standard for anybody. That will be in the front of my mind as I ask my questions on the public performance measure.

When I looked at the measure at 8.50 this morning, it was—helpfully for you—sitting at 91 per cent, with the national figure sitting three percentage points lower, at 88 per cent. However, that is on one day. You said that the rolling average—the moving annual average figure—has gone up by 0.5 per cent, and you talked about how significant that improvement is. Will you develop and explain why that is significant? A rise of 0.5 per cent does not sound particularly impressive, especially given the context that you are still not

achieving the 91 per cent target, which is the contractual target that you are obligated to meet.

Phil Verster: Thank you for that question. The moving annual average figure is an annual figure. It measures an average of performance over 12 months or 13 periods of four weeks. We have made a 0.5 per cent improvement in three months, moving from 89.5 to 90 per cent. If we extrapolate that to the percentage over a year, which is the period over which the MAA is measured, that becomes two percentage points of movement from the starting position.

To put that in context, let us look at the difference three months ago between Scotland's performance and that of England and Wales—that is, all the other train operators in the United Kingdom. The gap between us and them was 1.8 per cent, so Scotland was performing 1.8 per cent better than England and Wales. In the past three months, we have moved upwards by 0.5 per cent while England and Wales have moved downwards by 0.3 per cent so that, today, the gap between our performance, which was referred to by Stewart Stevenson, and that of England and Wales is 2.6 per cent on a moving annual average. We have picked up on the fact that the difference is 3 per cent today. Over the period of a year, that gap is significant—it is 2.6 per cent.

I have been involved in the UK railway for about five or six years, and for longer than that—for around the past eight years or so—it has aimed to get the MAA figure in the UK to 92 or 92.5 per cent but has not achieved that. Given the fact that we have moved from 89.5 to 90 per cent on a positive trajectory, the fact that there are nine months to go of the year in which we started our performance improvement programme and the fact that we are aiming at between 90 and 92 per cent, it is the last returns to scale that we are focusing on, and that is reflected in our improvement plans.

Railway performance improvement plans can either be aimed at fixing hosts of very clear problems or they can aim to find the silver bullets that we need to fix big problems. Our performance improvement plan is at a stage beyond that. For example, we are replacing 19 core cables and power cables. David Dickson can give other examples.

Stewart Stevenson: I suspect that colleagues will want to explore some of the detailed infrastructure changes that are being made, but I have a wee technical point to raise. When you talk about the UK, do you mean Great Britain? You are not including the Irish figures.

Phil Verster: Yes—Ireland's figures are not included. It is only the figures for England and Wales.

Stewart Stevenson: You are talking about Great Britain, not the UK.

While it is a matter of some modest pride that we are substantially ahead of what the rest of this island is doing, the measure that the committee ought to be interested in is how you are doing on the trajectory—that is your word—towards the 91 per cent target. You say that you are on a positive trajectory and that we have seen a 0.5 per cent rise in the MAA figure in a short time. Are you going to reach the 91 per cent target? You used the word “trajectory”, which suggests that you foresee that curve continuing to meet the target. When will we get there?

Phil Verster: I expect that, by March, we will have cleared at least 90.3 per cent, which was the original trigger level of the performance improvement plan.

Stewart Stevenson: Is that the MAA figure?

Phil Verster: Yes, that is the MAA figure. I expect us to have cleared that by March and to continue to improve from where we are. We will discuss the performance improvement plan in detail, with examples, today, but how we improve will depend very much on what types of fault we avoid on the network and what types of incident we avoid through the actions that we are taking. It is not always an exact science.

It is a good improvement plan that has delivered for us over the past three months, and we will continue to deliver and renew it to get momentum behind the improvement in that MAA trajectory. I cannot tell you that we will be exactly at 91 per cent, 91.3 per cent or 91.7 per cent, but I can tell you that we will continue to put together plans that will be live throughout the next year and we will continue to improve our MAA.

10:15

Stewart Stevenson: Are there any perceived obstacles to your meeting that target other than the weather?

Phil Verster: No, there are not. However, when you look at the MAA trajectory in the period from May to August last year, when we had the Queen Street station blockade and industrial action, you can see that there was a clear impact on our performance. In that period, there were difficult performance levels of around 91 per cent and 90 per cent. In the same period this year, we will catch up with our MAA performance quite significantly.

The months from January to March last year were good months, so, when we go into those months this year, we will need to do better than last year in order to lift the MAA. The next three months will be high-performance months, and the

MAA will probably move to a limited extent. However, we expect the second part of the year—the period before summer and into summer—to present huge opportunities to continue to improve the MAA.

Stewart Stevenson: You have said that the next few months—January, February and March—will be challenging because you will find it hard to beat the good performance that was achieved in the same period 12 months ago. However, you have also said that you expect the upwards trend to continue within that period. If the months that are dropping out of the rolling average are similar to the ones that are coming in, how, arithmetically, can it be the case that the average will rise?

Phil Verster: You are right. That is why we are set to focus on improving on the numbers from last year that are dropping out.

Gail Ross: I would like to follow up Stewart Stevenson's questions.

When we examine the delays on the route during the past four-week period and the year to 10 December 2016, we can conclude that Network Rail was responsible for half of all ScotRail's delayed minutes. Network Rail is an arm's-length body that is ultimately the responsibility of the United Kingdom Government, so could you comment on those figures in that context? Can any action be taken to reduce the delays that are caused by Network Rail?

Phil Verster: Network Rail is a full partner of the ScotRail Alliance, as is Abellio ScotRail. We do not make a distinction between the two businesses when we look at the running of the railway. In the end, as has been suggested, the performance of the railway is all about what customers experience. Customers do not really care which part of the railway is doing what or which is accountable for what; they just want to travel from point A to point B as best they can and as best we can move them. All our plans are integrated plans—they cover all of Network Rail's activity on infrastructure and all of Abellio ScotRail's activity on operations, fleet and the front-end of the business in stations. Our plans are so integrated that we cannot point to any one part of the business and say, “This is yours,” or, “That is not yours”. We have a clear joint approach to delivering for our customers.

Our performance improvement plan is really not about a division between the two parts of the industry. We set up the ScotRail Alliance in order to overcome that perception, so that there would not be finger pointing between the businesses but more momentum to deliver what is right for customers. We can give examples of how the two teams work together.

Gail Ross: Thank you for that. I appreciate that all that customers want is their trains to be on time and their rail fares to be fair, but it is up to the committee to hold you to account and to say who is responsible for which part of the system. Unfortunately, the Minister for Transport and the Islands cannot be here today. However, given that he made a statement just this morning about further devolution of Network Rail possibly bringing savings of £100 million a year, and given that Network Rail is part of the ScotRail Alliance, what benefits do you think such devolution would bring?

The Convener: That is an important question, and it would have been great if Humza Yousaf had been here to answer it. However, Mr Verster, I ask you to look at the issue purely from your point of view and not to comment on anything that the minister has said, because there is some confusion. I read all the press releases this morning, and virtually every one is based on a comment that he made. Therefore, I would welcome your thoughts on the matter.

Phil Verster: Everyone in Scotland who is working on our infrastructure projects, on the front line on a set of points in the snow up in Stirling this week or at a station is working for Scotland's railway. I do not sense on the ground, where our people are making decisions every day, that there is any deviation in people's focus based on which company reports to where. There is a universal focus on what is good for Scotland's railway. That is the bit that I can comment on. Governments need to decide where the line is drawn on devolution, but our focus is continually on the customers.

John Mason: One or two of us would like to comment on that issue, because it is an interesting topic—Christine Grahame looks interested. We are told that 53 per cent of the delays are the responsibility of Network Rail, but you are telling us that you do not make a distinction. I welcome the fact that the system is integrated, which is tremendous, but I am struggling a wee bit to understand it. There are two legal entities, although you are in charge of them both, so there are clearly distinctions between the two. I am delighted that everybody's attitude is that they want to get the railway running. What difference would it make if you were in control of everything in Network Rail in Scotland? Would it not make much difference at all?

