

Monday, 14 May 2012

Mrs Maureen Watt MSP
Convener, Infrastructure and Capital Investment Committee
Scottish Parliament
Edinburgh
EH99 1SP

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Dear Convener

Further information from Angel Trains Ltd

It was a pleasure to give evidence before the Infrastructure and Capital Investment Committee last month and I hope you and the Committee members found the session useful.

I had promised to send the Committee further information relating to the types of train currently leased and operating in Scotland; and details of savings that could be achieved through improved standardisation across the rail network.

The Rail 2014 consultation stated that *"the current rolling stock fleet for ScotRail consists of 137 three and four car electric units (EMUs) and 155 two and three car diesel units (DMUs)."* Angel Trains has Class 156, 158 and 314s on leave to Scotland.

The Arup report on *Rolling Stock Whole Life Costs* (March 2011) which provided evidence to Sir Roy McNulty's Value for Money Study, stated that:

A variety of train types typically demands a range of equipment, training and technical solutions to fix problems. Industry parties with whom we discussed this issue told us that this may add as much as 15-20% to maintenance and other costs.

However, I would be slightly more conservative, and would put that figure at about 8%. According to the Rail 2014 consultation, leasing their rolling stock cost ScotRail £86 million in 2010-11. Applying my estimate to this figure, would imply that a saving of £6m might be achieved through increased standardisation in Scotland.

I have also enclosed Angel Trains' submission to Transport Scotland's Rail 2014 consultation.

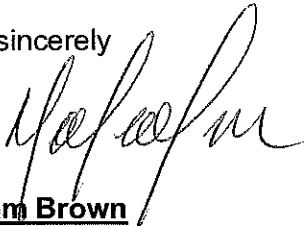




- 2 -

I trust this information is of use to the Committee as it progresses with its inquiry. I would also especially like to thank you and members of the Committee for giving Angel Trains Ltd the opportunity to give evidence. If you need anything else, please do not hesitate to get in contact.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Malcolm Brown', written in a cursive style.

Malcolm Brown
Chief Executive Officer

Enclosure



11 January 2012

Rail 2014
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Dear Sir or Madam,

Response to Rail 2014 – Public Consultation

Please find attached Angel Trains' response to *Rail 2014 – Public Consultation*. For clarity and ease of reference, please note that we have provided a response to questions 31 and 32 only.

Yours faithfully



Christopher Ham
Head of New Business Development



Respondent Information Form and Questions

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

Organisation Name

Angel Trains Limited

Title Mr Ms Mrs Miss Dr Please tick as appropriate

Surname

Ham

Forename

Christopher

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chris.ham@angeltrains.co.uk

3. Permissions - I am responding as...

Individual

/ Group/Organisation

Please tick as appropriate

- (a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate Yes No

- (b) Where confidentiality is not requested, we will make your responses available to the public on the following basis
Please tick ONE of the following boxes

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

- (c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick as appropriate Yes No

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate

Yes

No

Consultation Questions

The answer boxes will expand as you type.

Procuring rail passenger services

1. What are the merits of offering the ScotRail franchise as a dual focus franchise and what services should be covered by the economic rail element, and what by the social rail element?

Q1 comments: **No response**

2. What should be the length of the contract for future franchises, and what factors lead you to this view?

Q2 comments: **No response**

3. What risk support mechanism should be reflected within the franchise?

Q3 comments: **No response**

4. What, if any, profit share mechanism should apply within the franchise?

Q4 comments: **No response**

5. Under what terms should third parties be involved in the operation of passenger rail services?

Q5 comments: **No response**

6. What is the best way to structure and incentivise the achievement of outcome measures whilst ensuring value for money?

Q6 comments: **No response**

7. What level of performance bond and/or parent company guarantees are appropriate?

Q7 comments: **No response**

8. What sanctions should be used to ensure the franchisee fulfils its franchise commitments?

Q8 comments: **No response**

Achieving reliability, performance and service quality

9. Under the franchise, should we incentivise good performance or only penalise poor performance?

Q9 comments: **No response**

10. Should the performance regime be aligned with actual routes or service groups, or should there be one system for the whole of Scotland?

Q10 comments: **No response**

11. How can we make the performance regime more aligned with passenger issues?

Q11 comments: **No response**

12. What should the balance be between journey times and performance?

Q12 comments: **No response**

13. Is a Service Quality Incentive Regime required? And if so should it cover all aspects of stations and service delivery, or just those being managed through the franchise?

Q13 comments: **No response**

14. What other mechanisms could be used for assessing train and station quality?

Q14 comments: **No response**

Scottish train services

15. Can better use be made of existing train capacity, such as increasing the permitted standing time beyond the limit of 10 minutes or increasing the capacity limit? What is an acceptable limit for standing times on rail services?

Q15 comments: **No response**

16. Should the number of services making use of interchange stations (both rail to rail and rail to other modes) be increased to reduce the number of direct services? What would be the opportunities and challenges of this?

Q16 comments: **No response**

17. Should Government direct aspects of service provision such as frequency and journey time, or would these be better determined by the franchisee based on customer demand?

Q17 comments: **No response**

18. What level of contract specification should we use the for the next ScotRail franchise?

Q18 comments: **No response**

19. How should the contract incentivise the franchisee to be innovative in the provision of services?

Q19 comments: **No response**

Scottish rail fares

20. What should be the rationale for, and purpose of, our fares policy?

Q20 comments: **No response**

21. What fares should be regulated by government and what should be set on a commercial basis? Do your recommendations change by geographic area (the Strathclyde area example), or by type of journey (for example suburban or intercity)?

Q21 comments: **No response**

22. How should we achieve a balance between the taxpayer subsidy and passenger revenue contributions in funding the Scottish rail network? At what rate should fares be increased, and how feasible would it be to apply higher increases to Sections of the network which have recently been enhanced?

