TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE

Tuesday 25 November 2008

Session 3

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TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE
23rd Meeting 2008, Session 3

CONVENER

*Patrick Harvie (Glasgow) (Green)

DEPUTY CONVENER

*Cathy Peattie (Falkirk East) (Lab)

COMMITTEE MEMBERS

*Rob Gibson (Highlands and Islands) (SNP)
Charlie Gordon (Glasgow Cathcart) (Lab)
*Alex Johnstone (North East Scotland) (Con)
Alison McInnes (North East Scotland) (LD)
*Des McNulty (Clydebank and Milngavie) (Lab)
*Shirley-Anne Somerville (Lothians) (SNP)

COMMITTEE SUBSTITUTES

Alasdair Allan (Western Isles) (SNP)
Gavin Brown (Lothians) (Con)
David Stewart (Highlands and Islands) (Lab)
*Jim Tolson (Dunfermline West) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Michael Beswick (Office of Rail Regulation)
Richard Eccles (Network Rail)
Jerry Farquharson (First ScotRail)
Susan Goldsmith (National Express East Coast)
Arthur Leathley (Virgin Trains)
Jim Morgan (Association of Train Operating Companies)
Nigel Wunsch (Network Rail)

CLERK TO THE COMMITTEE

Steve Farrell

SENIOR ASSISTANT CLERK

Alastair Macfie

ASSISTANT CLERK

Clare O'Neill

LOCATION

Committee Room 6

Scottish Parliament

Transport, Infrastructure and Climate Change Committee

Tuesday 25 November 2008

[THE CONVENER *opened the meeting at 14:01*]

High-speed Rail Services Inquiry

The Convener (Patrick Harvie): Good afternoon and welcome to the 23rd meeting this year of the Transport, Infrastructure and Climate Change Committee. Apologies have been received from Charlie Gordon and Alison McInnes. I welcome Jim Tolson, who is attending as substitute for Alison McInnes. I ask members and everybody else present to ensure that all mobile phones and so on are switched off.

Today, we have just one agenda item, which is continuation of our inquiry into the potential benefits of high-speed rail services. We will first take evidence from representatives of Network Rail and the Office of Rail Regulation. After that, we will hear from the train operating companies Virgin Trains, FirstGroup, National Express East Coast and the Association of Train Operating Companies. This will be our final evidence session of the inquiry before we hear from the minister in December.

I welcome our first panel of witnesses. Richard Eccles is head of route planning, and Nigel Wunsch is principal route planner at Network Rail. Michael Beswick is executive director of the Office of Rail Regulation. Thank you for your written evidence. I invite you to say a few words of introduction, although doing so is not obligatory.

Richard Eccles (Network Rail): Thank you for giving us the opportunity to come along today. On behalf of Network Rail, Nigel and I are looking forward to explaining the work that we are undertaking on our new lines programme. Network Rail is testing a hypothesis about the best-value solution to the capacity constraints that the network will face in the future. We are looking in detail at propositions for high-speed lines, in that context.

The Convener: Okay. I will kick off our questioning. We have heard in previous evidence sessions that successful development of high-speed railways would require a clear vision from the Government of what it was looking for from the project before project planning could get under way. What is your understanding of the respective positions of the United Kingdom Government and the Scottish Government? Have they even begun to set out any long-term vision? Have they made it clear what they would like high-speed lines to achieve if they were given the go-ahead?

Michael Beswick (Office of Rail Regulation): There must be a process between the UK and Scottish Governments and the industry, in which the industry sets out what it can deliver and the Governments set out the transport challenges that they face. The UK Government is keen to understand the objectives of high-speed rail, and how it contributes to the Government's own objectives. As I understand it, the Scottish Government is in roughly the same place—it is aware of potential opportunities that high-speed rail would offer Scotland's economy and society.

Richard Eccles: I support that. Both Governments are demonstrably investing in rail at the moment, which is in some ways supporting the success that rail has enjoyed over the past five years—success fosters support. Both Governments are aware that many of the drivers in relation to the economy and climate change are aligned with expansion of the role of rail in the transport system in both countries.

The Convener: Network Rail's written evidence refers to alternative methods of increasing capacity. It states that high-speed rail need be developed only once

"all available conventional tools to increase this capacity have been exhausted."

Can you say a bit more about the other methods of increasing capacity? Which methods are being, have been, or could be used before we get around to considering high-speed rail?

Richard Eccles: We are not saying that we should consider high-speed rail only after other methods have been exhausted: rather, we have assumed, in the work programme that we are undertaking, that such methods have been exhausted, which is simply part of constructing a business case for an option.

We make specific assumptions about the next generation of capacity enhancement, which we view generally as involving the rolling-stock side: for example, the introduction of the intercity express passenger train, for which the Department for Transport is currently evaluating tenders and which will be going to contract soon. On the Network Rail side, new signalling systems such as the ERTMS—the European railway traffic management system—will provide additional capacity within existing infrastructure. Beyond those, there are many tools in the toolkit for increasing capacity, such as the £8 billion 10-year west coast route modernisation programme. However, in order to get significant step changes, it is time we examined more innovative and longer-term solutions.

The Convener: Is increased capacity currently the overriding priority—the driver—in policy? It has been argued that, in relation to the climate change objectives that both Governments have set, there may be ways other than high-speed rail to reduce the climate change impact of the travel network. If increasing capacity as a way of boosting the economy is the driver, for example, that would involve one set of priorities. If the driver is the desire to take oil out of transport, other parts of the rail network may be able to achieve that better than the Scotland to London long-distance lines.

Richard Eccles: Network Rail's motivation is concerned with capacity, with our stewardship of the existing network and with planning for the future. However, that does not prevent us from examining high-speed rail for the future, in alignment with other incentives. Inevitably, the energy issue, the climate change issue and the associated economic and social issues come into play. Network Rail is considering the issue in terms of our on-going stewardship of the network and from a capacity point of view. We think, for reasons that we can go into later, that is an important part of the high-speed rail debate, but it does not mean that our work will not benefit others who are more interested in the other benefits of high-speed rail.

The Convener: I have a final question for Mr Eccles, before we hear from other committee members. Will you say a little more about the report that we are expecting in mid-2009 from the new lines programme team? What is the scope of that report? What is the process for taking forward its conclusions?

Richard Eccles: The output from our current work will be an initial business case for an exemplar route. A range of sensitivity analyses will be conducted around that business case, and various scenarios will be examined. We are studying in detail the routes that go north and west from London as part of a baselining exercise to estimate when those routes might reach capacity, and what interventions—short of building an alternative new line—are possible.

We will choose the route that is likely to have the best business case and will develop a business case for it. Alongside the business case, we will produce a number of papers and technical notes that will address many of the issues that are associated with high-speed rail. We intend to put an evidence base into the public domain—we will be quite open about our results and we will share them with anyone who is interested—which will allow us to provide a foundation from which we and others can move forward. We will produce that late in the summer.

Shirley-Anne Somerville (Lothians) (SNP): I will begin with a question for Network Rail. Last week, we heard from a witness that Network Rail had concluded that an HSR network could operate without on-going revenue support from the Government. Is that your conclusion? If so, on what is it based?

Richard Eccles: I wondered about that when I read it in one of the submissions. No—Network Rail has concluded no such thing. We will not come to a conclusion until the summer, when we have done the work and got the evidence.

However, we have said that growth—in passenger numbers, in particular—in the railways over the past five years, which has been a fantastic success, gives us the opportunity to examine the relationship between a new high-speed line and the existing network. In Great Britain, a business case for a high-speed line has always been undermined by the amount of revenue that would have to be extracted from the existing network and the fact that there has been little chance of compensating for that by reducing costs on the existing network, but in a period of growth such as we are enjoying at the moment, many uses could be contemplated for the capacity that would be released on the existing network. A range of passenger and freight services could be provided, which would generate significant benefits, including revenue benefit.

There is a natural tendency to attempt to narrow the gap between the financial case and the socioeconomic case for a high-speed line, but I would not go as far as to say that we would find the financial case just yet.