Phil Verster: I am the managing director of the ScotRail Alliance, with a director who works for Network Rail and a director who works for Abellio ScotRail, and we are in charge of everything to do with Scotland's railway. To be honest, in Scotland we are miles ahead of England and Wales on collaborative working.

John Mason: Do you never come up against an issue in respect of which Network Rail has a GB policy and does things in a certain way and find that you would like to change that but you are unable to do so because it is a GB policy?

Phil Verster: We come across problems like that all the time. We are working with two companies that are two different entities, so we expect to encounter those problems and we find ways to work around them. That is what we do, and it is what the ScotRail Alliance is all about—it is about finding a way of delivering for customers between two parts of the industry that have been legally separated since 1995 into a train operating company and an infrastructure management company.

What we do is challenging because, at times, there are conflicts between how those two different parts of the industry want to work. That is public knowledge, and we share that information publicly. However, as I put it and as my team see it, it is not about looking at what divides or separates us; it is about looking for things that join us together to get a better result for the customer.

What we are doing in Scotland is superbly important for the whole of the United Kingdom, and Westminster has lately started to talk about taking the same direction of travel in England and Wales by integrating the infrastructure manager more closely and intimately with the train operator. That is the right trend, and we are right at the front of that movement.

The Convener: This is obviously getting everyone's interest, because members are queuing up to come in. Christine Grahame can come in, but I will just say that there are several people after her.

Christine Grahame: I will be brief. I very much welcome the alliance, but everybody blames ScotRail and Abellio for delays. If I were in your position, Mr Verster, with your other hat on, as chief executive of ScotRail, I would be hopping mad that Network Rail never has the finger pointed at it. Although I welcome the way in which you are going, I am concerned that there is a distinct legal difference between the bodies, for example, on liability and compensation for a failure on the network. Who pays that?

Phil Verster: I say very clearly that, in order to make sure that we are adhering to all the principles in how the franchise was let and how Government funds Network Rail appropriately and to ensure that we are adhering to all the mechanisms, nothing has changed between Network Rail and Abellio ScotRail on dealing with schedule 8 payments, which are payments during disruption from either company to the other, or in relation to schedule 4, which is about giving more

access to the infrastructure manager to get work done on the network.

All those mechanisms, which are proven in the industry, are still adhered to. The two businesses have voluntarily put each other right next to each other. All the mechanisms still work, but the single umbrella management team said, "Guys, work together and find ways to deliver better for customers," and that is exactly what we are doing.

The Convener: Christine Grahame can have a quick follow-up question.

Christine Grahame: I think that you saw it coming, convener.

Mr Verster, you chair the alliance. How hands on can you be and how much can you direct Network Rail and ensure, without offending the Network Rail people, the efficiency that impacts on your business, which is what the passenger cares about? That is, their train arriving on time and being at the station, and so on. Are you really able to change that, or are you simply chairing the body?

Phil Verster: We absolutely effect that. I gave the committee a heads-up on that when I gave evidence previously. When you look at what we deliver in Network Rail Scotland through, for example, the renewals programmes, which are about track, signalling and bridge renewals, you will see a huge £340 million investment every year in infrastructure. As a business, my team and I, with David Dickson leading on that, are driving the efficiencies with which we deliver that. We are on programme with our renewals. We are one of the parts of the UK that is doing the best in terms of achieving our volumes of renewals, and we are proud of that.

To go a step further and look at infrastructure projects, on our electrification projects, even though some of them may have had cost challenges, our unit rate for delivery is the lowest in the UK. We have direct control over that. It may be that parts of Network Rail do not report directly to us but, as I think I have said to the committee before, we have, very practically, put our arms around all the railway in Scotland and said, "It doesn't really matter who you report to; in Scotland, you are delivering for Scotland's customers, and that is what your focus should be," and we are achieving that.

The Convener: Rhoda Grant wants to come in on that.

Rhoda Grant: I have questions about the latest figures for period 10, which show an improvement in delays caused by Network Rail but that delays in the category "Train operator caused to self" have increased by 5 per cent. Is there a specific

reason for that happening between period 9 and period 10?

Phil Verster: One of the biggest contributors that we have had has been train-related failures. Angus Thom and his team have done a huge amount of work to address that and, in the latest periods, performance has improved. I ask Angus to talk about that.

10:30

Angus Thom (ScotRail Alliance): In the last four periods, we have actually been on target and where we expect to be in relation to technical failures with our trains. That is partly because of some of the performance improvement plan actions that we have been carrying out.

I will give one example. With the class 334 fleet, which operates on the Helensburgh to Airdrie route into Edinburgh Waverley—it operates on other routes in Scotland but that is the main one for the fleet—we renewed 80 couplers across the fleet between the months of November and December. We can use the couplers to join two three-car trains to make a six-car train. One of the things that affects customers the most is when they get a short-formed service. Obviously, when a train comes into a station with only three cars and people were expecting six, it is more cramped, there is less room and more people are standing.

We had an ambitious programme to change the couplers over those two months, which we achieved on budget and to plan. We have seen a clear performance and customer benefit on the routes on which the class 334 fleet operates. The coupler that we fitted is the same type that will be fitted to the brand new trains—the class 385s. It is the most modern coupler that we have. In the last period, which is the last four weeks, the fleet has had the most reliable fleet performance period on record for that class. The work that we are doing is delivering performance improvements and definite benefits for the customer.

Rhoda Grant: I am trying to drive at why delays caused by the train operator increased. Are you saying that you were taking trains off routes to have that work done, which caused increased delays? I am happy that that work is being done, because one of my questions was about overcrowding, but how has that impacted on the figures to show an increase of 5 per cent in the delays caused by the operator?

Phil Verster: When one works with the percentages on how delays are split between the two companies, the percentages are often affected by what happens in the other part of the business. If the delay minutes stay exactly the same for the Abellio ScotRail side of the business but go down

on the Network Rail side of the business because there is a better period on infrastructure, the percentage ratio of the total on the train operating side will increase. Sometimes, percentages can be awkward when you try to compare things.

On the infrastructure side, over the last two periods, we have had a distinct improvement in performance relative to earlier periods. We can take that question away and come back with a more detailed explanation of what the movements are. I do not have the 38 per cent or the 54 per cent numbers in front of me but, if it meets your requirements, we will take that question away and come back to you.

Rhoda Grant: That would be helpful.

On overcrowding, I think that we were promised figures on that last year. I do not know whether work is being undertaken on that, but it would be good to see those figures and how they are improved by the work that is taking place.

Phil Verster: We will publish the data on the 10 most overcrowded trains and what plans we have in place to address that issue within the next two weeks.

Rhoda Grant: When specific events take place such as big football games or rugby matches, that is a big issue in that trains that may normally be quiet become overcrowded. It would be interesting to hear at the same time what steps you are taking to put on extra services to deal with that issue.

Phil Verster: We have a team that look at events throughout the year. That is all that they do—they do nothing else but look at events. When events are on, whether it is rugby at Murrayfield, bands at the Hydro or events at the Scottish Exhibition and Conference Centre, we use our rolling stock to lay on alternative services and special and extra services.

We work closely with events companies to understand what loadings are expected from us by rail and what the travel requirements will be, and we have our own history of how people travel. We use all that information to size the stock that we provide. Similarly, at particular times of year when events such as the Edinburgh festivals are on, we adjust our programmes and where rolling stock runs in order to accommodate those loadings.

The Convener: I appreciate that fairly full answer, but it would be helpful if the committee could get some figures and comment on how you are achieving your targets and the information that you mentioned. We would welcome a written submission once you have those details to hand.

Phil Verster: We will provide that.

