TPT/S7/26/5/2

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Transport Committee
Wednesday 16 September 2026
5th Meeting, 2026 (Session 7)

Railways

Introduction

This paper provides background for the evidence session with ScotRail Trains Ltd, Network Rail and Transport Scotland rail officials.

Background

Transport Scotland, acting on behalf of Scottish Ministers, is responsible for the specification and management of the ScotRail and Caledonian Sleeper contracts. It is also responsible for setting the high-level strategy for the maintenance and enhancement of the Scottish rail infrastructure by Network Rail. In common with other national rail networks, the Scottish rail network cannot cover its costs through fare and freight carriage revenue alone, so the Scottish Government provides funding to ScotRail, Caledonian Sleeper and Network Rail to allow them to carry out their respective tasks.

Since 1st April 2022, ScotRail services have been provided within the public sector by **ScotRail Trains Ltd**, under the auspices of **Scottish Rail Holdings** (SRH) – its holding company. Both organisations are private limited companies that are owned by Scottish Ministers. Caledonian Sleeper, which provides overnight rail services linking northern and central Scotland with London, was brought under Scottish Ministerial control on 25 June 2023.

Legislative and Administrative Framework

The British railway system is currently in a state of legislative flux, although it continues to operate under the provisions of Railways Act 1993, as amended. A Railways Bill is currently being considered by the UK Parliament. The Bill will establish a new publicly owned body, Great British Railways (GBR), which will act as a 'guiding mind' for the rail industry. GBR will run the passenger train services currently managed by the UK Secretary of State for Transport alongside the national railway infrastructure, currently owned by Network Rail – which is already an arms-length body of the UK Department for Transport. The Bill will also update the constitution and railway functions of the statutory passenger representative group Transport Focus.

Scottish Ministers will continue to own and operate ScotRail and Caledonian Sleeper services, and specify and fund GBR infrastructure management, maintenance, and enhancement in Scotland – as currently happens with Network Rail. The UK and Scottish Governments will be required to agree a Memorandum of Understanding setting out how they will work together. Scottish and UK Ministers will have powers to issue directions to GBR in relation to the exercise of its statutory functions, with a requirement to consult or obtain consent from the other prior to issuing such directions.

Key documents

Key documents which relate to Scotland's railway include:

High Level Output Specification (HLOS): This document sets out what 'outputs' Scottish Ministers wished to purchase from the rail industry for "control period 7" (April 2024 to March 2029). The funds available for the delivery of these outputs are set out in the associated **Statement of Funds Available (SoFA)**.

Rail enhancements and capital investment strategy: This document sets out the Scottish Government's approach to planning and funding rail enhancement projects.

ScotRail Grant Agreement: This sets out the terms of the agreement between Scottish Ministers, ScotRail Trains Ltd, and Scottish Rail Holdings, governing the provision of ScotRail services operation of the ScotRail franchise. The agreement commenced in June 2022 and is due to run for a period of 10 years.

Caledonian Sleeper Grant Agreement: This sets out the terms of the agreement between Scottish Ministers, Caledonian Sleeper, and Scottish Rail Holdings governing the operation of the Caledonian Sleeper franchise. The agreement commenced in June 2023 and is due to run for a period of 10 years.

Who's Who

The Scottish rail industry has a complex structure, the key players being:

Transport Scotland: Transport Scotland, acting on behalf of Scottish Ministers, is responsible for the specification of ScotRail and Caledonian Sleeper services. It is also responsible for setting the high-level strategy for the maintenance and enhancement of the Scottish rail infrastructure by Network Rail. In common with other national rail networks, the Scottish rail network cannot cover its costs through fare and freight carriage revenue alone, so the Scottish Government provides funding to ScotRail, Caledonian Sleeper and Network Rail to allow them to carry out their respective tasks.

Department for Transport: The Department for Transport (DfT) is responsible for UK rail policy and the letting and management of English and cross-border rail services (excluding Caledonian Sleeper services), including the east and west coast mainline and cross-country franchises which extend into Scotland. Network Rail is an arms-length public body owned by the DfT, which provides funding to Network Rail for operations in England and Wales and is responsible for drafting HLOS and SOFA documents covering the network outside of Scotland.

DFTO: The Department for Transport Operator Limited is responsible for bringing all DfT managed train operators into public ownership and managing their operations prior to the establishment of Great British Railways.