Q22 comments: **No response**

23. What should the difference be between peak and off-peak fares? Will this help encourage people to switch to travelling in the off-peak?

Q23 comments: **No response**

Scottish stations

24. How should we determine what rail stations are required and where, including whether a station should be closed?

Q24 comments: **No response**

25. What are the merits or issues that arise from a third party (such as a local authority or local business) being able to propose, promote and fund a station or service?

Q25 comments: **No response**

26. Should only one organisation be responsible for the management and maintenance of stations? If this was the franchisee how should that responsibility be structured in terms of leasing, investment, and issues relating to residual capital value?

Q26 comments: **No response**

27. How can local communities be encouraged to support their local station?

Q27 comments: **No response**

28. What categories of station should be designated and what facilities should be available at each category of station?

Q28 comments: **No response**

Cross-border services

29. Should cross-border services continue to go north of Edinburgh? In operating alongside ScotRail services, how do cross-border services benefit passengers and taxpayers? And who should specify these services, the Department of Transport or the Scottish Ministers?

Q29 comments: **No response**

30. Or should the cross-border services terminate at Edinburgh Waverley, allowing opportunities for Scottish connections? And if so, what additional benefits would accrue from having an Edinburgh Hub?

Q30 comments: **No response**

Rolling stock

31. What alternative strategies or mechanisms could be used to reduce the cost of the provision of rolling stock?

Q31 comments:

As an informed buyer and asset manager of rolling stock, we see a number of opportunities for Transport Scotland to reduce costs using all or some of the following approaches.

Developing continued service operation options for existing fleets

With reference to clauses 9.14 to 9.16 of the Consultation, we believe that it is possible to provide lower cost rolling stock solutions through continued service operation of existing fleets. This will require some additional investment to ensure compliance with accessibility legislation as referred to in Clause 9.14 of the Consultation. We are currently developing proposals for our fleets that currently operate with Scotrail and would be more than pleased to engage with Transport Scotland at any time on this work. We think this approach will provide a real benefit in reducing costs, particularly for those routes that demand a higher level of subsidy. We note that continued service operation of existing fleets was a key recommendation in the recent Rail Value for Money Report led by Sir Roy McNulty.

Adopting fleet standardisation for future fleets

We fully recognise that each and every train operator wishes to customise their rolling stock to reflect local operating and marketing requirements. However, a move towards adopting standard European and UK designs could reduce costs for the railway throughout Scotland, England and Wales. By taking this approach, Transport Scotland will avoid customisation costs associated with developing a bespoke product.

In addition to the potential savings in capital costs, procuring common platform trains can also bring about a range of benefits relating to the reliability and operating cost of the train. For example, maintenance of the Siemens Desiro fleet by the manufacturer has led to efficiency savings (achieved through areas such as optimised spares pools, supply chain management and cross fleet maintenance optimisation) being realised whilst maintaining and enhancing reliability.

Developing a rolling stock procurement strategy to provide a clear and steady order pipeline

We agree with the recommendations set out in the recent Rail Value for Money Report that a procurement approach that provides suppliers with better visibility on forward requirements and less volatile production flows should help reduce costs. Through a more consistent order flow, the start up costs that are incurred with a stop-start approach to procurement should be avoided providing a lowering in capital costs. We believe that we, as a ROSCO, can help achieve this by identifying and bringing together various TOCs' requirements and consolidate orders.

In addition, a steady order flow should continue to allow the core suppliers to the UK market the opportunity to continually develop and improve their products reducing maintenance and reliability costs, as demonstrated by the Siemens Desiro and Bombardier Electrostar designs.

Procuring rolling stock on a whole life cost basis

We have, for a period of time now, considered whole life costs in our rolling stock procurement and upgrades and hence we continue to support industry efforts to procure rolling stock on a whole life cost basis. In taking such an approach, items such as maintenance, energy, & staff operating costs need to be considered, in addition to infrastructure costs such as variable track access costs.

32. What facilities should be present on a train and to what extent should these facilities vary according to the route served?

Q32 comments:

We would not pretend to know exactly the level of facilities that should be offered on each route. However, in pursuing standardisation to reduce costs (as set out in our response to Q31) the trade off between technical commonality (additional costs) and the benefits from additional customer facing facilities (additional revenue) needs to be carefully evaluated.

Passengers – information, security and services

33. How should we prioritise investment for mobile phone provision and / or Wi-Fi type high-bandwidth services?

Q33 comments: **No response**

34. How should we balance the need for additional seating capacity and retain the flexibility of a franchisee to offer first-class services if commercially viable?

Q34 comments: **No response**

35. What issues and evidence should be considered prior to determining whether or not to ban the consumption of alcohol on trains?

Q35 comments: **No response**

36. How can the provision of travel information for passengers be further improved?

Q36 comments: **No response**

Caledonian Sleeper

37. Should we continue to specify sleeper services, or should this be a purely commercial matter for a train operating company?

Q37 comments: **No response**

38. Should the Caledonian Sleeper services be contracted for separately from the main ScotRail franchise? Or should it be an option for within the main ScotRail franchise?

Q38 comments: **No response**

39. We would be interested in your views in the level and type of service that the Caledonian Sleeper Services should provide. Including:

- What is the appeal of the Caledonian Sleeper Service, and if there were more early and late trains would the appeal of the sleeper services change?
- What is the value of sleeper services to Fort William, Inverness and Aberdeen and are these the correct destinations, for example would Oban provide better connectivity?

- What facilities should the sleeper services provide and would you pay more for better facilities?

Q39 comments: **No response**

Environmental issues

40. What environmental key performance indicators should we consider for inclusion in the franchise agreement or the High Level Output Specification?

Q40 comments: **No response**