The Convener: That would be extremely helpful.

Rhoda Grant: You are also going to provide us with a breakdown of the figures showing the increase in delays and—

Phil Verster: The proportional movement. Yes—we will do that.

Stewart Stevenson: I have a wee quickie for Angus Thom on couplers. I understand, from a signaller and from a conductor, that the Princes Street blockade was, in essence, the result of an electrical coupling problem. I understand that it was not on a 334 but—

Phil Verster: It was on a 156.

Stewart Stevenson: Is there a generic problem with couplers across the fleet? Some of the supplementary information that I have been given informally suggests that there is a history of coupler failures on trains exiting the Haymarket yard, for example. Fortunately, that has not affected network operations but it shows that there is potentially a systemic problem. Mr Thom said that you are replacing couplers. Will that happen across the fleet in the light of that particular failure and the unconfirmed statement that I got from a third party about there being a systemic problem?

Angus Thom: The Waverley incident was unfortunate and caused significant delay and upset for our customers. The root cause of it was damage to one of the coupler boxes. It is being treated as a one-off event that is unlikely to happen again, and the rest of the 156 fleet has been checked to ensure that there is no further damage. The damage could not be seen by the eye—it would have required special gauging equipment to understand the failure. That failure took place on the train and, when it went over the tight bend at Waverley, the electrical connections broke and the train came to a standstill, as it is designed to do in such an event.

I am fortunate to have been with ScotRail for almost 12 years and so I remember the incidents that you are talking about at Haymarket. They are historical, as the trains were modified to ensure that that type of incident could not happen again.

Stewart Stevenson: I am sure that that is sufficient. Thank you.

The Convener: I am conscious that we have not got very far through our list of questions and time is marching on. Let us move on. Rhoda Grant has a question on performance levels. The panel have been very good at giving us full answers, but we would appreciate it if you could keep your answers tight.

Rhoda Grant: The panel have spoken about where the performance level would be. The target is 91 per cent, but the Office of Rail and Road has told us that the target is challenging and that achieving it will depend on winter conditions. Have

the winter conditions to date been helpful? You, too, have said that the target is challenging. What winter conditions would prevent your achieving it? Do you believe that the target would be challenging regardless of winter conditions?

David Dickson (ScotRail Alliance): So far, the winter has been fairly typical; I think that everyone recognises that. Nevertheless, winter brings individual challenges. Although we did not see too much snow in the central belt last week, in other parts of the networks there was quite extensive snowfall, which affected the roads more than the railways, thankfully. The weather would need to be as extreme as it was four or five years ago to affect the railways.

Snow is always difficult to deal with. Although our points are heated, they are designed more to deal with frost-type scenarios. Sometimes a manual response is required to deal with heavy snowfall, but we have a fleet that copes with more extreme conditions. We have some plant that is unique to Scotland, including our winter development train, which the minister visited recently. No other part of the UK has one. It clears junctions of snow and ice.

Extreme wind events damage us—they have had a great effect on us in the past. Last year, for example, we had some big storm events, with objects coming down the line. We have to put in all sorts of safety limits, because we do not want trains striking objects—that is the last thing we want. Such events are the really big things that, ultimately, mean that we have to put in place safety constraints—for example, speed restrictions or closing lines.

Really extreme weather is what tends to stop us. The cold nights and the typical dreich wet weather are just what we deal with in winter. They can affect our equipment, but the much more extreme things—the storm-type scenarios—hit us harder. We have certainly become much better at dealing with water—flooding now closes the railway a lot less often than typically happened in the past, which is good. We have had a lot of focus groups looking at problem areas and addressing them and improving drainage. The big storm events, especially when there are high winds, still tend to hit us badly.

Rhoda Grant: There being fewer storms this winter could help you to achieve the 91 per cent.

David Dickson: Absolutely.

Rhoda Grant: Are the heated points universal?

David Dickson: No. About 80 per cent of our points are heated. We know where the remainder are and we can treat them if necessary. A lot of them are in sidings and so on, so we do not need to worry too much about them. We have plans for

dealing with the heated and unheated points. We can identify remotely whether the points are working correctly. We probably have the right balance in how we keep our points clear of frost.

The Convener: Thank you, David—so no excuses for the winter.

Christine Grahame has a question on the Borders railway.

Christine Grahame: Yes. My question will be in three parts, if that is all right, convener.

I commend ScotRail and Network Rail for the delivery and the way that the Borders railway is operated. It is superb and has been very successful. However, perhaps because people campaigned for the line, expectations are high; there is a high test. I want to pick up three points on performance of the line to date. The first is about the practice of skipping stops, which has caused a lot of concern. I understand that you have stopped doing that at peak times so that people can get off where they want. Has that been held to 100 per cent? Also, what about off-peak times? The issue has affected me and my constituents. One day, I spent two hours going to and from a station that you had skipped to pick up my car. I know that you did not do that to me deliberately, but it was not a good experience.

Secondly, I have been on several trains on which people complained to me that there was nobody checking or selling tickets. At many stations where there are twin tracks, on one side of the line it is not possible to purchase tickets, so you are losing revenue. As I understand it, there is a second person on the trains as well as the driver. Why is ticket checking and selling not happening?

My third question relates to Mr Verster's comments on events. Does Abellio ScotRail have spare carriages when there are pressures throughout Scotland—for example, at hogmanay, when there are common ridings or things like that, or do we just have to pinch them from somebody else in order to deliver elsewhere?

The Convener: That was quite a short question. Perhaps Phil Verster will go through those three points. If you do not have the facts and figures to hand, we would welcome it if they were set down in writing for us, but please answer in as detailed a way as possible.

Phil Verster: On running trains express—or skipping stations—we have implemented a clear policy that trains that are travelling into big city centres and conurbations at particular times in the peak period will not skip-stop. Similarly, trains that travel out from big city centres in the evening at particular times in the peak period will not skip-stop.

I clarify that we do not skip-stop in the off-peak period because we want the train that is running to get to its end destination in time: the moment we skip a train past a station, it is counted as having failed its punctuality. We skip stations because the network is interconnected and a train that is running late in one place can hold up 10, 12, 17 or 20 other trains. Very often, people do not understand that. The practice of skip-stopping is used in all railways throughout the world. The issue is when we do it to cause the minimum customer impact. We are sticking to that practice, and any change to it must be signed off by me or the operations director.

On the second question, we always have a second person on the train. I am not sure about the issues with tickets not being sold, but I will gladly follow that up after the meeting.

10:45

With regard to extra carriages, we have squeezed another class 158 out of Angus Thom's maintenance allowance, which allows us to put one extra two-car train on the Borders service, giving us more capacity on that route, which is a massive benefit. We have been running that since September.

Your question about what we do when there are big events on other parts of the network is really valid.

Christine Grahame: I hope that the rest were valid, too.

Phil Verster: When there are big events for which we need extra rolling stock, we make decisions about what services we can run on other parts of the network, and we make compromises in terms of the level of capacity that we provide.

The Convener: Do you want to ask more questions?

Christine Grahame: I am a visitor, so I will ask no more than those three questions. I will write with other questions.

The Convener: Stewart Stevenson has a few questions on performance.

Stewart Stevenson: Yes—I suspect that they will be for Mr Dickson. I want to probe a little bit the “Commercial Assurance Review of the Rail Major Projects Portfolio”, which has been the subject of some discussion and debate about whether projects are being managed in the way that they need to be managed. In particular, there is a potential increase in the cost of Scottish rail major projects of £379 million. Is that the right figure? What actions are we taking to give greater predictability of costs and to keep the costs to the

practical levels that are required in the light of the money that is available?

Phil Verster: Capital projects are delivered by our infrastructure projects business. Karl Budge, who joined me here last time, is responsible for that and is accountable to me for that, so I will answer the question.