Great British Railways (GBR): The **Railways Bill**, being considered by the UK Parliament will establish a new publicly owned body, Great British Railways (GBR), which will act as a ‘guiding mind’ for the rail industry. GBR will run the passenger train services currently managed by the UK Secretary of State for Transport alongside the national railway infrastructure, currently owned by Network Rail.

Train Operating Companies (TOCs): Six passenger TOCs operate in Scotland, these are:

- **ScotRail**: ScotRail operates approximately 95% of passenger rail services in Scotland.
- **Caledonian Sleeper**: Caledonian Sleeper provides overnight rail services linking northern and central Scotland with London.
- **London North Eastern Railway (LNER)**: LNER operates intercity services between Scotland, the north of England and London along the East Coast Mainline. LNER is owned by the DFTO.
- **Avanti West Coast**: Avanti West Coast operates the West Coast Mainline services between Glasgow/Edinburgh, the northwest of England and London. Avanti West Coast is a joint venture between First Group and Italian national train operator Trenitalia. Avanti West Coast is expected to be brought into public ownership in spring 2027.
- **CrossCountry Trains**: CrossCountry provides inter-regional rail services across the UK. CrossCountry is part of the Arriva Group. CrossCountry Trains is expected to be brought into public ownership in summer 2027.
- **TransPennine Express**: TransPennine Express operates services between Edinburgh/Glasgow and destinations in northern England. TransPennine Express is owned by DFTO.

Freight Operating Companies (FOCs): Several privately owned FOCs are licensed to operate on the UK rail network, the largest of which are **DB Cargo UK**, **Freightliner** and **GB Railfreight**. The UK Government, through the Nuclear Decommissioning Authority, owns **Direct Rail Services** (DRS), which provides general freight services, as well as specialist nuclear transport.

Rolling Stock Leasing Companies (ROSCOs): Most of the rolling stock operating on British railways is leased by TOCs and FOCs from three major ROSCOs. These are **Porterbrook**, **Beacon Rail**, and **Angel Trains** .

Network Rail: Network Rail owns, operates, and maintains the national rail infrastructure, which includes track, signalling, bridges, tunnels, and stations. Network Rail is also responsible for the development of the national rail timetable and long-term planning for the development of the rail network. Network Rail is an arms-length body of the UK DfT. Scottish Ministers are responsible for specifying and funding Network Rail operations in Scotland. Network Rail will become part of Great British Railways on its establishment.

Office of Rail and Road (ORR): The ORR is the economic and safety regulator for the British rail industry. Its main tasks are:

- To ensure that Network Rail manages the network efficiently and in a way that meets the needs of its users
- To encourage continuous improvement in health and safety performance
- To secure compliance with relevant health and safety law, including taking enforcement action where necessary
- To develop policy and enhance relevant railway health and safety legislation
- To license operators of railway assets
- To set the terms for access to the network and other railway facilities by operating companies
- To enforce competition law in the rail sector.

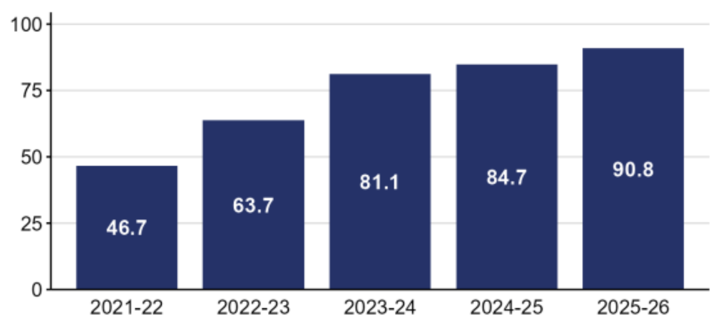
The role and responsibilities of the ORR will change on formation of Great British Railways (GBR), with it monitoring and reporting on GBR performance to UK and Scottish Ministers, advising on rail funding and finance, but with reduced roles in track and infrastructure access, and enforcement matters.

Scottish Rail Holdings (SRH): SRH is an arms-length holding company owned by Scottish Ministers. It is responsible for the ownership and oversight of TOCs ScotRail Trains Ltd and Caledonian Sleeper.