Shirley-Anne Somerville: We look forward to hearing more about that once your report comes out next year. One of my colleagues will ask about the freight issue later.

Some witnesses have told us that it is possible to have a sub-three hour end-to-end journey time on a high-speed line between London and Edinburgh and Glasgow. What are your views on that optimistic conclusion?

Richard Eccles: It is certainly possible. I was in Germany a few weeks ago, when I got to sit on the train that Alstom has just built, the AGV, which is a kind of speculative venture. Earlier this year, it did 576kph—356mph—on a French TGV line. Given that that was a record-breaking run, one could probably take 100mph off that for the speed it will run at when it enters passenger service, which it will do next year in Italy—in Ferrari's colours, I believe. In practical terms, the technology is capable of such speeds, but whether one would want to go that fast is a different issue. That is where I would retreat to the business case and consider various scenarios. Energy consumption increases the faster one goes, as, presumably, does demand.

The opportunity to generate modal shift is somewhat dependent on journey time, but journey time and speed are different things. We are considering those aspects within our work. I talked about producing some technical papers; we will try to explain how we approach the issues and perhaps give a steer on where the debate should go.

14:15

The Convener: A moment ago, you said that one of the various factors that undermine the case for high-speed rail in Britain is the impact on the rest of the network. Why has it undermined the business case for high-speed rail in Britain specifically? Why has that been more of a problem here than in the rest of Europe?

Richard Eccles: I did not mean to say that it has undermined the business case or is more or less of a factor, but I believe that where countries are extending their high-speed network, as opposed to starting it, there are wider issues in their business cases than we would look to include in a business case for the first high-speed line in this country.

The Convener: It is more about our being a late developer.

Richard Eccles: I suspect so.

Rob Gibson (Highlands and Islands) (SNP): I am interested in whether the development of high-speed rail should be separate from the current planning processes, such as route utilisation strategies and high-level output specifications. If it should be separate, how should high-speed rail development be progressed?

Michael Beswick: We start with high-level output specifications, which are really just a way for the Government to say what it wants from the railways and how much money is available. In a sense, high-speed rail is part of the mix. It is then a question of finding the right solution, in terms of what the Government wants from the railways. The priority that has been set by the UK Government for the next five years is capacity, while in Scotland other things have been included. In the future, one could imagine Governments setting different priorities. Sustainability and economic development could be higher up the scale and become bigger factors in business cases.

Rob Gibson: It has been suggested that the cost benefit ratio on a high-speed line between Glasgow and London could be better than between London and Birmingham or Liverpool. Should the Government ensure that the rail utilisation strategy takes account of those estimates?

Michael Beswick: Government should be thinking about what it wants from the railways—what job it wants the railways to do in transport—and using cost benefit analyses and other tools to inform that. Ultimately, it is a question of what objective Government wants to achieve from the railways and, then, the most efficient way of delivering that.

Rob Gibson: Does anyone from Network Rail want to comment?

Richard Eccles: The route planning group in Network Rail works with both Governments to influence the high-level output specifications. We produce the route utilisation strategies—we published the Wales route utilisation strategy today—and we are working on the new lines programme. That is how it should be: a joined-up process in which we look to deliver Governments' aspirations affordably while achieving value for money. We should also provide Governments with inputs on what is feasible.

Rob Gibson: If that is the case, can you explain the role of Greengauge 21 in the development of high-speed rail? Why has important initial high-speed rail project planning work been left to a voluntary group?

Michael Beswick: Greengauge 21 is a voluntary pressure group that is pushing the development of and ideas for high-speed rail. Why should such a group not clarify what high-speed rail can do? Network Rail is also doing some work. That is exactly as it should be.

Rob Gibson: Does Network Rail have a view on Greengauge 21?

Richard Eccles: Greengauge 21 has done valuable and useful work in moving high-speed rail up the agenda. It is collecting views and evidence and commissioning work. Network Rail has joined Greengauge 21's public interest group and has provided funding. We are happily working together. We contest the statement that we are leaving things to Greengauge 21—that is not the case. Our work has a significantly higher budget and is more far-reaching than that of Greengauge 21. That said, Greengauge 21 is enthusiastically supporting the proposition. That helps.

Rob Gibson: I am surprised that Michael Beswick favours the idea of a voluntary group taking the lead. The evidence thus far is that, if this is to work, both Governments will need to be involved and public funding will be required. Given that, I am surprised that a voluntary group such as Greengauge 21 is playing such an important part in the development of an idea as big as this.

Michael Beswick: At the moment, Greengauge 21 is financed by different industry stakeholders and others. I, too, am a member of the

Greengauge 21 public interest group. The key point is this: the challenge is to get the right ideas on the table; Greengauge 21 has added quite a lot of value in doing that.

Rob Gibson: The committee has heard that any such development is likely to cost around £30 million per kilometre. From your knowledge of the discussion to date, do you agree with that assessment?

Michael Beswick: Clearly, a load of different figures are being quoted from the cost of the high-speed rail link to the Channel tunnel to developments in Spain. Part of the feasibility stage is working out the cost based on the conditions that apply in Great Britain.

Richard Eccles: I do not agree with any of the figures that have been quoted thus far. Obviously, a significant part of the work that we are doing is to look at the various ways of forecasting cost and then, going into the business model, to forecast costs. It would be premature to quote unit costs from the work that we are doing at the moment.

Rob Gibson: Given that the committee has a report to make, we will have to try to establish some of the figures. Are the ballpark figures that are being quoted reasonable or completely unreasonable? Are they overestimates or underestimates?

Richard Eccles: Many variables feed into generating a rate per kilometre including the route, specification, gauge and type of rail terminal—for example, whether it is a city-centre terminal. On gauge, the question is whether we build a European standard railway on Union Internationale des Chemins de Fer—UIC—gauge or work to the British standard. I hope that we do not do the latter. Will trains operate at 350mph or 186mph? Before we can calculate a price, we need a proposition. We cannot simply come up with a generic price. In any calculation of price, I suggest that an uplift of 66 per cent be applied. At the moment, the discussion is all about optimism bias.

Alex Johnstone (North East Scotland) (Con): In its submission, Virgin Trains indicated that, with some infrastructure upgrades, a London to Glasgow journey time of 3 hours 45 minutes on the west coast main line is achievable. What are those upgrades and how much would they cost?

Richard Eccles: My colleagues from Virgin Rail who are sitting in the public gallery will be better able to answer the question in detail when they give their evidence. Pendolino trains are capable of 140mph so the signalling system that supports them will have to be capable of handling trains at that speed. Some serious work will have to be done on the infrastructure to enable such a journey time to be achieved.

What Virgin Trains has done on the west coast line is great. The new timetable has 13 trains a day between London and Glasgow—up from nine trains a day at the moment—and a journey time of 4 hours and 10 minutes. We have to consider what the cost and benefits would be of reducing the journey time from 4 hours 10 minutes to 3 hours 45 minutes. Would that reduction be an increment along the way, or would it be overtaken by something more radical?

Alex Johnstone: Would similar cost benefit advantages be achievable on the east coast main line?

Richard Eccles: I do not believe so, although again I will stand corrected if my colleagues from National Express East Coast have other ideas.

When the east coast main line was upgraded, which was many years ago, it was possible to straighten curves within wider boundary fences, so a lot of opportunity was squeezed out in those days. Significant work would be needed to make progress with the east coast main line so that it could catch up with what has been happening on the west coast.

That said, in the settlement that we are discussing with the Office of Rail Regulation, there is more than £600 million-worth of enhancement investment to go into the east coast route in the next five years. That should have a significant effect on capacity, but not necessarily on journey times.

Alex Johnstone: You mentioned that some rolling stock that we already have on our railways is capable of operating at speeds of up to 140mph. That is not uncommon on the traditional railway networks in, for example, France and Germany. Would it be possible to run trains at 140mph on the existing UK network if we had the upgrades that you mentioned?

Richard Eccles: I am not sure that running at 140mph is common on non-high-speed lines in Europe. In fact, I am not sure it exists.