The £379 million figure that was used in the Ernst & Young report is not accurate—that is, we do not accept it, and things have moved on. We agree on a trilateral basis with the ORR and Transport Scotland exactly what the cost movements are on the anticipated final costs of projects. The correct number is movement of £293 million—which is still a lot of money. Network Rail has clearly admitted that the process to price and estimate projects must be improved for control period 5. That improvement must occur not only on the Network Rail side but in the rest of the industry, including on the client side, which means the Department for Transport and Transport Scotland. We need a process in which programmes are more mature in their development and can be priced better. The last time I was here, I gave the example of the Aberdeen to Inverness line, on which a 4km track renewal was envisaged because a desktop exercise suggested that that was necessary. However, when people got into the detail of the design, it turned out that 15km of track renewal was required, which meant that all of a sudden the costs were in a different place.

There are three observations that it is really important that the committee consider with regard to the costs of capital projects. The first is that, because of estimation quirks and inaccuracies the £300 million movement is not just slippage. What we are delivering in Scotland is worth more than the original estimate, because the original estimates were incomplete. We are still getting the right quality product, which is important.

The second observation is that part of that £300 million movement was slippage. When I came to Scotland a year and half ago, we saw that there were problems with the Edinburgh to Glasgow electrification project that had come out of the woodwork after six months, including issues around the difficulty of working on the project in bad weather and so on. The project was not delivered on time, and there were things that could have been done better. I acknowledge that.

There is a third driver of cost, especially on electrification projects. The standards to which electrification must be delivered have been changed. The initial adoption of new standards was delayed, because there was a time of exchanges with the ORR about appropriate adoption of standards and the cost impacts of doing so. I accept that there was a delay around

that. However, the standards have changed and we are now meeting electrification standards that are significantly higher than those that were in place originally. Parapet height, for example, is now 1.8 metres instead of 1.5 metres, which is safer for pedestrians. Clearance of live conductors at stations is now higher where there are passengers. They are different international standards, which we have discussed before—they are called “technical specifications for interoperability”, for Europe. In relation to understanding the £293 million movement, we are delivering a different product—a modern product—for Scotland.

Stewart Stevenson: I have one more question. I know that my colleague Mike Rumbles wants to talk about Inverness and Aberdeen specifically, so I will not go there. You anchored a significant part of the problem on inadequate estimating at the outset. Why was the estimating inadequate? Was it because there was inadequate contingency to cover matters that could not be known when the initial estimate was made? Were the models inaccurate? What underlay that inability to produce a first estimate that was a better approximation of the final outcome, and what steps have you taken to make first estimates better in the future?

Phil Verster: The biggest driver of that was the process approach to getting budgets defined and clarified before the control period started. That process approach meant that the governance for railway investment projects 4—GRIP 4—stage, which is basically the detailed design phase, would follow during a control period. Before the control period started, clients—by which I mean DFT and TS—were quite rightly asking what it would cost to do a given project. However, because the GRIP 4 stage was not yet completed, the design was not in place.

Stewart Stevenson: I am sorry; let me intervene. I was a lecturer in project management, so I understand all that perfectly. Is not it the case that, with experience, you ought to be able to predict what unknowns will become known during the GRIP 4 process, and what relationship they will have to the estimates that were made when you were not in possession of the knowledge that will emerge at GRIP 4, and thus be able to put in place the appropriate contingency to cover the currently unknown activities that will be known later? Is not it proper that you take that historical view on previous projects and factor it into how you do things now? I am not buying the excuse that because you have not yet done GRIP 4, you cannot know. You would never know if you were to carry that argument through to its full extent.

Phil Verster: You are absolutely right, Mr Stevenson. It is about using previous knowledge

and understanding of typical costs. Let me pick an example, because examples help—

The Convener: I do not want to cut you short, but can the example be brief?

Phil Verster: The example is brief—it is about the Aberdeen to Inverness line, which may anticipate what Mr Rumbles will ask. We made an assumption about where twin-tracking would be, based on where it would fit within the boundaries of our existing property. When we look now at how to get twin-tracking in, we have either to increase land take or do more expensive earthworks. That was not envisaged at the stage of the desktop exercise, even though that exercise went—to a certain extent—into the depth of the design, and all the points that Mr Stevenson identified were considered. It is when we get to the detailed design that the real facts come at us and we understand what can be implemented.

Stewart Stevenson: I understand that point and I am not going to pursue it further. However, that is merely confirming to me that you are not providing adequate cover for things that you cannot know at an earlier stage than the GRIP process but that will emerge later. I invite you to consider that.

The Convener: I will leave that there. I am going to ask one question on the executive summary recommendations in the “Commercial Assurance Review of the Rail Major Projects”, which was published on 26 October 2016. Various people are tasked with doing various things and timescales are given. I am just looking for a straight answer; yes or no will do. Are we within the timescales to achieve all the things that are laid out in the executive summary?

Phil Verster: Yes.

The Convener: Thank you.

John Mason: Phil Verster mentioned the Edinburgh to Glasgow improvement project. Can we have an update on that? When you came to the committee previously, you gave us a number of dates: for example, you said that rolling stock would start to arrive in September and there would be testing in December. Are the rolling stock and electrification of the track on time?

Phil Verster: Yes. The first class 385 unit is now running on the Gourock line, in test, and we are very excited about that: we have brought a class 385 into Scotland, from finalisation of design to train on track, in record time. I revealed yesterday with Hitachi that the testing is going superbly well. We will deliver the first class 385s on to the network in September.

Completion of the electrification of the Edinburgh to Glasgow line is also on track. We are trying to pull it forward from the July date, and we are working hard to get to the stage at which we

can benefit our customers significantly by introducing electric rolling stock on Edinburgh to Glasgow from the May timetable change. We are working hard to get electrification completed early. If we can implement it early, we will run electrified trains earlier.

John Mason: Thank you: that sounds positive. Can you give us an update on how the Glasgow Queen Street redevelopment is progressing? Is it on track, too?

Phil Verster: For the Queen Street redevelopment, there is a significant risk that we have not been able to size and which will be resolved in the next couple of months. That risk is associated with an order under the Transport and Works (Scotland) Act 2007 that we have submitted for the development. We expected the TAWS unit to report back to the minister in July of last year, but the revised date for the report back is January or February this year. The reason why that is undefined exposure is that we are not sure exactly what the TAWS unit will advise or what will need to be done to address what the TAWS unit advises. We have received answers to initial questions and we are busy working through a response to that.

Obviously, this is an important stage for us, because it can affect the sequencing of works; we have had to delay the start of the works. We are doing preliminary works where we can, but the main programme for Queen Street has not yet kicked off to the extent that we wanted it to have kicked off by the back end of last year. That will have consequences for our delivery of key outputs 3 and 4 in EGIP. However, we cannot size those impacts yet and we are working closely with Transport Scotland. The risk clearly sits outside Network Rail's ambit of control and ability to manage.

John Mason: When will you have a clearer picture? Will it be in three months?

Phil Verster: Three months from now, we will definitely have a better picture. On a previous occasion, we proposed to Transport Scotland three scenarios setting out potential impacts on the programme if the TAWS unit were to respond by certain dates. We are already in the zone where the impact on the programme is definite; we just do not know what it is. Three months from now, we should be able to give you an impact assessment.

The Convener: The committee would find it useful to have sight of those dates. I do not know whether it would breach confidentiality, but if you could give us information earlier, that will allow us to assess the issue.

Phil Verster: We will do that, convener.

The Convener: Mike Rumbles wants to ask about the Aberdeen to Inverness journey time. I ask him to keep it short—although we know that the journey time is not.

Mike Rumbles (North East Scotland) (LD): I have two questions, Mr Verster. First, in your previous appearance before the committee, on 21 September 2016, in answer to my question, you said:

"With the Aberdeen to Inverness programme we will deliver a 75 per cent increase in seat capacity on weekdays."

