

Transport Committee

Oral evidence: [Railways Bill](#), HC 1472

Wednesday 17 December 2025

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Transport Committee members present: Ruth Cadbury (Chair); Steff Aquarone; Dr Scott Arthur; Mrs Elsie Blundell; Jacob Collier; Olly Glover; Alex Mayer; Baggy Shanker; Rebecca Smith; Laurence Turner.

Welsh Affairs Committee member present: Andrew Ranger.

Questions 155–183

Witnesses

I: Fiona Hyslop MSP, Cabinet Secretary for Transport, the Scottish Government; Bill Reeve, Director for Rail Reform, Transport Scotland.



Examination of witnesses

Witnesses: Fiona Hyslop MSP and Bill Reeve.

Q155 **Chair:** Welcome to this morning's evidence session, the third and penultimate one in our scrutiny of the Railways Bill. We are hosting three panels again today. We will hear, during our first panel, from the Scottish Cabinet Secretary for Transport; in our second panel, from the Welsh Government; and in our third, about provision for GBR to partner with elected mayors, and the potential for rail devolution in England. Will the witnesses in the first panel introduce themselves?

Fiona Hyslop: Good morning, Committee. My name is Fiona Hyslop; I am a Member of the Scottish Parliament and the Cabinet Secretary for Transport in the Scottish Government.

Bill Reeve: Good morning. I am Bill Reeve; I am director of rail reform for Transport Scotland.

Q156 **Chair:** Welcome. For my first question—this is true for all our questions—as you are both here from the Scottish Government, you can decide who wants to answer. I suspect that the Cabinet Secretary will want to answer the majority of them. How will the Bill as drafted affect the status quo of rail devolution in Scotland?

Fiona Hyslop: Currently, we have what is called executive devolution, and we have had that for 20 years, but we do not have legislative responsibilities. That is why, obviously, this Bill and others are the responsibility of the Westminster Government. The Scottish Government's position is that we would prefer full devolution of rail, but that is not on the table in this Bill. We are supportive of the Bill in that it wants to bring greater integration of track and train. Already, in the status quo, we operate under an integration of track and train. That is operated under an agreement with what is called the alliance between ScotRail and Network Rail. Of course, we fund Network Rail—£4.6 billion in control period 7—but we do not have the ability to give ministerial direction or guidance. This piece of legislation provides an underpinning that we think would strengthen the legislative side, but what has been developed has been as a result of intense negotiation and agreement with the UK Government.

Q157 **Chair:** A statement released by the Scottish Government following the introduction of the Bill said that the UK Government did not think that a fully devolved railway is "in Scotland's best interest". Does that imply that the railway is not already fully devolved in Scotland?

Fiona Hyslop: No, it is not fully devolved, because legislative competence still lies with Westminster. Although we set strategy for Network Rail—with our high-level strategy document—and we fund it, we cannot direct it, so things are done by agreement and good will, as opposed to anything else. On full powers and being fully in charge of our railways, we want to have that full devolution.



HOUSE OF COMMONS

We are quite understanding of the UK Government's position. Clearly, if they are trying to get a vertically integrated railway system across Great Britain, we can understand that situation. That has been an area where we have had to try to carve out a position, bespoke particularly to Scotland, because we have had far more devolution than anywhere else. We need to work with this piece of legislation to make sure that we do not go backwards—in terms of the devolved position—but get a better position.

That is why, just on Friday, the Scottish Government lodged what is called a legislative consent motion for the clauses in the Bill that refer to Scotland. There are other clauses we think refer to it—there needs to be some technical tidying up about what is devolved and what needs to have legislative consent—but that is more something of a technical nature than a policy difference. That was lodged on Friday.

Chair: Thank you. We will drill down into some of the detail. Some colleagues present are on the Bill Committee, or may well be, so that will be useful.

Q158 **Dr Arthur:** To go back to your answers there, were I watching this at home in Scotland—I am sure that masses of people are—what would be the practical difference for them if the railway was to be fully devolved to Scotland? What difference would that make to the services that are available to them? You made it sound quite technical, with the difference between executive devolution and devolution.

Fiona Hyslop: In terms of being able to ensure that everything that we want to see happen from a policy point of view can be determined, Network Rail is clearly a reserved matter and legislation is a reserved matter. On the operation of the ORR or the Network Rail board, currently I meet the chair and the chief executive on occasion, but the bottom line is accountability. Currently, rail operations, particularly the Network Rail aspect, are not accountable to us in the same way as they are accountable to the Secretary of State. In terms of good governance, devolution would make that complete. What is happening with this piece of legislation is that it is formalising more of that integration and providing legislative underpinning, but a lot of the issues will still be reserved to the Secretary of State. That is why the Bill is done in the way it is, because it recognises that that is still the case.

Q159 **Dr Arthur:** Is it about governance, rather than practical differences for people in Scotland?