When the west coast route modernisation was originally envisaged, the speed was to be 140mph. On a conventional network, any speed above 125mph presents issues, such as the segregation of platforms to ensure that the public do not have access to platforms next to lines on which trains travel at 140mph. I come back to whether the step is significant enough to merit the investment that would be required to enable it. Also, how would it compare to enhanced schemes such as new high-speed lines?

Increasing line speed on the conventional, mixed-traffic railway network will reduce capacity. We have perhaps squeezed out as much capacity as we can on the west coast main line. In the new

timetable, there are 13 paths an hour on the fast lines, but everything is running at the same speed and some intermediate stops have suffered. On a mixed-traffic railway, there is a trade-off between speed and capacity.

Cathy Peattie (Falkirk East) (Lab): The committee has heard conflicting evidence on whether passenger train paths that were freed up on the current network by the development of a high-speed railway could be used by freight operators. I would be interested to hear Mr Eccles's view, as he has already alluded to freight. Would freight be more viable if a high-speed railway was developed?

Richard Eccles: Yes. I believe that that is a truth, to be honest. Consider a four-track railway, such as the south ends of the east and west coast main lines. We run very fast trains on the fast lines, with few stops, and on the slow lines we run a mixture of freight and stopping passenger services. It is possible to run a freight train at 75mph and a reasonably fast 100mph passenger train with a limited number of stops with both of them travelling at the same average speed. The simple fact is that if everything were moved off the west coast main line's fast lines and run on a high-speed line, we would have four tracks, which would provide the capacity to distribute between regional passenger services, suburban passenger services and freight. That would provide more opportunity for freight.

14:30

Cathy Peattie: Much freight travels overnight, so it tends to be the priority in the evening. Would that continue? Could freight travel during the day?

Richard Eccles: To be honest, I have never been convinced that all the freight travels overnight. From a Milton Keynes station platform or a Carlisle station platform, an awful lot of freight can be seen moving during the day. Freight moves to achieve the most efficient use of the resources to move it and as the customer requires it. It moves all through the day and the night. Freight traffic is restricted at the peak time around London and some other regional centres, but it is incorrect to think that freight moves only at night.

Cathy Peattie: If you come to my constituency, you will experience freight traffic all night from massive trains.

Richard Eccles: I am sure that freight moves all night, too—I am not suggesting that it does not.

Cathy Peattie: We have had questions on costs, but do you have views on the technology that should be used for a high-speed rail network?

Richard Eccles: Are you asking about rolling stock—trains?

Cathy Peattie: I am asking about the track rather than the rolling stock—or both.

Richard Eccles: Track interfaces with rolling stock—they form a system and are designed as a system.

Cathy Peattie: I understand that.

Richard Eccles: I believe that when we have done the work and we have the evidence, it will favour building a European-gauge railway rather than the conventional railway that we have. That would mean a larger loading gauge and therefore larger passenger trains, including double-deck passenger trains, in due course. If moving freight on the high-speed line were a possibility, that would allow piggyback freight, which we are considering, although it is little practised in Europe.

Cathy Peattie: By the time that a high-speed line is developed, extending freight traffic to it might be possible.

Richard Eccles: Absolutely.

The Convener: On integration with the existing network, is it more important to get right integration with the rest of the network or integration with high-speed lines to the rest of the continent? Can we do both?

Richard Eccles: We can certainly do both. We will need to think about the whole plan for any given route. Even if we built a route in increments—I suspect that we would do that—we would need to work out exactly what we would do for the whole route. On a London to Scotland route, it would be insufficient simply to find the answer for the first 200 miles, the English part or the Scottish part—the whole route would have to fit together. That is the most important element of integration.

Jim Tolson (Dunfermline West) (LD): Gentlemen, I will ask first about the green credentials of the electricity that the rail network uses now and which a high-speed rail network would use. The committee has heard evidence that the environmental benefits of high-speed rail could be enhanced through the use of electricity from renewable sources. How is rail traction electricity purchased? Would switching to a 100 per cent renewable electricity supply be practical or affordable?

Richard Eccles: We purchase in the marketplace, so we do not specifically purchase green or non-green energy. The energy supply and the transmission system to the track are as important to the energy performance of railways as is the rolling stock's consumption. It is a system. People have suggested that the railways could enhance their green credentials by procuring energy only from sustainable sources. The idea

has been discussed and it is being given a fair airing. The proposal is not yet practical, but that does not mean that it should not be an aspiration.

Jim Tolson: So renewable and other energy sources contribute to the grid, and you buy at the best market value, which results in a combination of sources that is outwith your control. Is that correct?

Richard Eccles: Yes.

Jim Tolson: The committee has heard calls for the development of a 10-mile-long Carstairs cut-off on the Edinburgh-Shotts-Glasgow line as a first step towards developing the Scottish section of a high-speed rail network. What are your views on that?

Richard Eccles: As I said a few moments ago, we need to think about how we integrate the whole route. That is why, in relation to the new lines work, we have a programme management group that involves Network Rail, our programme consultants, the DFT and Transport Scotland. We need to think about what is an acceptable product in terms of a high-speed rail link to Glasgow and Edinburgh. For example, should it go through one city to get to the next? That would, inevitably, increase the journey time for one city compared with the other. However, if we are looking for the holy grail of a three-hour journey time between wherever and London in order to compete with air travel, going from one city to the other would mean that—assuming a Glasgow to Edinburgh journey time of around 25 minutes—the journey time to London from the second city would need to be two and a half hours.

A big contributor to the generalised journey time is service frequency, as the waiting time must be included in the overall journey time—basically, people will not have to wait for two hours if there is an hourly service. However, if you split the high-speed service at Carstairs or wherever, do you split the frequency of services from the south? That is the sort of thing that needs to be thought out. How would a high-speed line from the south integrate with aspirations for high-speed lines throughout Scotland? We need to have a solid plan for the whole system before we embark on incremental steps towards delivery.

Des McNulty (Clydebank and Milngavie) (Lab): I would like to pursue that question. Earlier, you said that, in some parts of England, four lines—slow ones and fast ones—run in parallel, which allows for a great degree of flexibility. On the lines between Edinburgh and Glasgow, however, there are usually only two rails, which makes overtaking difficult. Currently, three lines run between Edinburgh and Glasgow and we are about to add a fourth, so, in a sense, we will have eight tracks running between Edinburgh and Glasgow, none of which will be quick. Does that make any sense to you?

Richard Eccles: Remember that the things that we call four tracks in the south sometimes involve two routes. The west coast main line is four track to north of Milton Keynes, where two tracks—the old tracks—divide and wander around via Northampton before rejoining the other two tracks at Rugby. On the east coast main line there is a two-track section over Welling viaduct, and further north the line goes to two tracks from Stoke summit to Doncaster. However, we are looking at enhancing the joint line through Lincoln to give us a four-track railway.

The situation that you describe is not dissimilar to the one that I have just outlined. You mention that the tracks are not very quick. That is a function of the number of station stops and the line speed. Building another two tracks next to two existing tracks is, as far as I am concerned, building a new line, and the specification of that new line would be as subject to debate as it would be if it were anywhere else. The issue is as much about what you want to use the railways for as about the capability of individual lines. If you have a choice of routes and you want to run a mix of trains, you will not achieve a maximum reduction in journey times but you might maximise the benefit that you derive from that part of the railway.

Des McNulty: I am interested to hear what the Office of Rail Regulation feels about it. We have made the argument about reduced journey times between London and Glasgow, London and Edinburgh and, I presume, London and other cities in England giving rail a comparative advantage over other means of transport. I presume that, if we reduced the rail journey time between Glasgow and Edinburgh to half an hour or even less, that would give rail a significant advantage over the alternatives, especially as it now takes a minimum of an hour and a half to travel between Glasgow and Edinburgh by road. Should we be considering that, from an industry professional point of view?

Michael Beswick: The industry and the Government in Scotland should consider it. What would be the benefits of such a reduced journey time for Scotland and what would be the most efficient way of achieving it? Those are the sort of questions that the Government and the industry should be asking. It is our job to ensure that the Government is presented with choices and gets a decent, efficient deal from Network Rail.