ScotRail key data

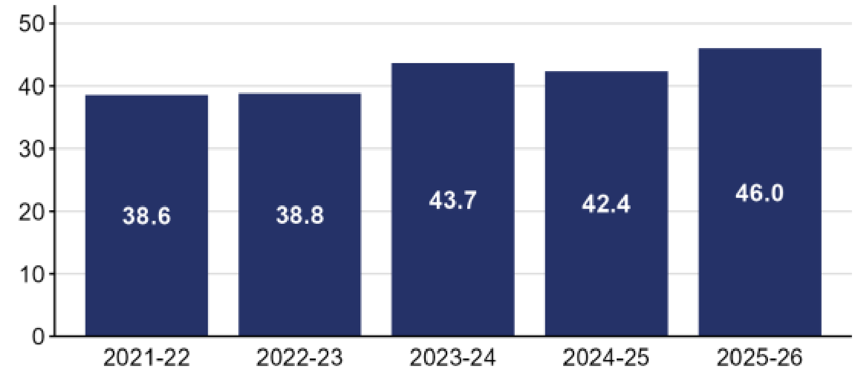
The following charts set out key data on ScotRail operations and performance (all data from Office for Rail and Road statistical publications).

Passenger journeys (millions), ScotRail, annual data, April 2021 to March 2026



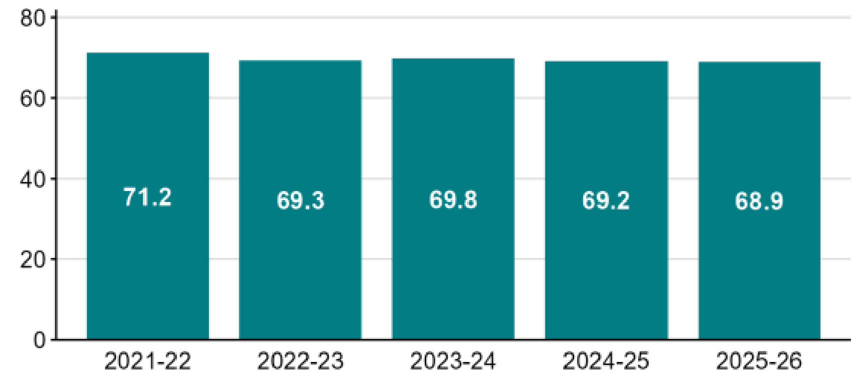
ScotRail carried 90.8 million passengers in 2025-26, 5.62 million (8%) fewer than in 2019-20, the last full pre-covid year of service.

Passenger train kilometres (millions), ScotRail, annual data, April 2021 to March 2026



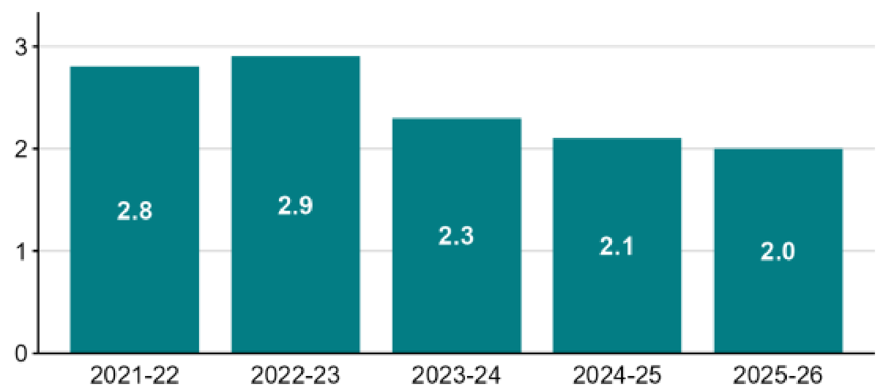
ScotRail services travelled 46 million kilometres in 2025-26, 3 million kilometres (6.1%) less than in 2019-20.

On Time (%), ScotRail, annual data, April 2021 to March 2026



For railway purposes "on time" is defined as the percentage of recorded station stops that were early or less than one minute after the scheduled arrival time. ScotRail on time performance has fallen by 2.3 percentage points since 2021-22, when it stood at 71.2%. ScotRail's 2025-26 performance is better than many British rail operators, but below the best performers such as Greater Anglia (80.4%), c2c (76.3%) or Chiltern Railways (77%).