Fiona Hyslop: We have managed to do some very important work in terms of getting value for money from the alliance, the agreement that we have, as opposed to the legislative underpinning side. That provides better value for money. We can plan works in a way that does not disrupt the passenger, as they might otherwise do, so it is providing value for money—it is going to be a better experience. Also, under the devolution that we have had, we have managed to get one of the highest performing operations in the UK. Indeed, the publication on 11 December this year about the rail customer experience showed that we have 90% overall



HOUSE OF COMMONS

satisfaction, 91% punctuality, 91% on station information and 90% personal safety on trains, so ScotRail is one of the highest scoring. We are making sure, under the limited devolution we have, that there is a good experience.

Also, that has been under public ownership—we have had public ownership of our operators, or certainly ScotRail—since April 2022. One of the things we have managed to do, because we have public ownership and the devolution that we have now, is to ensure that we could abolish peak fares for good. There has been a 17% cut in rail prices for most commuters and in Glasgow and Edinburgh—as I am sure you are familiar with—almost 50%. Under devolution, we have managed to operate well, but the accountability aspects are more challenging. Bill, do you want to reference your experience over the time?

Bill Reeve: Perhaps I can add one other thing. At the minute, we have had really good co-operation with Network Rail. In the past seven years or so, there has been a substantial transfer of functions from Network Rail at the centre into a more devolved arrangement in Scotland. That has underpinned a lot of the success we have had in Scotland, including our lower unit costs for infrastructure than elsewhere in Britain, for example. But that is not something that we could require; it is something that a future chief executive of Network Rail or GBR could, under the current arrangements, simply take away, as happened some years ago when we lost our Scottish timetabling function, which moved to Milton Keynes. Although there are some very good people working in Milton Keynes, we lost that connectivity to the needs and requirements of the Scottish people more immediately.

So we have a really effective system, but I think the Bill offers us a chance to consolidate that and improve the level of integration, and gives us some options to secure that integration, which at the minute can be done only by good will.

Q160 Dr Arthur: As an MP, I meet—once every six months or once a year—ScotRail and Network Rail together, in the same room, and we talk about the challenges. Obviously, they are often dealing with my requests at that meeting, but you can see that they are working together quite effectively. It is something I take for granted, so it is good to see that maybe more people will have that through the Bill.

Devolution of rail to Scotland has worked. There is a lot of cynicism—well, some cynicism—in Scotland just now about devolution, but devolving rail has worked for Scotland, hasn't it? Sorry for the leading question.

Fiona Hyslop: That is a subjective point—whether people think devolution has been successful. Most people in Scotland do. I will leave that with you.

I think the point is that this has not been legislatively underpinned; it is done by good will. That has placed a lot of responsibility on Government to bring people together. I am talking about the powers of Government to bring things together under the franchise system previously and then



HOUSE OF COMMONS

under the public ownership that we have had. That is what has delivered the success that we have had to date and the improvements.

Actually, I can tell you that as of Friday 12 December, we had the most successful day for passenger numbers. There were 345,216 passenger journeys. It was the busiest day that we have had on our railways since public ownership. Obviously, the pandemic interruption has affected everywhere, but people are coming back to rail, which is what we need.

But you cannot always rely on the good will of Network Rail to devolve internally, as an organisation. What this legislation should allow us to do as a Government is to make sure that we are more directive of what we want from the integration and to have greater accountability of Network Rail to us, or that side of that type of operation. I know and understand—because it has been said publicly—that the Scottish model is recognised as a good way forward, and that is what is trying to be replicated in the legislation that the UK Government have brought forward.

Q161 Dr Arthur: Good. I have two recap questions; I think you have already covered these points. You think the Bill will benefit people in Scotland, both passengers and the wider economy.

Fiona Hyslop: Yes, I think it allows us more certainty. It allows us to have more formal integration, and certainly, that is why we are supportive of the Bill. We were quite clear that if there was any rolling back of devolution, we would not be supportive, but that is not the case. With good work from our officials at Transport Scotland and the Department for Transport, and my engagement with the Ministers, we have managed to get to what we think is a good place for Scotland and a good place for devolution.

Q162 Dr Arthur: In terms of drafting and producing the Bill, do you feel that you have had a say in that, and that more or less everything that you want to see is there?

Fiona Hyslop: Yes. It is probably a good example of the devolved Government working with the UK Government. That is not always the case in different policy areas, but there has been a lot of intense work. I have had seven meetings with the Rail Ministers and the Secretary of State—some of them just with the Secretary of State latterly. Four of them have been just about this legislation, and three of them have been in person here in London. We have taken this very seriously indeed and have gone through different points. That is why we appointed Bill Reeve to lead on it as the director of rail reform; he was previously director of rail. It is because this is very important legislation and, having been in government for some time, I know that it is always better to try to get legislation right before you publish it, as opposed to trying to amend it as you go along.