Des McNulty: Does Network Rail have the capacity and expertise to develop a high-speed rail network at a UK level and in Scotland?

Michael Beswick: Given the work that is currently being undertaken, it is sensible that

Network Rail takes that forward. It will need to ensure that the expertise is available to it to do that. At the moment, we are talking about developing the project, and there will be input from other interested parties. One of your colleagues mentioned Greengauge 21, and other groups will have an interest.

In the longer term, the question will be whether it is appropriate for Network Rail to deliver the project or whether some other organisation should do it. For example, the high-speed line to the channel tunnel was led by a separate company. However, a decision will be made on that further downstream. At the moment, the key thing is to get the options on the table and to begin to answer the questions that we have.

Des McNulty: UK railway developments tend to spend infinitely longer at the pre-planning and planning stages than do developments in other European countries. Even when they have gone through that process, they tend to cost more to build than appears to be the case in, for example, Spain or France. Are we getting something fundamentally wrong in this country, so that we never get to the point at which we build anything?

Michael Beswick: We must learn lessons from overseas. We have done quite a lot of work on Network Rail's funding for the next five years, which has identified that Network Rail has a long way to go before it will be as efficient as railways in other parts of the world. We are looking to Network Rail to close that gap.

Going forward, the question will be how far the extra costs are justifiable. The reality is that the UK is a more densely populated country. One of the key reasons why high speed 1 was so expensive was the fact that there had to be a tunnel between St Pancras station and the edge of London. It is a matter of knowing how far it is possible to address such issues and how far they are an inherent problem in our densely populated country.

Richard Eccles: I think that it is appropriate for Network Rail to take forward the development of high-speed rail at present. The work for which I am responsible—the new lines programme—has an investment authority of £2 million. We are not having a quick look at the matter; we are having a serious look. A number of consultancies and academics are working with us, and we hope that the evidence base, which we will make public, will be convincing and a good foundation. We are funding that work out of our own money, because we have a responsibility for the stewardship of the network into the future. By no means are we doing the work on the basis that we will be the organisation to deliver high-speed rail. A decision on that will clearly have to be addressed in future, and lots of models exist.

Mr McNulty raised the issue of how long it takes to do things in railways, or in transport generally. As Michael Beswick said, Network Rail is being challenged to be more efficient, which is right and proper. However, in the past five years, we have taken £1 billion out of the cost of running the railway. That, together with the work of my colleagues in the train operating companies in carrying more customers, is helping the funding of the railways.

Delivering a high-speed line from Edinburgh to Aberdeen or from London to Edinburgh would not be a project for the railways by themselves. The planning process for major projects in this country is a problem that will have to be solved through partnerships, and Parliaments will have a role to play. If there were a common will to deliver such projects quickly, I do not think that the railways would want to hold you back. However, we would have to work together.

14:45

Des McNulty: How does money come to Network Rail for project development? I know that the parallel with the water industry is not exact, but the planning timeframe in the water industry used to be three years, then it became four years and now, in effect, it is eight years. Government identifies the cash that is to be made available, and then hands over the management of capital programmes to a body that is expected to work within a fairly protracted timescale. Does Network Rail get that kind of opportunity, with an agreed programme that it can work on over an extended period without always having to come back to Government for further authorisation, permission or negotiations? Is that how it works? Or is that how it should work?

Michael Beswick: Yes. With Network Rail funding, the Government sets out what it wants from the railways and how much money is available for the next five years. However, that is put into the context of what the Government wants over a longer term.

We have just made determinations on funding for a Network Rail programme for the next five years—a programme that includes a significant enhancement programme for the railways. Some of those enhancements are long term and will extend into future periods, and the mechanism allows for that. We can therefore give Network Rail a degree of certainty, although we do not want to give it too much certainty, as that would not encourage it to become ever more efficient. However, there are mechanisms that allow us to give Network Rail planning certainty for major projects.

Richard Eccles: I will answer the first part of Mr McNulty's question. Getting on for three years ago, Network Rail outperformed its financial targets. We therefore announced that we would create a £200 million outperformance fund, which we would invest in increasing the capacity of the network. The new lines programme is funded out of that outperformance fund.

I support what Michael Beswick has just said. The railway industry and Network Rail are now funded in five-year periods. I have been a railwayman for 32 years and I have never seen a better system. It is one of the good things that have come about through the evolution of the railways. Five years is an acceptable period in which to plan.

Among the assets that Network Rail looks after, a signalling system will last 40 years, and as for tunnels—well, we are still polishing some of the tunnels that Brunel built and are not even thinking of renewing them. We are talking about long-term assets that require us to work efficiently, a long-term planning process and some security of funding over a long period. We are enjoying that at the moment.

The Convener: As there are no more questions from members, do you wish to raise any issues that were not raised in questioning, before we finish our evidence session?

Michael Beswick: No. Thank you for an interesting discussion. We certainly look forward to reading your report. It is going to be very important that there is a political and governmental commitment to taking forward high-speed rail.

Richard Eccles: I, too, thank you for the opportunity to come along today. If there is anything else that we can do to assist you, please let us know.

Nigel Wunsch (Network Rail): I have not had much opportunity to speak today. Richard Eccles has excellently covered all the points that I might have added from a Scottish perspective. As the Scottish contact on route planning, I am happy to work with you.

The Convener: I appreciate that. It is nice to have you on the record, Mr Wunsch.

I thank all our witnesses. I suspend the meeting briefly to allow a changeover of witnesses.

14:51

Meeting suspended.

14:53

On resuming—

The Convener: We continue with our inquiry into high-speed rail services. I welcome our second panel of witnesses: Arthur Leathley, director of communications for Virgin Trains; Jerry Farquharson, head of long-term planning at FirstGroup; Susan Goldsmith, deputy managing director at National Express East Coast; and Jim Morgan, chairman of the rail planning forum at the Association of Train Operating Companies. I invite the witnesses to kick off with opening remarks.

Susan Goldsmith (National Express East Coast): Thank you very much for the opportunity to give evidence. National Express is very supportive of high-speed rail and believes that it will bring significant benefits, the biggest of which, for a train operator, is capacity. We will give evidence on some of the other benefits shortly, I am sure.

One key point that came out of the previous discussion is whether the east coast main line could be redeveloped to serve, in full or in part, as the high-speed rail line. The east coast main line currently serves 2,300 trains a day. It is 170 years old and the line speed is currently a maximum of 125mph, despite the fact that National Express East Coast has trains that can run at 140mph. The line currently has limited capacity and there is limited scope to squeeze more out of it.

National Express's proposed new timetable, to take effect in December 2009, will add new services and capacity—approximately 7,000 extra seats a day—and will bring shorter journey times, as we will take about 15 minutes off the London to Edinburgh journey. Without that, we believe that we would have severe capacity constraints on the east coast main line come 2011. When the intercity express programme comes on line after 2013, there will be about 10 per cent more seats but, based on our current projections for volume growth, we believe that even then capacity will be completely constrained by 2020. Overall, the proposals that I have outlined represent the limit of what can be achieved on the existing infrastructure.

In summary, it is important for both Governments to have a clear vision of the benefits that high-speed rail can bring and to have a real will to progress to a firm feasibility study and a business case. There is considerable merit in being bold and taking a leaf out of the book of our European colleagues in France and Spain. We are currently running a first-generation railway. We will need more capacity by 2020 at the latest, so we would say that high-speed rail is not a luxury but an economic necessity.

The Convener: Do the other witnesses have anything to add to that by way of a brief introduction?

Jim Morgan (Association of Train Operating Companies): I represent ATOC as the chairman of its rail planning forum. The forum draws together the rail planning staff of all train operators and guides and directs the work of the ATOC rail planning team, which provides a focus for train operators' input into the route utilisation strategies run by Network Rail. We also do a lot of work on potential electrification opportunities in England and Wales—obviously, Transport Scotland knows what it wants to do here. I am also head of strategic passenger planning for FirstGroup and a director of ScotRail, and I was formerly ScotRail's deputy civil engineer.