Cancellations (%), ScotRail, annual data, April 2021 to March 2026



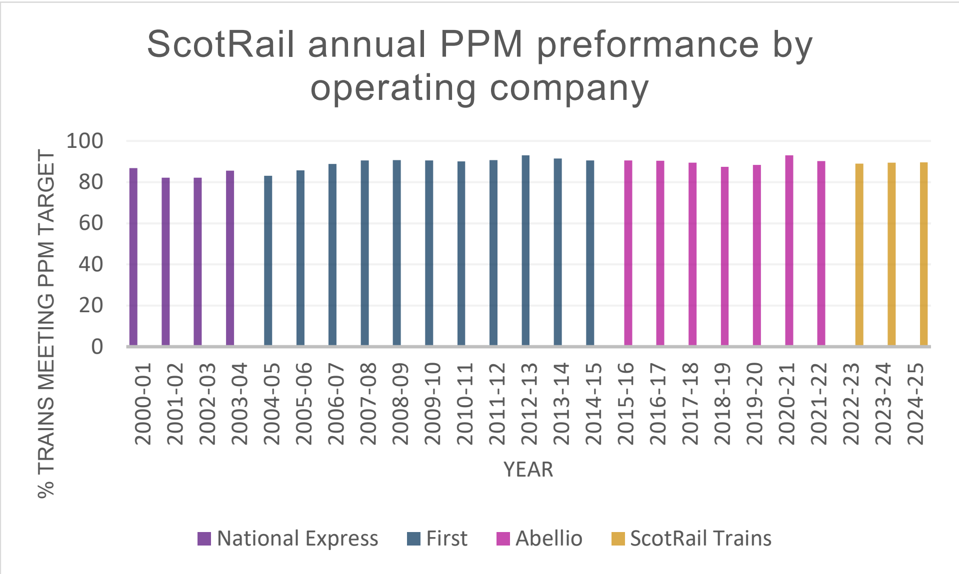
ScotRail cancelled 2% of scheduled services in 2025-26, a fall of 0.8 percentage points from 2021-22.

Performance

The key measure of rail performance in Britain is the Public Performance Measure (PPM). The PPM shows the percentage of trains which ran their entire planned journey, calling at all scheduled stations and arriving at their terminating station within five minutes of the published arrival time. The PPM is reported in two forms. The first is the "periodic measure", which covers performance over defined four-week periods. The second is the Moving Annual Average (MAA), which is the average for the last 13 four-week periods.

The current ScotRail PPM MAA target is 92.5%. ScotRail PPM MAA for the year to 22 August 2026 was 89.63%, with the most recently reported four-weekly PPM being 89.9%.

The chart below shows that, despite operating fewer services, ScotRail Trains Ltd has not made any significant improvements in performance from previous private sector operators.

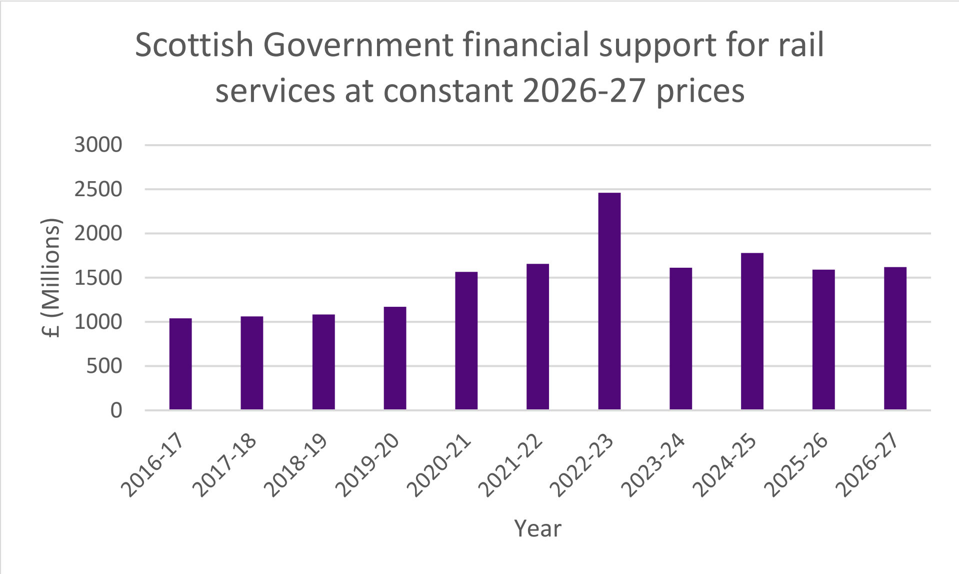


Data from Scottish Transport Statistics 2025, Table 7.9

ScotRail is generally considered to provide a high level of performance, with only a handful of operators providing a consistently higher level of PPM performance – including Greater Anglia, London Overground, and Merseyrail, although it can be argued that these operators are smaller in scale and operate less diverse networks, although they do have their own challenges.