You have just said that again. You went on to say:

"You said that a service every quarter of an hour would be attractive, but you will get a service every half hour, which is fantastic for that part of our network—we are very excited about that."—[*Official Report, Rural Economy and Connectivity Committee*, 21 September 2016; c 53.]

I asked when that will be delivered, and you said that it will be December 2019. That was for the route between Inverness and Aberdeen. Other people have raised with me that you might have been referring to the service from Inverurie to Aberdeen, rather than Inverness to Aberdeen. Which is it?

11:00

Phil Verster: Our plan has always been that the full service from Aberdeen to Inverness is two hourly. The Inverurie into Aberdeen section becomes half hourly, and every quarter of an hour in the peak. That is the capacity that we have always published and that is what we have always said.

Mike Rumbles: However, when we were talking specifically about the Inverness to Aberdeen route, you talked about a half-hourly service, which you said was "fantastic". I thought that that was remarkable. We are not talking about a half-hourly service, then—

Phil Verster: Not across the full stretch—

Mike Rumbles: Just to Inverurie.

Phil Verster: Inverurie is two trains per hour; it is a half-hourly service—

Mike Rumbles: Some people were very excited about what you said to us last time. They will be a bit disappointed.

Phil Verster: I think that our plans are well published—and well consulted on, too. If there was a misunderstanding, I apologise, but the plans are clear.

Mike Rumbles: We have cleared it up.

Given all the work that is being done on the Aberdeen to Inverness line, a number of people, particularly disabled people, have told me that

they cannot understand why no disabled access is being put into, for example, Inch railway station, which is between Huntly and Inverurie—as far as we are being told. Can you confirm that that is true? Should there not be disabled access to railway stations in the 21st century?

Phil Verster: I could not agree with you more. The access for all programme is the vehicle through which access for people with reduced mobility is achieved. Transport Scotland and the DFT manage the programme and set priorities on which stations get access for all infrastructure. As you can imagine, lifts and the like are quite expensive. The programme to roll out such work is set by Transport Scotland and the DFT.

Part of our design principles for every station is to get step-free access wherever we can, as we work through how the station is used and where it is located. Step-free access can often be achieved by using a bridge that exists close to a station, which allows people access from the public area—

The Convener: I do not want to stop you in full flow, when you are explaining very reasonably what you try to achieve, but the question was particularly about Inch station. Will you focus purely on that station? Will it or will it not have disabled access?

Phil Verster: I cannot respond on the detail of that. I can take the point away and come back to you to tell you what the conditions are.

Mike Rumbles: Will you write to me on that? There is a flat area of access at Inch station, so my constituents and I cannot understand why disabled access has not been planned for.

The Convener: I do not want to take anything away from you, Mike, but if Phil Verster writes to the committee with his answer we will ensure that you get it.

Rhoda Grant: Phil Verster said that groundworks are causing a delay in improvements. Is there any other reason for the delay?

We have talked about the level of service from Inverurie. Given that Dalcross station is coming online at Inverness airport, will the service between Inverness station and Dalcross improve, to allow passengers to go back and forth?

Phil Verster: On the Inverness to Elgin route, we are moving from two trains per hour to one train per hour—sorry, from one train every two hours to one train per hour.

The Convener: I was getting nervous there, because that is my line. [*Laughter.*]

Phil Verster: Apologies. The service improvement there is a doubling of the service.

In giving the example about earthworks, I was not attributing delays to the programme to that one example.

The Aberdeen to Inverness programme is a capacity programme, not a journey time improvement programme. That capacity programme will be delivered by December 2019, which is a change from the original date of April 2019. The project is massive in terms of all of the detailed work that has been done, and there has been an impact on delivery. However, we are letting the first contracts for the design phase on signalling on the western side of the programme imminently, in February, and by May we will be letting the contracts for the GRIP 4 stage of track and signalling for the east side.

The programme is moving forward and the work at Forres and Elgin is happening, as is other preliminary work. It is all systems go with that programme.

Mairi Evans (Angus North and Mearns) (SNP): I have a question about capacity on the east coast, with particular regard to the possibility of double-tracking the Usan connection, which is currently single track. Do you think that the bottleneck at that point restricts capacity? If it were to be double tracked, would that ease some of the issues?

Phil Verster: Are you referring to the Portobello junction?

Mairi Evans: No, I am talking about the Usan connection in Montrose.

Phil Verster: Okay. Our Scotland route study, which plans in advance what capacity we have in various locations and what physical capacity we need, be it double-tracking, different signalling or whatever, already considers what our timetable requirements are for the future, how many people we have to move, how many trains we have to run and so on. Where we have constraints, they will be identified as we go through the different control periods, and the issue that you mention is not an immediate constraint at this stage.

The Convener: We will move on to deal with the Highland line. I hope that there are no mix-ups with regard to figures and cuts.

Gail Ross: The Network Rail monitor also considers the Highland mainline journey time improvement project. Can you give us an update on the delivery of that, with regard, in particular, to the expected timescale for delivery, the cost and the expected benefits to passengers and freight customers?

Phil Verster: We are currently still forecasting a completion cost of £65 million, which is less than the control period value of £117 million. We expect some of the benefits from the revised solution that

we have put forward, which is a combination of infrastructure improvements and the use of high-speed trains, to include a reduction in journey time of around 13 minutes, which exceeds the original target of 10 minutes. However, that is still to be confirmed, and we are still looking at the timetable. Within that £65 million, there could be plans to include more bridge work, station bridges and even schemes under access for all, and that is being finalised as we speak. The programme is still on track to complete by April 2019.

Rhoda Grant: I have a question on the north Highland line, which I would have asked the minister, had he been here.

Mr Verster, you will be aware of the review group that Fergus Ewing announced. What is your understanding of that? We all know that improvements are badly needed, but what will that group bring to the table that you would not have been planning to bring?

Phil Verster: In our performance improvement plan, there are already a lot of actions for improvements to the far north line and the Kyle line. The review group will be a single forum in which we can involve communities in the decision making around those improvements and provide better communication with them. Although our leaders in Inverness who run the railway in the north of Scotland already have good interaction with communities, the formalised structure that Mr Ewing has proposed provides a good basis from which we can share with communities exactly what we plan to do and listen to communities in order to find out what is important to them.

Rhoda Grant: So it is a communication project.

Phil Verster: Absolutely.

John Mason: I want to go back to electrification. The Office of Rail and Road has raised questions about the budget for the electrification of the Shotts and Stirling-Dunblane-Alloa lines. Can you give us an update on those projects?

Phil Verster: The electrification of the Shotts line is progressing well. It is clear that we have serious and very important interactions with communities along that line because electrification projects, by their nature, significantly affect communities. That happens when we start to lift bridges. That is the type of thing that we must manage on an on-going basis. At West Calder, for example, we are replacing a line and closing the A71 for 16 weeks. Such things have a big impact on communities. We are very sensitive to that, and we communicate very widely in such instances. The Shotts programme is progressing really well.

On the Stirling-Dunblane-Alloa line, I refer members to an earlier comment that I made and to

a comment that I made in a previous committee appearance about adopting for electrification the different set of standards of the European TSIs. That requires us to have different levels of clearances. We have reviewed the initial work that was done on structures on the Stirling-Dunblane-Alloa line, and we will have to adjust three structures in order to comply with the standards. Two of those are bridge structures, which we can see solutions for, but the structure that is really challenging is the footbridge at Stirling station.

John Mason: Surely not the new footbridge.

Phil Verster: No—the old one. That is a protected structure. We will have to come up with an innovative solution in order to get the right clearances under it, which is a challenge for us. If we cannot fix that within the right time, it can have an impact on the completion of the Stirling-Dunblane-Alloa project, which is really important for us because, after we have completed the Edinburgh to Glasgow project, it is necessary as the next project to allow for the introduction of our new fleets. Therefore, we have allowed extended rules of the route access on the Edinburgh to Glasgow line so that we are able to start the Stirling-Dunblane-Alloa project earlier. The structures and clearing the issue at Stirling station will be a really important part of finding the way forward.