ATOC supports new lines for capacity purposes and because they provide an opportunity for our members to develop and operate their services.

The Convener: I will begin with a general question. Susan Goldsmith expressed her support for the principle of a high-speed rail network. I assume that among the rest of the panel there is no huge groundswell of opinion against that principle or the stated ambition that runs alongside it.

A number of routes have been suggested. Along which routes should the line or lines run? Are panel members clear in their mind about the answer to that question or is it still an open question?

Jim Morgan: Susan Goldsmith is right to say that the east coast does not have enough capacity—it needs much more. Potentially, it is a straight route, the upgrading of which could deliver significantly higher speeds. On the west coast, the geometry is different and it would be more difficult to deliver higher speeds without having more tilt on trains and doing a lot of engineering works. Maybe the answer is neither of those routes but a new route. Someone said earlier that the technology must allow high-speed trains to operate in Edinburgh Waverley and Glasgow Central. The technology must allow trains to get to city centres, otherwise some of the purpose of high-speed rail will be lost.

15:00

The Convener: Committee members will have questions about technology later. On routes, you said that the answer is maybe to have an entirely new line. Is that still a maybe in your mind?

Jim Morgan: At ATOC, we work closely with Network Rail and support what it does. I believe that it is doing an excellent job, but we need to give it a bit of time to come up with the right conclusions. I agree with Susan Goldsmith that the east coast has a lot of potential that could be developed, but I would rather wait until Network Rail comes up with conclusions that we can debate. We should not say that the answer is either the west coast or the east coast, because it might be somewhere in between.

Arthur Leathley (Virgin Trains): We must look at the wider implications of a high-speed rail network. We should not let the debate be dominated by engineering factors. Clearly, economic, environmental and social factors, as well as what the market might dictate, must be considered. There is a slight risk that we move too far down the engineering-led track and do not consider what the market needs and demands. In Europe, people looked at what the market economic benefits might be. That aspect must be considered early on. I appreciate that Network Rail must consider the feasibility aspect early on. Beyond that, though, operators must be closely involved.

Susan Goldsmith: I agree with many of those comments. A high-speed rail network is by no means straightforward, hence the reason to move towards a firm feasibility study, as I said at the outset. It is important to understand what the market wants, to have clear objectives for the whole scheme and to look at current passenger flows and population densities. High-speed rail in continental Europe shows us that it can bring significant benefits to areas that have not seen such a level of economic regeneration before. That comes back to having clear objectives for the scheme.

The Convener: How do you envisage train operating companies being involved in the development of high-speed rail proposals in the months or years ahead?

Jim Morgan: As I said before, ATOC is trying to take on the role of the long-term TOC. It has been argued in the past that train operators are not interested beyond the end of their franchise. However, if one owning group does not win a franchise, another group will. Therefore, it is best for the operators collectively to try to come up with a view of the best solution for high-speed rail. At ATOC, we take the long-term view. We work not for any particular owning group but for all owning groups in trying to develop the network. Operators need to discuss with Network Rail what the solution might be. They already work closely with Network Rail on the development of the RUSs and so on. They are involved in the short term, but they need to be involved in the long term, too.

Arthur Leathley: Virgin and other operators first became involved in the rail industry back in the mid to late 1990s. Then, in Virgin's case, it was very much about setting out a vision of where we

wanted to be over the 15 years of the franchise. We developed two fleets of tilting trains that would—as the market required—take on the airlines, particularly on the Scottish and Manchester routes, and take road traffic away from motorways. We have gone a long way towards achieving that vision, and we still have four years to make progress.

If we were considering high-speed rail lines, we would want to do exactly the same: have a long-term vision. There is a risk, because franchisees come and go, but there is no reason why the input of the operators as a whole should not be valuable.

Jerry Farquharson (First ScotRail): I agree with what my colleagues have said. We should not lose sight of the fact that one of the other main benefits of building a high-speed rail route is the release of capacity on the existing network for slower, interurban or suburban passenger trains and freight trains. That is a key element, and it is one of the main things that train operators can bring to the party when discussing the best options.

Susan Goldsmith: I agree with my colleagues' comments. Nobody has mentioned the fact that train operators also have a direct relationship with passengers and understand the market in which they operate—and, therefore, the needs of individual passengers—better than some other players. Train operators can bring considerable expertise to the table.

I stress that although I am here for National Express East Coast, I represent National Express Group plc and am here to lobby for high-speed rail whether the option of an entirely separate line or an option that also has some benefits for the east coast main line.

Rob Gibson: When it bid for the east coast main line franchise, Virgin Trains included a proposal for a considerable stretch of new high-speed line and a fleet of high-speed trains. Does that suggest that it would like to be involved in the physical development of the line?

Arthur Leathley: Yes. We will always look for opportunities to develop the business. At present, we are a single-franchise business but we want to do more in the United Kingdom and overseas—we are involved in discussions elsewhere too. Yes, of course, we would be interested.

Rob Gibson: Was that proposal for something different from the medium-speed trains that you run on the west coast line at present?

Arthur Leathley: Yes. If a case were made for development of a high-speed rail network—the first step will be next year's report—we would examine the proposals and consider the business case.

Rob Gibson: In its written evidence, National Express East Coast raises concerns that rail expenditure in the UK is considered a cost rather than an investment. How might that be changed?

Susan Goldsmith: We must understand the business case, which involves not only costs but benefits. The benefits of high-speed rail are clear. We have touched on some of the benefits that would derive from a new high-speed line on the existing network and infrastructure, such as providing capacity for freight trains or local services, which would bring about the potential for economic regeneration. The high-speed line itself would provide an opportunity for considerable modal shift away from car and air travel, which would also open up opportunities for regional airports to have more flights to international destinations, which might provide Scotland with a more direct link to international cities. Equally, there would be real environmental benefits from the lower CO_2 emissions that persuading more people to travel by rail would bring about.

Many people have attempted to assess the possible return on investment in a high-speed rail line. In the updated "High Speed Line Study", Atkins considered a ratio of 2:1. We would have to have further details before we could assess whether that judgment is reasonable, but it is likely that there is a positive business case.

Arthur Leathley: We have to make a marked shift in the terminology that we use: in the United Kingdom we invest in roads but we subsidise railways. Such a view is not taken elsewhere, where expenditure on all modes of transport is regarded as an investment. We must change the culture. Last week, I spent time in the United States, where consideration is being given to a high-speed network. There, the talk is all about investment and spending our way through the current economic difficulties. In the US, investment in rail and investment in roads are regarded in the same way. We must move on and be much bolder and more visionary.

Jim Morgan: In Scotland, the importance of the issue seems to have been recognised. We are witnessing significant investment in Scottish rail services. There is also significant Government expenditure on rail services in England and Wales. The money is there and much of that expenditure could be classified as investment. The situation is changing.

Rob Gibson: The situation is changing, but much of the expenditure in Scotland is taking place in what we might call Scotland's home counties and not in the rest of the country.

It has been suggested that links between Scotland and London would have a higher cost benefit ratio. Jim Morgan said that perhaps we should consider a new line and other witnesses have talked about the need to use the continental gauge. Would it be possible to adapt the east or west coast routes, or must we think boldly about building an entirely new line?

Jerry Farquharson: The west coast main line upgrade, which Richard Eccles talked about, was a 10-year project that cost £8 billion and caused disruption day in, day out for every operator on the route. That experience suggests that, as far as is possible, we need a route that is separate from the existing network.

Arthur Leathley: Virgin bears many scars from that disruption, so I concur with that comment.

To ensure that a true comparison can be made, we must consider how far we can maximise the capacity of the existing route, whether by providing more or faster trains or by doing whatever it is that people do with signalling, so that we can say, "This is the absolute limit of what we can do on the west coast line." In parallel, we should explore the benefits of a new high-speed line and the potential speed of trains, as Network Rail is doing. Then, we would be able to compare the two approaches and say, "A high-speed line will cost £X more than maximising the capacity of the existing route will cost. These are the benefits. Is it worth doing?" We should not play guessing games.