Scottish Government financial support for rail services

The chart below shows total annual Scottish Government support for rail service provisions in Scotland since 2016-17 at constant 2024-25 prices. Earlier data has proven difficult to obtain. It is not possible to break down the split between support for rail service provision, Network Rail routine maintenance and enhancement of rail infrastructure, and the development of new lines and stations due to inconsistent reporting of these figures across Scottish Government budget documents.



The chart shows a broadly consistent level of rail spending in the pre-covid era, with a significant bump in spending to maintain services during the pandemic, and what appears to be a 'new normal' higher level of spending in the post-covid years – much of which will be to making good on lower ticket revenue due to reduced passenger numbers and the abolition of peak fares. Reducing rail service levels tends to make only limited savings, as railway operations tend to have very high fixed costs – such as staffing, rolling stock leasing, and routine inspection and maintenance of infrastructure.

It is worth noting that the Scottish Government invests roughly three times more in rail service provision than in buses, including concessionary fares, and almost 10 times more if you exclude concessionary fares.

Decarbonisation

Transport Scotland published its [Rail decarbonisation action plan: Pathway to 2035] (DAP) in July 2020. This anticipated that Scotland's passenger rail services would be fully decarbonised by 2035. However, the Cabinet Secretary for Transport announced on 17 December 2024 that:

> "The technological and financial landscape has changed significantly since the DAP was first published. The Scottish Government currently faces significant, continuing financial and budgetary pressures. As a consequence of these challenges, it is clear that the 2020 DAP commitment to decarbonise rail services by 2035 can no longer be met…the refreshed DAP, due for publication in Spring 2025 will set out a credible plan to deliver decarbonisation in a proportionate way that achieves best value. It will contain

> a commitment to achieve decarbonisation by 2045 in line with the legal commitments in the Climate Change (Scotland) Act 2009."

Transport Scotland published Rail Recharged: Scotland's Fleet Transition Strategy - Delivering a Modern Fleet for a Connected Scotland in November 2025. While not strictly speaking a decarbonisation plan, the intention is for a zero-emission fleet to be in operation by 2045.

Electrification and new rolling stock

Two significant ScotRail railway rolling stock procurement programmes are currently underway. These are:

- The replacement of the High-Speed Trains (Class 43 power cars and Mark 3 carriages which are now over 40 years old) used on Inter7City services that connect Glasgow, Edinburgh, Perth, Stirling, Dundee, Inverness, and Aberdeen. In March 2026, ScotRail announced that it will be replaced by 22 diesel powered Class 222 Meridian trains leased from Beacon Rail, with Alstom providing maintenance services for a period of 10 years. The trains, which are around 25 years old, will undergo an £80 million refurbishment programme prior to delivery to ScotRail, supported by £67 million of investment from the Scottish Government. Trains are expected to enter service from late 2027, with the last units entering service by the end of 2028.
- Replacement of pre-privatisation British Rail suburban trains that operate on routes such as East Kilbride, Fife, Borders, and the Glasgow inner suburban lines, including services between Glasgow and Motherwell, Larkhall, Lanark, and Shotts. ScotRail announced on 31 August 2026 that five bidders for at least 69 new dual fuel battery/electric, with options for up to 37 more, had been invited to participate in the next phase of the project. Trains are expected to be delivered in the early 2030's, and their deployment is dependent on the delivery of overhead electrification of sections of the rail network in the Scottish Borders and Fife areas.

It is anticipated that, on introduction of these new trains, some of the rolling stock currently used on these suburban routes will be cascaded to secondary and rural routes, such as the West Highland Line, Far North Line and Kyle of Lochalsh line, replacing even older rolling stock currently used on those routes.

Rail freight

British rail freight services are provided by licenced private sector freight operating companies, the largest of which is DB Cargo (ultimately owned by German state rail operator Deutsche Bahn – although it is currently up for sale) plus Direct Rail Services (DRS – ultimately owned by the UK Nuclear Decommissioning Authority), Freightliner, GB Railfreight, Colas Rail and several smaller operators.

The closure of last of Scotland's open cast coal mines and coal fired power stations over the last decade has reduced the volume of rail freight carried in Scotland. There has been no significant change in the volume of intermodal containers carried by rail in recent years.

