



SRH

Scottish Rail Holdings

Strategic Plan
2024–2029



Contents

1.	Foreword	3
2.	Background and Context	5
3.	National Transport Strategy Priorities	8
4.	Mission, Vision, Objectives, and Immediate Plans	10 - 18
5.	Economic Efficiency	19
6.	Passenger Experience	21
7.	Supporting the Delivery of Net Zero	23
8.	Fleet Renewal and Decarbonisation	25

1

Foreword



SRH

1

Foreword

by Richard Cairns, Chair of Scottish Rail Holdings



It is my pleasure to present this plan to you on behalf of Scottish Rail Holdings. This plan sets out the start of a journey we are embarking on to make the railway in Scotland the best it can be. We are faced with some unique and exciting challenges, and our plan sets out how we will meet these.

The Scottish Government has ambitious plans for delivering sustainable and inclusive growth. The railway will support this, and this plan shows how we will grow the railway in Scotland over the coming years.

Scottish Rail Holdings is the company that has been set up by the Scottish Government specifically to oversee the delivery of the government's requirements for both ScotRail Trains Limited and Caledonian Sleeper Limited, which are now both in public ownership.

We are still managing the consequences of the changes in demand for travel, notably commuting and business travel, that emerged following the very challenging period caused by the Covid-19 pandemic. This has meant the passenger revenue has not yet recovered to pre-pandemic levels.

We also want to make sure that the railway benefits from being publicly owned and provides a service that Scotland can be proud of, and one that supports the wider aims of the Scottish Government. Over the coming year Scottish Rail Holdings will be reviewing in more detail what this means, and we will be developing the plan to ensure we realise these ambitions. We will give more detail on this when we update the plan next year.

Richard Cairns
Chair, Scottish Rail Holdings

2

Background and context



2

Background and context

Scottish Rail Holdings (SRH) is an arm's length company, set up and owned by the Scottish Government, which has the responsibility for the ownership and oversight of both ScotRail Trains Ltd and Caledonian Sleeper Ltd.

Following the decision taken by the Scottish Ministers that the railway in Scotland should be in public ownership, ScotRail has been in public ownership since 1 April 2022, and Caledonian Sleeper since 25 June 2023.

We are working with Transport Scotland as the sponsor to ensure that all aspects of the work of SRH, including ScotRail and Caledonian Sleeper, meets those of a publicly owned service, and that we deliver best value.

This plan will be supported by annual plans for SRH, ScotRail and Caledonian Sleeper.

All of our plans will support delivery of the wider aims of the Scottish Government, including but not limited to the following:

- National Performance Framework
- Programme for Government
- National Transport Strategy
- National Planning Framework
- National Strategy for Economic Transformation

Our purpose is to ensure that ScotRail and Caledonian Sleeper connect people and places to help make Scotland a great place to live and work. Our stewardship of both ScotRail and Caledonian Sleeper is to ensure that we enable Scotland to have the best possible passenger rail services. We will publish our annual assessment of the performance of both ScotRail and Caledonian Sleeper, and set out the priorities for both companies arising from this assessment.

ScotRail have been in a formal Alliance with Network Rail Scotland since 2015. SRH is committed to supporting the 'ascent to depth' principle of the Alliance, and priorities will be set for both companies accordingly.

The arrangement between SRH and Scottish Ministers is set out in the Framework Agreement. The Framework Agreement is a legally binding contract that places obligations on both SRH and the Scottish Ministers. Amongst other obligations, it specifies that SRH must ensure that a strategic plan for five years is in place, and that it is refreshed annually. It is our intention that we will publish an annual assessment of what we achieved against this plan together with updating the plan at the same time.

The plan has been agreed between the Transport Scotland sponsor representative and SRH, with consideration of the Transport Scotland sponsor's decisions on policy and resources - taken in the context of the Scottish Ministers' wider public expenditure plans and decisions. The plan has been submitted, via the Transport Scotland sponsor representative, and approved by the Scottish Ministers.

3

National Transport Strategy Priorities



SRH

3

National Transport Strategy Priorities

The National Transport Strategy (NTS) outlines four priorities for Scotland's transport system: that it reduces inequalities; takes climate action; helps deliver inclusive economic growth; and improves health and wellbeing.

These are evidenced in the following rail priorities, which build on the four priorities set out in the second National Transport Strategy:

Reduces inequalities

- A railway that minimises the connectivity and cost disadvantages while driving stimulation and achieving increased patronage and revenue.
- A railway that encourages sustainable, public and active travel to employment, education and other essential services.
- A railway that is accessible for all and supports the implementation of Scotland's Accessible Travel Framework.