Broadly speaking, we would struggle politically to convince anyone that we should go through the disruption that we have gone through in the past 10 years. I certainly would not be able to sell that.

Rob Gibson: That is an important point to make. We need to think about whether we should have not only the east and west coast main lines but the high-speed route.

Jerry Farquharson: In general, as we heard, the capacity of a route is dictated by the slowest train and not by the fastest train. Therefore, if we try to upgrade either of the existing routes, there is a danger that we will run fewer trains, albeit that they will be faster. That would be counterproductive.

Alex Johnstone: The two questions that I was going to ask have been asked and we are well down the road of getting answers to them, so I will not insult the witnesses by asking them again.

I want to hear a little more about what the existing lines should be doing during the development period. Will they continue to play a role in passenger services? Will they continue to carry the rolling stock that they currently carry? If a high-speed line were up and running, what advantages would there be to using services on the existing lines?

Arthur Leathley: There are massive opportunities for the west coast line. We are witnessing huge growth in markets that we did not expect to grow. Perhaps initially there was a focus on London and the big cities, but we have had great growth in Crewe, Stoke, Macclesfield, Preston, Wigan, Warrington, Carlisle and Lockerbie—there are great markets that can be developed once we have freed up capacity. Japan has a high-speed network, but it has also focused on local services with mere 150mph trains. The two can work together.

15:15

Jim Morgan: As Susan Goldsmith and Richard Eccles indicated, there has been big investment in the east coast line, which will deliver benefits. However, by 2020—in only 12 years' time—the line will be at capacity. National Express can develop a lot of new markets—for example, from Durham to London, although that is already quite a big market—but the real problem is that we need to plan ahead to get extra capacity. The east coast upgrade will be disruptive, but not as disruptive as the west coast upgrade, because it is smaller in scale and involves much less money. However, we will run out of capacity.

Alex Johnstone: Is it fair to say that everyone on the panel is sending the message loud and clear that investment in rail is good, but the next priority is to provide additional capacity through a high-speed rail line?

Arthur Leathley: In tandem with increasing capacity on existing lines.

Alex Johnstone: How would you prioritise the two?

Arthur Leathley: We must ensure that we do not prioritise them. People are unanimous in wanting a high-speed network, which is great, but if that is planned for 20 years' time and we do nothing on the existing network for the next 10 or 15 years because it is coming, we will miss some real opportunities—the two need to work together. The disruption that we have experienced over the past five years, in particular, is a result of catching up on 20 years of underinvestment—at times, nil investment. We do not want to go through that again. After spending so much money and going through so much pain, we must not let the network fall back to where it was in the late 1980s.

Susan Goldsmith: I reiterate that we cannot afford spending on the existing network to be compromised in any sense by investment in high-speed rail. Even if we proceed with a high-speed rail line and initially demand moves from, say, the

east coast line to that line—depending on where it is run and developed—new demand for local and commuter services will quickly emerge; that has been the experience in Europe and Japan. It is important not to lose sight of the importance of existing networks and to continue to invest in them appropriately.

Alex Johnstone: I am interested in the answers that you have given on services running alongside or with high-speed rail. We went through Jim Morgan's Curriculum Vitae earlier, so I want to ask him specifically—and others, if necessary—about the work that would need to be carried out on the broader Scottish railway network to allow it properly to connect to a high-speed rail network.

Jim Morgan: First, we need to consider where the terminals will be. ATOC favours existing city centre terminals, where there is good interchange with existing train and bus services. Parkway stations on the outskirts of big cities would generate more road traffic and be problematic. Using city centre terminals helps to define the technology that will be used—we need something like a TGV or one of the other high-speed trains that we see in Europe, which can also run on conventional infrastructure.

My colleague Jerry Farquharson has just told me that it is possible to get from Edinburgh to Glasgow in 36 minutes, if one does not stop. We need to decide what stopping pattern we want.

The journey between Edinburgh and Glasgow could certainly be speeded up by using electric trains with faster acceleration and having a higher line speed. In England, we are considering significantly speeding up journey times between Liverpool and Manchester and between Manchester and Leeds. People in Scotland should consider how to improve journey times between Edinburgh and Glasgow—indeed, that is already being done—but train stops are the critical problem. How many stations should trains stop at? Stops slow them down. [*Interruption.*]

Faster journeys to Dundee and Aberdeen are also important, but ensuring those would need a lot of infrastructure work.

I admire the work on connectivity that has been done in Scotland, because a critical reason for having a transport system is improving the connectivity of different locations. Carstairs is probably a bad example to give, but I would see a line from England splitting, a line going to Edinburgh, a line going to Glasgow, and a high-speed line between Edinburgh and Glasgow. The other big cities in Scotland—Dundee, Aberdeen and Stirling, for example—would then need to be considered. Much potential exists, but there would be quite high engineering costs and things would not be easy. Obviously, there will have to be prioritisation. That is how I see things.

Jerry Farquharson: I agree with Jim Morgan. Connectivity to the existing rail network is a must-have. There are significant challenges at Edinburgh Waverley and Glasgow Central stations, both of which are now working at capacity. Members will probably be aware that a new platform is being built at Glasgow Central for the Glasgow airport rail link, but it is being squeezed on to the station's existing footprint. If we tried to squeeze in some longer trains, existing services would have to be taken out. There are challenges in connecting services, and I do not know the answer to those challenges at the moment.

Cathy Peattie: Obviously, I am concerned about taking out existing services. What is the point of having a railway network if the majority of people in Scotland and elsewhere cannot access a train and have to go into cities in cars and by other ways? Surely that must be discussed. I am not talking about Carstairs; I am talking about Falkirk, Stirling and places between cities.

Jerry Farquharson: That is exactly my point. We must ensure that we achieve what people are looking for and that we do not throw out things that work to make other things work. We must make services join up.

The Convener: I remind everybody that all mobile devices—anything that beeps, basically—should be switched off.

I would like to follow up briefly with Virgin Trains the relative priorities—people may not want to say either/or—of high-speed rail versus on-going improvements. I think that you said that the journey time on your west coast service could get down to three hours and 45 minutes as a result of on-going improvements, as opposed to through having a high-speed rail service. If you reach that point, is there a danger that your passengers will say that, if billions more are being spent on their railways, they want the priorities to be station improvements, better suburban links or visits to Alex Johnstone in Aberdeen or Rob Gibson in Inverness? Is there a danger that people will want such things to be prioritised rather than a high-speed rail system to London that will shave perhaps 30 or 40 minutes off the journey?

Arthur Leathley: Absolutely. That is why I said that we must know what the market is saying to us. We may have clear, preconceived ideas about what the industry thinks is right for engineering or traditional reasons, but demographics and people's movements have changed. We must consider what people really want before we embark on a massive spending programme. In my view and in Virgin's view, developing a high-speed

network is the right way to go, but we have to do a lot of work on its development. Operators can provide valuable assistance in that respect.

The Convener: But several things might all be the right thing to do. Given the spending that might be available, is this particular option the most right one?

Arthur Leathley: The key issue is capacity. Ultimately, we have to consider when the east coast and west coast main lines might run out of capacity and decide how much it is worth spending to go beyond that.

The Convener: That brings me back to the point that I made to the first panel. If the priority is to place more emphasis on, for example, environmental considerations and reducing CO_2 in the overall transport system instead of on capacity and connectivity, we might well come up with a different answer to my previous question.

Arthur Leathley: Absolutely. That is why we need wider expertise than simply that of the rail industry. There must be a focus on, for example, regional economics. In the aviation industry, links with major cities such as London and New York have had phenomenal and perhaps unexpected effects on communities. The same happens in the rail industry: once you create links, you create new markets and new economic prosperity. We need to do more work on the matter because, at the moment, we are not expert enough to gauge such things.

Jerry Farquharson: With regard to the question whether journey times on the west coast service, which is being speeded up in December, could be cut to three hours 45 minutes, I should point out that one impact of speeding up that service is the slowing down of local services from Lanarkshire to Glasgow. We have to do this in a joined-up fashion; we cannot do one thing to the exclusion of others.

The Convener: It comes back to the fact that this is all one system, not a series of discrete services.