John Mason: Is that having an impact on costs and the budget, or is that purely a technical question and a question of timing?

Phil Verster: It has the potential risk of impacting on cost.

The Convener: I would like to clarify that for people. You said that the footbridge is a protected structure. I assume that you mean that it is listed.

Phil Verster: Yes. It is a listed structure.

The Convener: So you are discussing that with Historic Environment Scotland.

Phil Verster: Absolutely.

The Convener: The issue therefore is that you cannot make the track any lower and you will have to work out a way of lifting up that whole structure.

Phil Verster: That is correct. The track can be lowered to a certain extent, but there are two challenges with that. One is that the track can be lowered up to the point at which people egressing from a train see a platform that is not at the right alignment. That is the limit of what can be done. However, the real problem that we have under the Stirling footbridge is the physical clearance from someone who is standing on the platform to the live overhead conductor. Lowering track does not do anything for us in that regard. It is therefore

really important for us to find a way to lift the structure.

The Convener: It sounds as if a pragmatic solution is required.

Phil Verster: That is exactly right.

The Convener: I see that Stewart Stevenson wants to come in—probably to offer that.

Stewart Stevenson: I sort of want to do that. Are you looking at the Paisley canal solution, which solved a problem with a bridge by putting in a dead section? I understand why you would do that in the area where trains stop, but I can give you my own back-of-the-envelope thoughts on that, if you wish.

Phil Verster: You have got it in one. That is one of the options, by the way.

11:15

The Convener: We digressed a bit there, and John Mason has a further question to ask.

John Mason: My next question is—again—about the ORR. It has raised questions about the procurement strategy for the rolling programme of electrification. Will you assure us that we are getting best value for money through your procurement programme?

Phil Verster: That is a really good question. For a large part of last year, best value was a key part of our strategic overview of electrification projects.

As you will recall, when we started to fix the problems that we found on the Edinburgh to Glasgow improvement programme, a challenge that I put to my teams was to consider the issue of the infrastructure delivery alliance group that had been created. I wanted to know whether the approach that involved contractors working in alliance with Network Rail to deliver something was the right one or whether we should have arm's-length contracts, which is a more conventional way of contracting. I wanted to know which one of those would enable us to deliver programmes at the best value and for the right cost. That was a big part of our focus last year. We tested the market on whether an arm's-length delivery would be cheaper or more cost effective than the alliance that we had set up with companies such as Costain and Morgan Sindall, who are in our current alliance to deliver electrification of the Edinburgh to Glasgow line. We concluded after the exercise that the best value and programme delivery was attained through an alliance, so we have continued that delivery mechanism on the Stirling-Dunblane-Alloa route.

The sense check on the issue for us is that, when a comparison is made between the unit

rates of electrification projects across Network Rail, ours is the lowest. That is an important benchmark with regard to whether we are delivering value for money.

John Mason: I have another question.

The Convener: A lot of people are queueing up to ask questions, Mr Mason. I know that you have an interest in the issue, but so do many others. I will let Peter Chapman ask a question and I will bring you in afterwards.

Peter Chapman (North East Scotland) (Con):

We all know that, last December, the Minister for Transport and the Islands, Humza Yousaf, announced that monthly and annual season ticket holders would get a free week of travel on ScotRail services at some point during this year. What was the ScotRail Alliance's involvement in the development of the proposal?

Phil Verster: We are developing the methodology to achieve that and are working on the detail of the shape of the offer and how it will be implemented. The minister's offer is clearly an initiative that the Scottish Government has decided to implement. We are looking at how we work with the existing systems to make the offer practicable and to implement it in a way that is acceptable to the Scottish Government.

We have developed options, which we have submitted to Transport Scotland. There is a process of discussion to see how we are going to achieve the offer.

The Convener: I want to drill into that a wee bit before I bring in John Mason. Peter Chapman asked what your involvement was in the development of the proposal. You are telling us about your involvement post the announcement of the proposal. What Peter and the committee want to know is what your or ScotRail's involvement was before the minister's announcement was made. Did you know that it was coming?

Phil Verster: Yes.

The Convener: You had worked out a way of delivering the proposal before it was announced.

Phil Verster: Working out how to deliver the proposal needed more time than the period that we had to decide how to implement it.

The Convener: How long was the period that you were given to decide that it was a good idea?

Phil Verster: The period of conversation was two to three weeks.

The Convener: There were two to three weeks before the proposal was going to be announced and—

Phil Verster: We were asked to consider how something like that could be implemented.

The Convener: We need to choose our words carefully. You were aware of or were included in the discussions about whether it was a good idea and were thinking about how you could implement it two or three weeks before the minister announced it to the Parliament. Is that correct?

Phil Verster: It is not for us to decide whether it is a good idea. It is a policy decision by the Scottish Government.

The Convener: I understand that. I will rephrase my question. Two to three weeks before the minister made the announcement in the Parliament, you were included in the discussions on the proposal and how you were going to deliver it. Is that correct?

Phil Verster: That is correct.

The Convener: Okay. John, do you want to push a bit more on that?

John Mason: I am interested in the funding of the initiative. We have been told that it will cost £3 million and all that I have had so far is a written response from the Government, which says:

"The first £1.8m of the funding is to be provided by ScotRail from funds it already holds".

I am unclear what that means. Is it just a general fund that you have and does it mean that, if we spend £1.8 million on the initiative, there will be £1.8 million less for barriers or something else? Will you explain what that £1.8 million is?

Phil Verster: The Scottish Government has requested that Abellio ScotRail use money from what is called the SQUIRE fund. SQUIRE is a good service quality regime that is implemented only in Scotland, not in England and Wales. It has a high rate of performance that we need to achieve and, when we do not achieve it, we pay money into the SQUIRE fund. We declare and publish that every quarter.

We jointly decide where it is best to invest that fund. The contractual position is that the decision about where to invest it sits with Abellio ScotRail, and we are currently working with the Scottish Government to understand how to fund the £3 million that it has identified. We have not finalised those conversations yet but they are happening between us and Transport Scotland.

John Mason: What is the balance in the SQUIRE fund at the moment?

Phil Verster: I think that it is just under £1 million, although I am not sure.

John Mason: So it is not a huge amount of money that is sitting there.

Phil Verster: No.

John Mason: Is that fund used for improvements of some kind?

Phil Verster: That is correct.

John Mason: We are not getting new money; we are just allocating some of that fund to the £1.8 million for the fare reduction. Is that correct?

Phil Verster: That is Transport Scotland's proposal. We had plans to use the fund on other initiatives, such as more gate lines in particular locations—

Mike Rumbles: And disabled access, for example.

Phil Verster: Yes, although it would not go a long way to providing infrastructure such as access for all.

The Convener: I am trying to analyse the point that you made earlier, which was that the announcement has been made and you have been working on the delivery of the initiative. Have you come up with proposals for how you will fulfil the minister's promise?

Phil Verster: Yes. We have come up with initial suggestions. It is all in the detail. I will give you a practical example. People buy annual season tickets throughout the year, so how and when do we give them the free week? Do we make it that they pay for a week less when they buy the ticket or do we give them a week longer? Details like that must be married up to what the industry systems can manage. Can the system that manages the issuing of tickets accommodate that type of solution? We are in that phase of thinking through the practicalities of delivering the reduction.

The Convener: Many people will not be able to come up with the cost of a season ticket and will have to buy their tickets regularly rather than annually. How does the initiative work in relation to them? Are they ignored? Are you limiting the initiative purely to season-ticket holders?