The Scottish Government provides financial support to companies wishing to develop infrastructure required to use rail for freight purposes through its Freight Facilities Grant scheme, and to cover increased operating costs of switching from road transport through its Mode Shift Revenue Support Scheme.

However, the sums allocated through these schemes are, in the context of the transport budget, miniscule. With £1.3 million in total being allocated in Freight Facilities Grants since 2021 and even smaller amounts through the Mode Shift Revenue Support Scheme.

Rail freight will remain a privately owned concern following the establishment of Great British Railways.

Smart and integrated ticketing

ScotRail offers both a Smartcard, which can be pre-loaded with tickets, and a phone app that can be used to buy tickets. Neither offers travel on other modes of transport or a tap-on, tap-off option, such as that available using London's Oyster card (with similar arrangements applying to payment by credit/debit cards) and on numerous city, regional, and national systems available across Europe – such as the Dutch OV Chipkaart.

ScotRail App

ScotRail launched a new app on 30 July 2026, created by SilverRail, replacing the existing app developed by the Trainline. The old app remains operational until the end of October, but only to allow passengers to continue to use tickets purchased on that platform. All new transactions require use of the new app.

At launch, some passengers experienced problems with the new app, including issues with downloading, accessing accounts, purchasing tickets, and using railcards. In addition, the option to use the app to load new tickets onto a ScotRail smartcard has been temporarily removed – meaning smartcards can only be updated at staffed stations, ticket vending machines, or from onboard staff if these options are not available.

ScotRail plans to add new features to the app over the coming months.

Clyde Metro

Clyde Metro is a proposed mass transit system, based around existing heavy rail lines, covering the Greater Glasgow area. The project has its genesis in the 2009 Strategic Transport Projects Review (STPR), which proposed the development of a "…Metro/ Light Rapid Transit network across Glasgow comprising a mixture of conversion of heavy rail (e.g. part or all of the Cathcart Circle), lines on existing redundant infrastructure (e.g. Great Western Road / Botanic Gardens), new lines (e.g. Clyde Waterfront) and some on-road or next-to-road sections."

The development of a "Glasgow Metro" featured in the 2017 final report of the Glasgow Connectivity Commission. This envisaged the development of a system similar to that proposed in the STPR. The development of a Clyde Metro has since featured in the second Strategic Transport Projects Review, published 2022, and the 2023 National Planning Framework 4. It is also mentioned in regional and local strategies, including SPT's statutory Regional Transport Strategy and Glasgow City Council's Transport Strategy.

The project is being taken forward by three main "partners" – Strathclyde Partnership for Transport, Glasgow City Council, and Transport Scotland.

However, despite featuring in national and local plans and having a lengthy history, there is no firm project plan, timetable for delivery, budget, preferred funding mechanism, or even a broad map or outline of where metro lines may run or the scope of proposed services.

Sunday services

British passenger rail operators have typically operated far fewer services on a Sunday than any other day. Historically, Sundays typically saw far less travel than weekdays or Saturdays – although post-covid there has been a significant increase in weekend rail travel. The rail industry uses this quieter period as a chance to undertake disruptive infrastructure maintenance and enhancement, as service changes normally affect far fewer passengers than on other days.

In addition, Sunday is not a rostered working day for many ScotRail train drivers – meaning a significant proportion of Sunday services are operated by drivers choosing to work overtime or on a rest day. This makes it difficult for ScotRail to plan a robust enhanced Sunday timetable, as it may be difficult to encourage more staff to work on a Sunday, or staff who do work on Sundays can simply choose not to do so in future. Changing this situation would require drivers and their trade unions to agree significant changes to existing employment contracts.

Climate change adaptation and resilience

Rail industry experts have raised concerns that climate related ground movement or track buckling may have played a part in recent passenger derailments at Wickford in Essex and Lewes in East Sussex, although whether this is really the case will only become clear once the Rail Accident Investigation Branch have completed their investigations. However, these serious incidents do highlight the potential for climate related hazards and disruption to the rail network.

It is generally accepted across the rail industry that increasing extremes in weather caused by climate change will affect both infrastructure and operations. Scotland's Railway has published a Climate Action Plan 2024-2029, ScotRail has published a Climate Change Adaptation Strategy, and Network Rail Scotland a Climate Ready Plan 2024-2029 – which will see up to £400 million spent on climate related network resilience. Network Rail recently published a press release highlighting projects supported by £130 million of this total spent to date.

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Date: 10/09/2026