Shirley-Anne Somerville: Witnesses have mentioned the development of a 10-mile-long cut-off at Carstairs on the Edinburgh to Glasgow via Shotts line as a first step towards a high-speed rail network. As Virgin mentioned Carstairs in its written submission—I believe that Jim Morgan also highlighted it—I will start with Mr Leathley and then seek the views of the rest of the panel.

Arthur Leathley: This has long been a bone of contention. It does not matter what happens on the rest of the network, hitting this block on the final miles of the journey is still very frustrating for people. That is why we have to take a holistic view of the network. After all, if you improve 90 per cent of the network and still have this block, you have not really achieved anything. I recognise that the issue raises all sorts of engineering difficulties, but it needs to be made much more of a priority.

Jim Morgan: Network Rail really needs to decide what the best solution is—or at least it needs to propose the best solution. If the line ends up in the vicinity of Carstairs, the cut-off might be the right answer; however, we do not know what the final solution will be. As a result, it is a bit premature to decide that the cut-off should be built as a first step.

Shirley-Anne Somerville: So the initial decision must be the route itself and any decision on investment at Carstairs will follow from that.

Jim Morgan: That is how I see it. Once the right decision is made collectively on the route, all the stakeholders—the industry and so on—can decide how the project will be carried out. If the route is to go through Carstairs, the cut-off sounds like a good idea. However, we do not know whether that will be the case.

Shirley-Anne Somerville: The length of time that passengers are willing to spend on the train before they switch to air was mentioned in Virgin's submission, and various figures have been bandied about. Some have said three hours; some have said three and a half; and others have said four. How long must that critical period be before we can encourage modal shift? How robust are those estimates?

15:30

Arthur Leathley: This is a classic case of how things have moved in a very short time. Five years ago, the feeling was that journey times had to be down to three hours before you could be considered a realistic competitor, but with all the difficulties around airports—the congestion and the security issues—the situation has changed. That was entirely beyond anyone's expectation. Now, as we have seen in France, it seems that four hours or even four and a half hours is a competitive journey time. We are also seeing that on the Glasgow to London route, on which, from a very low base, there has been a modal shift. We are not there yet. We have a four and a half hour journey time, but if we can reduce that time—as we will from January—to four hours and 10 or 15 minutes, that will be another shift. If we can get it down to the holy grail of three hours and 45 minutes, we can really make inroads into the air travel market.

The situation has changed in a short time and it may change again. It would take only one event. I am talking not necessarily about a terrorist attack, but about anything that affects the aviation industry—congestion at Heathrow airport or

anything else—that could give rise to a step change. In addition, rail services are improving all the time on both the east and west coasts.

Shirley-Anne Somerville: You say that four hours is now the cut-off, rather than three hours. Does it not negate the need for a high-speed line if the journey time is anyway going to be reduced to four hours with the current infrastructure?

Arthur Leathley: That is a fair point. How far do we really want to go?

Jim Morgan: Capacity is the key. I do not know Susan Goldsmith's view on the issue, but if we see the same level of growth in future, capacity will drive us to build new lines, and if we are going to build new lines, perhaps we should build fast lines.

Susan Goldsmith: It is not clear what the cut-off time is. On the east coast main line, we have dominant shares of the market in Leeds and Newcastle and 16 per cent of the market in Edinburgh. Because we have focused on driving modal shift, we have seen a 4 per cent movement over the past 12 months.

In a race that the BBC held recently, from centre to centre, the train on the east coast main line took only three minutes longer than the plane. That is a compelling story and, combined with attractive promotional fares, which are all part of our campaign, it should enable us to achieve significant modal shift. However, as has just been said, there will come a point at which we run out of capacity and those who felt that there were significant benefits in moving from air travel to rail travel will see those benefits diminish in line with the reduction in capacity.

Des McNulty: I want to follow up on the capacity issue. We have talked about capacity as though it is an issue along the full length of both the east and west coast lines. Is that the case? Or are the capacity blocks at one particular part of the line? For example, are the capacity constraints north of Preston significantly less than the capacity constraints between, say, London and Stafford?

Arthur Leathley: It is fair to say that there are differences in different parts of the network and at different times of day. We certainly expect to see a modal shift north of Preston as the creation of a better service creates demand. We will not struggle on capacity there as quickly as we will further south. Nevertheless, we expect that, in eight or nine years' time, we will have reached our full capacity on that stretch.

Jerry Farquharson: I will give you a different example of that. I am often asked why we do not run a half-hourly train service from Edinburgh to North Berwick during the week—we do on Saturdays. The answer is that we cannot, as there is not sufficient capacity. The issue of whether there is capacity depends on what we want to try to run.

The Convener: Following on from what Susan Goldsmith said, if we are just about achieving the crucial four-and-a-half-hour journey time that may make modal shift easier to achieve, will not lower ticket prices be the easiest way to encourage modal shift rather than investment to reduce the journey time? If we are already just about at that tipping point, does that not support the case for making flexible tickets cheaper and focusing on the other incentives that can encourage people to make the shift?

Susan Goldsmith: It is all of those things. Part of our strategy is to incentivise people who would otherwise take their car or a plane to travel with us through, for example, our pricing strategy or attractive promotional fares. Equally, we can sell the benefits of travelling on the train rather than in a car on congested motorways and in traffic jams, or by plane, with the additional hassle of security checks and the like, and replace all that with a comfortable journey with excellent on-board catering services, free wi-fi and the ability to work or do whatever leisure activity you want. That comfort and ease of journey is increasingly compelling for our customers.

The Convener: The wi-fi has got much better recently, by the way.

Susan Goldsmith: I am delighted to hear it. We have taken specific steps to improve it.

The Convener: Is there anything else on this specific point before we move on?

Arthur Leathley: One other issue is the changing view of the railways. In some ways, we have always been fearful of the media and politicians supporting rail and saying how marvellous it is because we would not be able to cope with the increased demand. We are getting to that stage now.

I saw the minister in London last week saying that rail is the way to travel and I thought, "How?" That is slightly flippant, but the way in which people perceive rail is already changing. Can we deal with the demand quickly? That will be our biggest challenge.

Cathy Peattie: Many witnesses have emphasised the importance of modal shift and their optimism that people will stop driving or flying and see travelling by rail as a realistic option. How accurate are the predictions of modal shift, following the upgrade of existing infrastructure? I am interested in exploring the capacity issue. I travel by train and sit on the way here and stand on the way back. How many people will be put off by lack of capacity and will get back into their cars or fly?

Jim Morgan: There are two areas to capacity. First, it is relatively simple to run longer trains, and most train operators will get longer trains or more trains as part of the HLOS. Longer trains will enable more people to get a seat.

The second point about a company's overall capacity to run a number of trains is that the more trains we squeeze on to the system, the slower they will run. I remember when it took four hours to get from Edinburgh to London; that was possible in the days of British Rail. Now there are a lot more trains and it cannot be done. The more trains there are on the network, the slower they will be and the less attractive rail travel will become. That is why investment in additional infrastructure is so critical.

Cathy Peattie: So fewer trains will encourage modal shift.

Jim Morgan: Longer trains will encourage modal shift. Fewer trains will do the opposite, obviously.

The forecasts that you asked about earlier have generally been on the low side, and there has been a lot more modal shift than we thought there would be, which has caused some of the overcrowding problems.

Jerry Farquharson: What Cathy Peattie sees every day on the Glasgow to Edinburgh route is a small example of what a high-speed rail link between Glasgow and Edinburgh and London could be. At the moment, the railway between Glasgow and Edinburgh via Falkirk High serves not only Glasgow and Edinburgh but all points in between, and because of that, people get on the first train that is going to the station that they want to go to. If we could get more capacity, we could have a non-stop train, and one that stops at this place, and one that stops at that place. The load would be spread and additional capacity would be delivered.

Cathy Peattie: The Falkirk High service is similar to that.