Takes climate action

- A railway that has a structured plan to achieve net zero, climate change adaptation and resilience through greater use of adaptations in response to climate change, greater resilience and preparedness for severe weather events, and responsible environmental stewardship.

Helps deliver inclusive economic growth

- A railway that supports capacity and capability through maximum utilisation of network and on-train capacity, high levels of performance and modernisation, with a clear focus on efficient delivery, making the optimum use of the funding available with reference to the timetable to develop services attuned to the evolving travel patterns of passengers.
- A railway that delivers inclusive and sustainable economic growth through targeted investment, through the use of local products and labour, through more efficient use of low carbon or net zero energy, and adherence to circular economy principles.

Improves our health and wellbeing

- A railway that is safe and secure for all to travel and work on.
- An accessible railway which has active travel integration to facilitate walking, wheeling, and cycling to and from stations to reduce travel inequalities, and enable healthy travel choices.

4

Mission, Vision, Objectives, and Immediate Plans



SRH

4

Mission, Vision, Objectives, and Immediate Plans

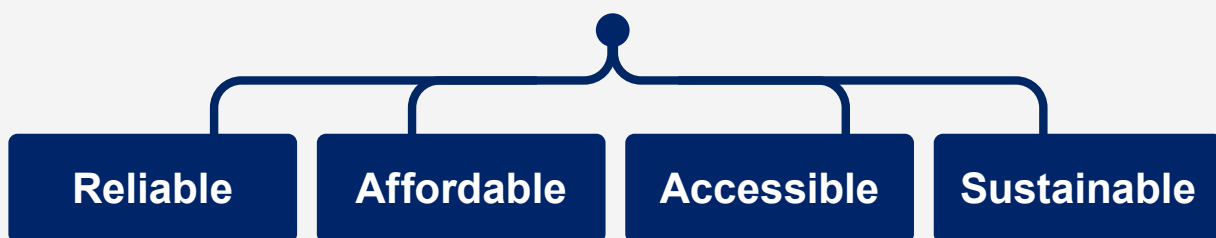
SRH Mission

“To connect people and places to help make Scotland a great place to live, work and visit.”

SRH Vision

“To enable Scotland to have the best possible rail service”

Aims & Objectives



Over the coming months we will develop a series of plans that support our high-level objectives and deliver the aims of this strategy, and the priorities of the Scottish Government National Transport Strategy. We will work with a range of stakeholders to ensure that we understand aspirations and collaborate effectively to achieve common goals for Scotland's Railway.

In support of the Government's National Transport Strategy, we will aim to

Reduce inequalities

- We will ensure that our services are accessible to everyone who needs to use them.
- We will ensure that rail services are affordable by working with the sponsor to deliver the strategy to those who need the most help in using our services.

Take climate action

- We will support the delivery of the net zero target set by the Scottish Parliament in a range of ways such as supporting electrification, increased use of modern electric trains and by making rail a credible alternative to private transport.
- We will promote greener and cleaner choices to encourage initiatives such as increased cycling and active travel.

Help deliver inclusive economic growth

- Work with stakeholders to ensure that our services support local economies and communities.
- Ensure that our services deliver the highest standards of reliability, punctuality and customer satisfaction.
- Where appropriate we will innovate to ensure our services meet the needs of the economy i.e. peak fares trial.

Improve our health and wellbeing

- We will provide a safe mode of travel ensuring we deliver the highest possible standards.
- We will support healthy modes of travel such as cycling and active travel and provide opportunities for these to integrate with rail services.

In addition to the overarching aims of the National Transport Strategy, over the next 12 months we will support the review, update and strengthening of the Alliance Agreement between ScotRail and Network Rail Scotland. We will also work with both the subsidiaries and in close alignment with Network Rail Scotland to explore the strategy for areas such as:

Increasing patronage

- We will work with our subsidiaries and Network Rail Scotland to undertake what action we need to increase the number of people using rail and supporting wider government targets.

Deliver Passenger Satisfaction

- We will ensure that our subsidiaries, working together with Network Rail Scotland, deliver the best possible service to passengers. This will be achieved by improving what we deliver, and by ensuring that we respond to future challenges in a way that makes rail the preferred mode of travel for as many people as possible.

Investment in staff

- We will work with our subsidiaries to make them employers of choice by ensuring their ability to invest in staff.

Improving performance

- We will continue to work with both Caledonian Sleeper and ScotRail, in close alignment with Network Rail Scotland, to ensure that our services perform to the highest possible standard. We will work to a clear trajectory to achieving 92.5 per cent PPM with defined alignment to Network Rail objectives.