Phil Verster: It is limited to annual and monthly season-ticket holders. That is the Scottish Government's policy and we are considering how to implement it.

The Convener: Mike Rumbles is next, but people are queueing up all over the place. I just want to say that, even though the minister is unable to be here, I am not going to limit anyone on what I think is a significantly important issue.

Mike Rumbles: I am confused. When the minister made this announcement, I as an MSP assumed that this was a Scottish Government initiative and that Scottish Government money—in other words, taxpayers' money—was paying for it.

However, you have just said that the decision about paying this money rests with you—Abellio ScotRail.

As for the questions about your engagement with this initiative, I have to point out that it has not come from you. I just want to make this clear to ensure that there is no misunderstanding: this is neither your decision nor your initiative. This initiative has come from the Scottish Government, but it is not new money that the Scottish Government is using; it is actually money that you were going to invest in the railways. Is that correct?

Phil Verster: Yes, that is correct. The SQUIRE fund is very well defined within our contract, and it is very clear that the fund has to be invested in the railway and in initiatives that benefit customers.

Mike Rumbles: So it is your fund. What you are saying is that the decision rests with you.

Phil Verster: Yes. Clearly, we consult with Transport Scotland on anything that we do on the network, and if a proposal is made to us to consider alternative ways of implementing funding from the SQUIRE fund, we will consider that.

There should not be too much debate around this. What we want to do here is deliver something that is good for customers.

Mike Rumbles: That is exactly my point. You have designed this fund to deliver a better service for customers. It is your decision, and that is what you are aiming to do with the money. Along comes a Government minister, who says, “I’ve got a bright idea: I want to give people a week’s free travel,” and asks you to implement that. That is how I understand what is going on, and my view is that that is completely inappropriate. Surely how this money should be spent is your decision, not the Government’s. Is that not undue influence?

The Convener: Mike, I think that we have to be careful here. That is a question that we should be putting to the minister and pushing him on.

Mike Rumbles: It is a very appropriate point to put to the minister, but I want to hear from the other side of the coin.

The Convener: What we need to hear is where the money is coming from, which is what we have heard about, and what it would have been used for if it was not being used for the scheme that the minister has suggested. If there is something that you want to delve into or add to in that respect, I am happy for you to do so.

Phil Verster: I can see where Mr Rumbles is taking the question, and I think that it is a question that I will not be able to answer fully.

However, this is simpler than people might think. We have a very constructive and open relationship

with Transport Scotland and the Scottish Government. We might set priorities with regard to what we think will be best for customers, but if Transport Scotland engages with us on alternative suggestions, we will, of course, consider that. I do not think that there is anything inappropriate about that.

In the end, only one thing is important: customers. We will do whatever is necessary to deliver what is best for the customer. As for bigger questions about whether this is new or old money, I cannot answer them.

Mike Rumbles: This is really important. You have said that you want to do what is best for the customer, and you have this fund to do just that. Am I correct in thinking that before the minister suggested that you use this money in this way you had never thought about giving your ticket holders free travel for a period of time?

Phil Verster: That is correct.

Rhoda Grant: This is quite extraordinary. I was going to say that it all sounded like a policy made on the back of a fag packet, but I do not think that it has reached even that stage of development.

We were told that ScotRail would be contributing £1.8 million to this scheme, but you have said that there is around £1 million in the SQUIRE fund. Where is the other £0.8 million—or possibly £1 million—coming from?

11:30

Phil Verster: The SQUIRE fund has a certain value at this date, but it can be anticipated that, over the next six months to a year, the fund will grow.

Rhoda Grant: So, you do not expect the policy to come to fruition for six months to a year, which would mean that the SQUIRE fund would have had time to get up to £1.8 million.

Phil Verster: The policy and the solution can be implemented. The cost will not hit all at once. The initiative can be implemented and funded over a period of time.

Rhoda Grant: So it is on the never-never.

Phil Verster: I would not agree with that.

Rhoda Grant: I am sorry; I should not be putting that question to you. I will put it to the minister.

Phil Verster: It is perfectly feasible to implement a solution and to find different ways of funding it. As I have indicated, we are in the process of discussing this in detail with Transport Scotland, and it will be resolved in the next couple of weeks.

The Convener: Jamie Greene has a question on this matter.

Jamie Greene (West Scotland) (Con): I do not want to leave this room feeling more confused than I was when I walked into it, but I feel like I am at the moment.

If the estimated cost of the free week of travel is around £3 million, and the suggestion is that £1.8 million will come from funds that the ScotRail Alliance holds or might hold in the future, presumably the Scottish Government will pay the rest of the cost of that. We can ask the minister about that in due course. Can you say no to the transport minister and tell him that that £1.8 million should be and would be best used for other things that you had it earmarked for?

You cannot say whether the idea is a good one because it is a Government policy announcement, but surely you are in control of those funds. What would you say to the minister?

Phil Verster: Where the SQUIRE funds are spent is for Abellio ScotRail to decide. That decision is executed by us in consultation with Transport Scotland. If there are schemes or things that we want to do differently, we will have that discussion with Transport Scotland.

There is no confusion here. These are standard contract management principles. We will manage the contract, consult, work with the client and work out what is best to deliver.

Jamie Greene: You cannot say to the minister, “If you want to make a policy announcement that will cost £3 million, it is up to you to pay for it because we have ring fenced that money for other things”.

Phil Verster: If we feel that that is the right approach, we can take that approach.

Jamie Greene: Understood, thank you.

Christine Grahame: Do you think that it is the right approach? By the way, is SQUIRE an acronym?

Phil Verster: It is an acronym for the service quality incentive regime.

Christine Grahame: The fund has £1 million in it and that might go up. You have said that, because you are a commercial company, you can say to the minister, “You are not having it.” Are you going to do that?

Phil Verster: We are busy discussing the issue with Transport Scotland and I would prefer not to commit to a position at the moment.

Christine Grahame: So the scheme might not go ahead, because you have not decided that you are going to do it.

Phil Verster: I cannot vouch for whether the scheme goes ahead.

Christine Grahame: There we are.

Phil Verster: I can only comment that we will decide in the next couple of weeks how we will deploy the SQUIRE fund.

Christine Grahame: If the scheme depends on a contribution from the SQUIRE fund, it is open to Abellio ScotRail to refuse to release that money and the scheme will have to proceed on the basis of funding from elsewhere. Is that correct?

Phil Verster: I do not foresee that.

Christine Grahame: No, but is it correct?

Phil Verster: I will just answer the question.

Christine Grahame: That was my question.

Phil Verster: I do not foresee that.

Christine Grahame: No, I did not ask you if you foresaw it; I asked you if it was correct that, if you are not given the funding, it will presumably have to come from elsewhere. Is that correct?

Phil Verster: Yes, but it is not my funding, so it is not for me to decide where it comes from.

Christine Grahame: No. Who decides about the SQUIRE fund?

Phil Verster: We decide about the SQUIRE fund but the funding for the initiative—

Christine Grahame: I understand that, but there might be a contribution from the SQUIRE fund. You have said that it is up to Abellio ScotRail to decide whether that contribution is made. You have not yet agreed to do that, and, if you do not agree to do it, it follows logically that the contribution must come from elsewhere. Is that correct?

The Convener: If it is not going to come from the SQUIRE fund, it will have to come from elsewhere.

Christine Grahame: Correct.

The Convener: The question is whether it should come from other resources in the railways or from the Scottish Government. Realistically, that is a question that we should ask the minister.

Christine Grahame: Right. Fine.

The Convener: We should ask him sooner rather than later. I will allow you another quick follow-up.

Christine Grahame: There are a couple of other things that concern me. An announcement has been made regarding people who have a season ticket. It now seems that the mood music—or the smoke billowing up—is that delay is

happening. The policy has not been thought through, and further delay will depend somehow on the money coming from the SQUIRE fund. Is the reason that it is taking so long partly that the money is not there anyway?