Des McNulty: This is the same question that I asked the Office of Rail Regulation. We are building new lines between Glasgow and Edinburgh, and the advantage is that they serve more communities in between Glasgow and Edinburgh. However, the big modal shift can probably be achieved by speeding up journey times between Glasgow and Edinburgh and possibly running trains beyond the cities so that there is a greater catchment area. Are we investing in the right way? We are not getting the speed that will deliver modal shift.

Jerry Farquharson: We can use the Edinburgh to Glasgow line via Falkirk High as a small example of what we are considering for the line from London to Edinburgh and Glasgow. The three rail industry partners in Scotland—Transport Scotland, Network Rail and us—are working on the project that the Minister for Transport, Infrastructure and Climate Change announced on 27 September last year. That will deliver six trains an hour between Glasgow and Edinburgh on the existing infrastructure but with some upgrade, and two of those trains will be non-stop and take about 35 minutes.

As Jim Morgan said, we could run services taking 36 minutes between Edinburgh Haymarket and Glasgow Queen Street stations tomorrow, but we would not be able to run the local services from Glasgow Queen Street to Croy or from Edinburgh to Falkirk. It is a question of route capacity.

Des McNulty: Is that because of a lack of flexibility with the track?

Jerry Farquharson: It is a two-track railway so, as was mentioned earlier, the capacity is dictated by the slowest train and not the fastest. We could put a 125mph train on the Edinburgh to Glasgow line, but we could not use it.

Des McNulty: Is there a way in which the track could be amended? The extreme option would be to build a four-track railway between the two cities, but there could perhaps be dynamic loops or passing places to allow trains to overtake each other.

Jerry Farquharson: We have considered those issues as part of our project and we have a list of things that require to be done. There are changes up to 100mph that will deliver a journey time of around 35 minutes, but if you want the journey time to go down to about 30 minutes, there would need to be more four-tracking. We have seen the benefits of that on the west coast, and we would get the same benefit between the two cities. Edinburgh to Glasgow is a small model of a London to Glasgow and Edinburgh link—it has the same problems.

Des McNulty: Would you describe that as high-speed rail, then?

Jerry Farquharson: I am just trying to demonstrate that the Glasgow to Edinburgh line is a small example—you can increase the speeds, length and so on for the London to Glasgow and Edinburgh link. As I understand it, we are not trying to address this issue today, but if we achieved journey times of 30 minutes for Glasgow to Edinburgh, we would see a significant modal shift. If we could achieve journey times of about three and a half hours from Glasgow and Edinburgh to London, we would also see a significant modal shift, but the speed of the train needed to deliver that is significantly different.

Cathy Peattie: What technology should be used in any high-speed rail link in the UK?

Jim Morgan: It would be easier first to say what probably would not work, including monorails and maglev. Maglev can go very fast, but it is not capable of the capacity requirements that we have in the UK. We would favour something similar to what Richard Eccles described, perhaps the new Alstom train or a TGV-type train. It would be something like that, which would be able to accelerate quickly and, although it would need a bigger envelope in which to operate—bridges would have to be taller and wider—it would have to be able to get into city centres. We spoke earlier about the problems of existing services, and solutions have to be found—by extending sideways, for example—but if high-speed trains are to be successful, it is vital that they can get into city centre stations. To do that, they will probably need to use existing tracks for the last couple of miles. So, we could use high-speed European technology—or Japanese technology, as they produce some very fast tracks.

15:45

Arthur Leathley: We need to use what is out there and what is proven. We could make life very difficult for ourselves by trying something that is largely experimental. There is proof out there of systems that work, so let us use them.

Jim Tolson: I notice that the written submission from Virgin Trains refers to a study that was commissioned from Transform Scotland. Can Mr Leathley give the committee more information on the outcomes of that study?

Arthur Leathley: I can certainly forward that report to the committee; it will provide the full detail. Essentially, the interesting point that the report showed—we have already covered this to some extent—is that the journey time for achieving modal shift has changed from about three hours to about four hours. On both the east coast and the west coast, rail is now a genuine competitor that is benefiting from modal shift, but a lot more could be done. The report also deals with ease of travel and fares. As has been mentioned, we need to drive fares in a much more competitive and flexible fashion to take on the airlines. I am more than happy to forward the report.

Jim Tolson: That would be appreciated. On that key point about modal shift from air to rail requiring competitive and potentially quicker rail journeys, does the study or any other information suggest the extent to which services might be won from air travel?

Arthur Leathley: From recollection, we are some way behind the east coast route in that the Glasgow route has only a 9 per cent share of the rail/air market. We believe that we can get to 16 per cent within the next five to six years. Beyond that, the issue comes down to adding capacity, but there is no reason why we cannot reach 20 per cent in due course. I know that the east coast route is already at 16 per cent, but I am sure that people are looking to move that upwards.

Shirley-Anne Somerville: For modal shift, how important is connectivity at the Scottish end with the First ScotRail trains leaving Glasgow and Edinburgh? Will there be improvements in connectivity to ensure that rail gets more of that market on both the east coast and west coast lines?

Jerry Farquharson: Internal connectivity within the Scottish rail network with the terminal points for the high-speed network is critical. We are already looking to connect with the earlier high-speed services from Glasgow by delivering earlier services from next December. Generally, people do not live within walking distance of a city centre station so, to enable them catch a train at 4.30 in the morning, we need to be able to deliver passengers to the point where they get on a high-speed service. That is a critical issue.

Des McNulty: I think that Susan Goldsmith has answered a question about why we cannot achieve a four-hour journey time. Did you say that the fundamental problem on the east coast line is capacity, which effectively prevents National Express from reducing journey times to the four-hour level?

Susan Goldsmith: Yes. The east coast main line used to operate at a journey time of four hours, but congestion on the network has obviously increased over time. As we have discussed, train speeds are hampered by the slowest train on the network. With freight trains struggling to exceed 60mph on the Doncaster to Peterborough section of the route, it is understandable that that journey time has deteriorated.

However, as I mentioned, our proposals for the December 2009 timetable take 15 minutes out of the journey time from Edinburgh to London. With an extra path, we can run more direct services, taking out some of the stops and reallocating those to existing services. In that way, we can achieve a faster journey time on some services. Faster journey times help to achieve modal shift, which is a key element of our plans.

Des McNulty: It seems to be an almost universal truth that the calculations that are made in advance for passenger numbers and the load factors of trains are always significant underestimates. In that context, rail projects always look less attractive in advance, in

economic terms, than road projects. Is that your view? Can you quantify that?

Jim Morgan: The situation with rail projects used to be the opposite. For example, the forecasts for the channel tunnel rail link were generally regarded as pretty optimistic. Funders in the UK have expressed some nervousness about passenger forecasts and they apply an optimism bias to the costs to ensure that overoptimism does not deliver unrealistic forecasts.

However, I agree that, at the moment, we usually underestimate growth.

Des McNulty: The example that I am thinking of is the Larkhall to Milngavie line, which has far higher passenger numbers than were anticipated. I understood from what Mr Leathley said that the actual growth in passenger numbers outstripped his expectations and that many of those extra passengers came from unexpected places.

Arthur Leathley: Yes. That also applied to the cross-country network. Routes on which we did not expect much growth, such as Leamington to Manchester, suddenly became great routes with great growth. Recently, we have perhaps underestimated growth. The industry has been a success in the past five years. Perhaps we were too modest in our expectations.

The Convener: Thank you. I thought for a moment that Des McNulty was going to be short of a supplementary question. How silly of me. [*Laughter.*]

As there are no further questions from committee members, I ask our witnesses whether they want to raise any issues that we have not explored.

Arthur Leathley: When I went to Washington last week, I was impressed by the speed of progress there. The Americans are looking to develop 11 high-speed routes pretty much from a standing start, and those involved have given themselves 540 days to get detailed proposals before Congress. They have the high-speed vision and the high-speed decision making. We have the vision, but we need to move forward on some decisions. We hope that the next year will bring that.

The Convener: As Shirley-Anne Somerville says, the slogan should be, "Yes, we can."

Thank you for spending time answering our questions and for your written submissions. We will hear from the minister at the final evidence session in our inquiry at some time in December, and we will certainly let you know when our report is available.

Meeting closed at 15:53.

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