Rolling stock upgrades

- We will develop plans to ensure that we have rolling stock to meet future service demand, and we will work with the sponsor and Network Rail Scotland to ensure that the decarbonisation plans for rail are delivered in the most efficient manner.

Carbon reduction

- In addition to our activities relating to rolling stock, we will support the sponsor and the wider Scottish Government in respect of delivering its commitments regarding carbon reduction.

Ensure that Caledonian Sleeper, ScotRail and SRH support the delivery of the CP7 outcomes

- We will ensure that the activities of SRH group and its subsidiaries work in collaboration with Network Rail Scotland to support the delivery of the outcomes envisaged in the spending period between 2024 and 2029.

Working with the Sponsor

- We will work with our sponsor, Network Rail Scotland and other public bodies to ensure we are able to deliver all our aims and objectives, and that we support the wider aims of the Scottish Government and help make Scotland a great place to live, work in, and visit.

Stations as anchor institutions

- Our stations and other assets are major assets for Scotland's Railway and are prominent in the communities in which they are located. We shall work with our stakeholders, Network Rail Scotland and local partners to develop plans which will attract the investment required to maximise the financial economic and social impact of these assets.

Deliver transformation change

- As both ScotRail and Caledonian Sleeper are now under public ownership we will take the opportunity to ensure we maximise the benefits of this and give the people of Scotland a railway that we can be proud of.

Explore income and funding opportunities

- We will work with wider communities and organisations to explore how we can maximise the value of the railways in Scotland.

In our annual update of the plan, we expect to provide more detail about what we are doing in each of these areas.

The remainder of this plan sets out other areas that SRH will address to ensure that its activities support the delivery of railway service that meets the aims of the Scottish Government and the full benefits of being in public ownership are realised.

Our Immediate Plans

Helping Scotland Deliver Sustainable Travel

Supporting Scotland

Scotland's National Strategy for Economic Transformation sets out a plan for Scotland. The strategy sets out a plan to take decisive steps towards the creation of a wellbeing economy. The aim is that Scotland will have a strong economy where good, secure, well-paid jobs are the expectation, and where growing businesses drive a significant reduction in poverty.

The National Strategy for Economic Transformation (NSET), published on 1 March 2022, sets out five policy programme action areas:

- **Establish Scotland as an entrepreneurial nation.**
- **Strengthen Scotland's position in new markets and industries.**
- **Make Scotland more productive and innovative.**
- **Deliver a skilled workforce.**
- **Create a fairer and more equal society.**

Scotland is transitioning to net zero emissions for the benefit of the environment, people and prosperity. Ambitious climate change legislation was introduced in 2019 and sets a target date for net zero emissions of all greenhouse gases by 2045.

The railway in Scotland plays an integral part in supporting economic growth and the climate change legislative target, and our plan will set out how Scottish Rail Holdings will contribute.

Our Plans

Delivering the sustainable rail travel Scotland deserves will require change. Our plans will constantly evolve over the next five years as we make these changes. The areas on which we will focus our efforts are:

1. Serving more passengers

We would like more people to have access to rail travel and aim to increase the number of people travelling by rail.

We will work in close alignment with Network Rail Scotland to:

- Market the benefits of rail travel to encourage more passengers to use our services.
- Improve use of and access to the railway in a way that focusses on journeys that can encourage modal shift from the private car to use of rail.
- Match the timetable to changing patterns of demand, most notably, learning from new travel patterns.

2. Better passenger experience

We would like passengers to have a great experience when they travel with us and aim to ensure we deliver passenger satisfaction of at least 90 per cent every year.

We will work in close alignment with Network Rail Scotland to:

- Modernise our train fleet through fleet renewal.
- Improve the maintenance of our fleet to enhance service reliability. Change the way we schedule work to enhance service reliability and availability.
- Deliver a robust high performing and reliable service with competitive journey times, strengthened market-led services and effective connections between cities and regions.

3. Highly engaged people

We need highly engaged people in order to deliver our ambitious plans. Our people will continue to be at the centre of our decision making, as we continue to challenge and collaborate in bringing our vision to life.

We will deliver on our key strategic priorities:

- Inclusion of all and a transformational agenda.
- Attract, retain and develop our people.
- Continue to foster close working relationships with rail trade unions.
- Enable our people to contribute and thrive.
- Champion the wellbeing of our people.
- Engage our people to shape our future.

4. First class safety systems

Keeping passengers and colleagues safe and secure will always be the priority for SRH, ScotRail Trains Ltd and Caledonian Sleeper Ltd. SRH ensures that first class safety systems, oversight and governance are always in place.