Secondly, has anyone calculated the administration costs for the scheme? Who would be liable for those costs?

Phil Verster: The cost of developing a solution is part of the solution itself. The cost of implementing whatever offer we make to customers is included in the £3 million. Obviously, we are working hard to keep the cost as low as possible and to come up with a solution as quickly as possible, and to deliver a workable answer to Transport Scotland for implementation across the network as quickly as possible.

Christine Grahame: So the £3 million includes costs for administration.

Phil Verster: It does.

The Convener: We will move on to the final questions. There are some serious questions that the committee feels—as I am aware from our conversations—that we need to address specifically to the minister. Those questions include how the policy was formulated, where the funds are coming from and who will suffer as a result of the funds being taken from areas such as the SQUIRE fund. Those questions are all relevant to the committee.

I reiterate that it is sad that the minister is unwell and unable to come to the committee today. We will need to reschedule the meeting as soon as possible so that we can get the answers, because this is a very important subject.

There are two final questions: one from Stewart Stevenson and one from Jamie Greene. I ask you both to be as brief as possible; I would be very grateful for that.

Stewart Stevenson: I will give you the question, and then I will explain why I am asking it. The question is, are you satisfied with the National Rail conditions of travel as a means of communicating to customers what they may or may not use their tickets for?

The reason why I ask that question is very specific, although it might be more general in other circumstances. If one has a ticket and wishes to break one's journey—to spend some time in an intermediate place for some hours before resuming the journey—it is very difficult to work out whether the ticket that one is holding allows for that. On the back of the ticket, the wording states:

"Issued subject to the National Rail Conditions of Carriage"

—so far, so good. However, the National Rail conditions of carriage simply say that most tickets allow for a break in the journey, and they do not explain anything about when a break in the journey is allowed.

If one looks to ScotRail's website to find out whether it is possible to break one's journey, the website simply says that whether or not one is permitted to break one's journey depends on the ticket type. It also suggests that people should find out what the conditions are when they book their ticket. I am unable to establish how that can be done, and I have spent some time on it.

Do you think that passengers are as well informed as they should be? Is there not a real danger, given the difficulties in pinning down the fine detail, that people are overpaying for tickets? I qualify that by saying that, in the aviation industry, the International Air Transport Association has 7,000-plus conditions, so the railway is doing a bit better than that, but it is perhaps not good enough.

The Convener: A brief answer to a complicated question with a lot of supplementaries and detail would be very much appreciated.

Phil Verster: I am always amazed, when someone approaches any of our ticket offices, by how superbly supportive our employees are; how knowledgeable they are about our different ticket types; and how keen they are to support travellers in making their decisions. Our ticket office staff will respond to a question such as, "What is the lowest-cost ticket from point A to point B for me?" by helping the customer to buy the lowest-cost ticket. That is what customer service is about—you are right about that.

The conditions of travel aspect is about loads of rules, specifics and details. Customers can talk to our booking office staff directly or to our helpline. We will endeavour to give people the information that they need.

Stewart Stevenson: I would just say that I hate to phone and my local ticket office is part time. I will leave it at that.

Jamie Greene: I thank Mr Verster for his extended appearance here today and for taking the place of the minister on some matters.

First, I have a very selfish question. Unfortunately, January has been a difficult month for people in my region in the west, with three separate lines experiencing the three dreaded words that no one wants to hear in January: rail replacement bus. Can you give us a quick update on where you are at with the closures on the Gourock to Wemyss Bay line, the Ayr line and the Ardrossan line? The extended bus travel is a problem on the Ardrossan line in particular because of the knock-on effect on people going to

and from Arran. Can you assure us that that will end on 5 February as planned?

Secondly, I have had a number of complaints from people about toilets being out of order both on trains and at stations. That is an important matter; I have received representations on it from people who are on Crohn's, colitis, irritable bowel syndrome and inflammatory bowel disease networks, who say that it is a real problem for normal commuters and a particular problem for those with specific conditions.

I would like you to comment on those matters briefly.

Phil Verster: I will start with the former. In order to achieve the introduction of our new fleets, we had to take four of the new class 380s—modern electrified Siemens trains—off the Inverclyde services in order to use them for driver training. Unfortunately, that is one of the harsh realities of introducing a new fleet. We have quite a lot of diesel train drivers in the central belt who will now have to become familiar with the new electric trains in order for us to achieve our rapid programme of introduction—that is why we had to replace those four 380s with class 314s. We appreciate that the 314 is a different product, but unfortunately it is the product that we have to use. It is not possible to go and find another new train that is available—standing and doing nothing—somewhere else in the United Kingdom or anywhere else and which we can run on our railway for the times and programmes that we are implementing.

It was always intended that we would have the present shift in rolling stock during the period of driver training. It will be some time before we can return the class 380s to that part of the network, but we will hand back the 314s in December 2018. That is a product that we bought as part of the franchise; we inherited it but will replace it because, in the long run, it is not a product that we want on our railway. The introduction programme for the new trains is critical and we are focusing all our attention on getting the new fleet in as quickly as possible and getting those units out.

In terms of the network, as you will be aware we are running some of our test trains on the Gourrock service. However, none of the lines in the west is closed and unavailable for service. At times, in places like Ardrossan, we will be affected by stormy weather and face the possibility of being unable to run electric trains. We deal with such things on an on-going basis, but we inform customers very clearly when that happens and indicate what has happened. Our focus remains on providing the service for all parts of the network that we have committed to.

Jamie Greene: Thank you. And on the issue of the lack of conveniences on trains and in stations?

Phil Verster: The lack of conveniences?

Jamie Greene: Yes. My second point was about the lack of operating public toilets both at stations and on trains. It is a common problem that we get complaints from constituents and groups about.

Phil Verster: So it is about trains and stations. Our approach is to replace the class 314 trains with trains that have toilets on them, and that is really important. As far as conveniences, or toilet facilities, at stations are concerned, throughout the UK, many other railways have adopted the practice of providing toilets on trains—especially on longer-distance journeys—rather than always at stations.

11:45

The exceptions are the really big stations and in the large conurbations where people gather. The reason for that is very practical and very pragmatic: toilet facilities are not always supervised, or cannot always be controlled, and in some parts of the network we do not even have manned stations where we could provide that level of control for those facilities. Therefore, the facilities that we can control, assist people with and have a presence at are those on the trains. That is a standard policy and a standard trend throughout the railway industry, and we will continue with that.

The Convener: From what you are saying, where there are trains without toilets—and now stations without toilets—having trains with operable toilets that are functioning and clean is vital. I think that that is the point that you have accepted and which Jamie Greene is making.

Thank you for taking part in this rather extended session. I was going to apologise for it, but I will not, because some very important points have been raised. Before we conclude, would you like to make any statement, now that you have given evidence to the committee today?

Phil Verster: Not really. I would just like to say that, for us, this is an opportunity to keep on showcasing to the committee what we do. I welcome the scrutiny and the questions. I hope that it helps to broaden understanding of the complexities of what we deal with. To be honest, at times it would be great to have more vocal support from people such as the members of this committee about what we do and the positive spirit in which we continue to do it and to deliver for our customers in Scotland. You are opinion formers, and it is important for us that opinions reflect the

fact that we focus 100 per cent on Scotland's railways.

The Convener: I thank you and your team for attending today. We look forward to the updates that you said that you will write to us about, on questions that you did not answer during the meeting. We also welcome the opportunity that you offered us to have updates from the ScotRail Alliance in future, at times when you consider, and we consider, it important that we are kept informed of on-going positions.

I would normally suspend the meeting at this stage, but because the minister was unable to attend, that concludes our meeting. I would like to have a very brief closed informal session afterwards with committee members. Thank you very much, and thank you to your team.

Meeting closed at 11:48.

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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