This is achieved on behalf of a quarterly Safety, Health & Environment Committee (“SHEC”), chaired by a SRH Non-Executive Director who also briefs the SRH Board on safety matters.

We will continue to provide oversight in the following key areas:

- Ensuring that the senior Transport Operating Company (TOC) team give safety matters appropriate priority, and discharge their obligations set out in their safety certificate (for example, as measured by the ORR's Risk Management Maturity Model ("RM3")).
- Monitor the TOC's safety and environment results against the targets approved by the TOC Board, and challenge appropriately where targets are not being met.
- Encourage cross-industry safety issue awareness and collaboration, both within SRH group and across the UK rail industry (such as the prioritisation of tactile platform surfaces, for example).
- Engage the accountable TOC leaders on topical safety issues, supporting, encouraging and challenging where necessary.
- Provide assurance to TOC Boards and SRH Board that safety, security and environmental compliance across the SRH group is being competently managed (such as the safe management of crowds during special events and severe disruption etc).

5. Better environment

We believe travelling by rail is at the heart of a net zero economy and society.

We will work in close alignment with Network Rail Scotland to:

- Reduce the carbon emissions of our rolling stock operations noting that 65 per cent of the current fleet needs to be replaced or life extended over the next 10 years.
- Improve the energy efficiency of our overall operation.

6. SRH finances

We need to both grow revenue and manage our costs to ensure the level of subsidy provided by the Scottish Government remains affordable and provides value to the Scottish taxpayer.

We will:

- Implement local revenue protection initiatives informed by local route cost and revenue analysis.
- Reduce ticketless travel to the lowest practical level to ensure that everyone who uses the service pays the appropriate fare.
- Continuously look at our costs to ensure we provide an efficient service.

We will support ScotRail's fleet renewal requirement.

Other areas that the plan will address are:

- Delivering the best value and highest quality of requirements within the identified subsidy available for delivering ScotRail services.
- Enhancement of services on a Sunday and ensuring that there are enough staff to operate these.
- Planning for a new fleet introduction which supports both decarbonisation and better use of subsidy.
- Ensuring that ScotRail promotes the benefits of rail travel and increases use to help deliver on a range of targets.

7. Robust Corporate Governance

Good corporate governance is the foundation to success in any business, it refers to processes, practices, policies and procedures used to make formal decisions to run the company. SRH will ensure that these principles underpin everything that we, ScotRail and Caledonian Sleeper, do. We will, as a Board, regularly review our arrangements to ensure that we comply with agreed best practice.

5

Economic Efficiency



SRH

5

Economic Efficiency

What are we going to achieve in the next five years?

We aim to increase the number of people who use ScotRail and Caledonian Sleeper services.

We recognise that travel demand has radically altered since the pandemic. We will ensure that the products we offer are best placed to match demand for people travelling to work. Together with ScotRail and Caledonian Sleeper we will deliver new and innovative ticket offerings that will encourage passengers to use the rail network as well as rewarding those travellers who already make frequent rail journeys.

We will work with our subsidiaries to advocate the introduction of relevant products that are more aligned to young people's travel requirements, and increase availability of cheaper advance fares on more routes. We will also look to fill free capacity where there is currently low demand.

We will tackle ticketless travel to ensure that everyone who uses the rail network pays the correct fare and we will ensure that the ticketing and retailing system is designed in a way that discourages ticketless travel.

In addition to the increase in revenue collected we will ensure that people who travel to Scotland consider travel by rail to be part of the experience, and will promote this to ensure we generate more journeys by rail. We will target our marketing activities at areas which deliver additional journeys to the rail network in Scotland.

We will work to make buying a ticket for travel easy for those purchasing and we will work to ensure that there is an increased use of digital ticketing, where appropriate, on the ScotRail network.

What we are going to do to achieve this?

- We will work with all stakeholders to develop a strategy on rail fares that makes rail fares accessible, affordable and sustainable, and which takes account of the outputs from the Fair Fares review and other initiatives of Government being led by Transport Scotland. We will ensure that we promote and market our products in a way that encourages integrated travel using public transport.
- Working with partners across Scotland's Railway, we will attract visitors from the domestic market, wider UK and international travellers.
- We will promote an increase in digital use and deliver the best options for passengers and the railway network.

6

Passenger Experience



SRH

6

Passenger Experience

What are we going to achieve in the next five years?

We will ensure that Caledonian Sleeper and ScotRail will deliver passenger/guest satisfaction scores of at least 90 per cent consistently over the next five years.

We will ensure that Caledonian Sleeper and ScotRail delivers consistently high levels of service quality, endeavouring to exceed the Acceptable Level as stipulated in the Grant Agreement, contributing to increased patronage on the network.

What are we going to do?

Continuously improving service quality - ensuring a robust regime for monitoring service quality throughout the passenger journey will therefore continue to play an important role in retaining and crucially, attracting, passengers to the rail network. Service Quality Incentive Regime (SQUIRE) performance levels are to be viewed as the minimum target level – a culture of continuous improvement is essential for meeting changing passenger needs.

Consider the use of the station estate - changes in passenger profiles present an ideal opportunity for ScotRail stations to play an integral role in community life across Scotland. With shifting work and travel patterns, the existing station estate could provide opportunities for residents and passengers, meeting the needs of local communities.

Continuously enhancing customer information provision - in an era of relentless technological innovation, passengers quite rightly expect to have all the information they need about their journey at their fingertips. Staff too should be equipped with the most up-to-date information to ensure they can deliver consistent high-quality customer service to all passengers. Continuous innovation to ensure timely and accurate information for all passengers will be a key priority over the next five years.

Investing in training and development - alongside modern and well-maintained facilities, positive passenger interactions with frontline staff are a critical component of a brilliant passenger experience. Investment in ongoing training and development, from induction to ongoing briefings, is vital in ensuring that staff are able put themselves in the passengers' shoes and deliver the best possible service.

An industry-leading Accessible Travel Policy - ensuring that the network is open for everyone is a critical element of the passenger experience, and so the Accessible Travel Policy should be subject to continuous review and collaboration with relevant stakeholders.

7

Supporting Delivery of Net-Zero



SRH

7

Supporting Delivery of Net-Zero

What are we going to achieve in the next five years?

- Contribute to achieving net-zero by 2045 and decarbonising Scotland's passenger railways by 2035.
- Continue to support Transport Scotland in the delivery of the decarbonisation plans for rail.
- Reduce CO2 Emissions per Passenger/Train Km.
- Reduce emissions around stations.
- Deliver KPIs on:
 - Waste diverted from Landfill.
 - Waste recycled.
 - Reduction in Carbon Footprint.
 - Reduction in non-traction energy usage.
 - Reduction in non-traction energy usage.

What are we going to do / what are our plans to achieve this?

- Work with ScotRail and Caledonian Sleeper to develop a detailed five-year delivery plan to meet Key Performance Indicators (KPIs).
- Develop a milestone and monitoring plan to for each KPI with early warning indicators.
- Liaise with colleagues in SRH, Caledonian Sleeper and ScotRail in key business areas to ensure a fully rounded approach to reducing emissions.
- Align fleet renewal plans with the electrification aspirations for Scotland's Railway, investing effectively and efficiently.
- Encourage modal shift from private transport to reduce the number of private car journeys to stations by ensuring rail is modally competitive, supporting the introduction and improvement of active travel links, and work with transport industry stakeholders to improve integrated transport.
- Update sustainability policies based on environmental scorecard results and benchmarking of best practice to develop KPIs and improve sustainability across frontline operations and the wider group.
- Consider alternatives to diesel powered trains for lines of route where electrification is not feasible.

8

Fleet Renewal and Decarbonisation



SRH

8

Fleet Renewal and Decarbonisation

What are we going to achieve?

From approximately 2030 onwards, 65 per cent of the ScotRail fleet will either need to be life extended or replaced. As well as supporting the crucial decarbonisation policy objective, this opportunity will be used as a business transformation – driving efficiencies and reductions in operational costs and developing the new fleet specifications to support passenger growth initiatives.

- What are we going to do in the next five years? We will work in close cooperation with Network Rail Scotland to design, develop and implement the Scottish Rail Fleet Strategy and Fleet Procurement Strategy, to support the replacement of life-expired fleets. This will be coordinated with other infrastructure programmes. We will identify the most appropriate traction technologies for non-electrified and part-electrified lines.
- We will ensure that when we develop the business cases for the fleet replacement programmes, that they will align with other strategic priorities to encourage passenger growth, modal shift, support greater accessibility, reduce operational costs and improve safety and reliability.
- We will establish appropriate vehicle ownership and funding arrangements to deliver the best value within capital funding constraints.
- We will ensure that the depot and maintenance arrangements for the new fleets provide best value for money.
- We will establish and oversee the governance, procurement and delivery arrangements for the introduction of the new fleets and ensure that the wider objectives of policy, such as supporting the Scottish local economy and Small to Medium-Sized Enterprises, are delivered.