So we have worked extremely hard—as I said, this applies also to Department for Transport officials—right up until the last area, because there were different areas that had to be resolved to make sure that they could achieve what they needed to achieve. We were defending and protecting devolution, but also getting this into the state that it will need



HOUSE OF COMMONS

to be in. It is not legislation for next year or the year after; it is setting the template for many years to come, so it is really important that it is right from the start.

Dr Arthur: On that very positive note, I hand back to you, Chair.

Q163 **Chair:** Is nothing missing from the Bill?

Fiona Hyslop: There is one element, which I hope that the Committee may want to reflect on—I understand that the UK Government will look at this area as well—and that is more on transfers of assets. Clearly, if you bring entities together, there needs to be provision for transfer of assets, and that is an area that is not in the legislation currently, but I am hopeful that amendments will tackle it. Again, we would appreciate it if the Committee saw that as an important area to ensure is covered.

Chair: Thank you. That is helpful.

Q164 **Rebecca Smith:** As Ministers in Scotland, you will have powers of direction over GBR under the Bill, at clause 8. Do you think that those sufficiently reflect the devolution settlement that you already have?

Fiona Hyslop: Yes. That is part of the work that I was just describing to Dr Scott Arthur, to make sure that in the negotiations and discussion we could have that. If we were to have accountability, we would have to have the provision for ministerial direction and guidance in the areas for which we have devolved responsibility, that we fund and set strategy for—for completion.

Q165 **Rebecca Smith:** Obviously, the Secretary of State down here will have the power to revoke directions made by Scottish Ministers like you, under clause 8. Is that a concern? Does there need to be a specific threshold in the legislation for when they can do that, or should they have free rein to do it whenever they like?

Fiona Hyslop: I am sure that the Members of Parliament at Westminster will always make sure that Ministers or Secretaries of State are accountable for their actions. We would not be able to do that. The important point is the acknowledgment, in the way the legislation has been drafted, that the Secretary of State still has reserve powers, and that she still has powers in areas for which they have retained responsibility—for example, access and other different areas. With those areas and in the use of that, there has to be good reason and understanding. That is why—we might come on to this—the memorandum of understanding is quite important in this area. Do you want to add anything on the policy, Bill?

Bill Reeve: Just to say that the principle is agreed—that that which is reserved, the Secretary of State should have powers of direction over, and that which is devolved, the Scottish Ministers should have. We believe that the drafting reflects that. An awful lot will rely on the memorandum of understanding to flesh that out and give examples. Again, that same constructive engagement with DFT officials that led to the Bill is under way in the discussions to finalise the memorandum of understanding. It is a necessary piece of complication, because the asset will remain in the



HOUSE OF COMMONS

ownership of the UK Government, but the responsibility for the strategy, specification and funding rests with the Scottish Parliament. I am not aware of any other devolved area where that scale of funding is divorced from ownership of the asset, so necessarily that is complicated.

Q166 Rebecca Smith: In Bills coming through Parliament recently, we have seen a lot of things like the code of practice not being set in stone before the Bill Committee. Are you confident that the memorandum of understanding will be finalised before we start scrutinising the Bill, so that we can make sure that everyone is happy with it, or will we need to be mindful of that as the Bill goes through?

Fiona Hyslop: I think that would be something that, certainly, the Committee should ensure—because the Secretary of State is accountable to yourselves—is progressed at the speed we would want it to be. Our main focus was on the legislation, and the parameters of the MOU are also already under discussion, but I am not necessarily in charge of the timing of that, because it is mutual—a mutually agreed memorandum of understanding. I am also not in charge of the timetable of how long this piece of legislation will take.

I will say—I ask the Committee to be mindful of this—that the Scottish Parliament will go into recess on 27 March and will not resume until after the Scottish Parliament elections in May, and it will still then need to constitute new Committees. That is one of the reasons why I have tried to make sure that a lot of the Scottish provisions are set up front, as the Bill is published, and that we get the legislative consent through in timely purpose. My intention is to ensure that that is done before the elections in May—it would make sense to make sure that that is done.

Rebecca Smith: That is useful.

Fiona Hyslop: I am sure that we can trust the Committee to be mindful of that as well.

Q167 Rebecca Smith: Can you foresee instances where the directions that the Scottish Ministers give conflict with the equivalent directions from the Secretary of State? Given your experience, how do you suggest that that could be mitigated?

Fiona Hyslop: That is a very good question and one that we discussed with the UK Government. It is completely and utterly undesirable that that situation would ever arise. It would be a very rare situation, but that does not mean that it could not arise, and I suppose the bit we had to try to work out is how we would resolve that. That is why the memorandum of understanding will try to work out how we would resolve that situation. But because it is quite clear what is still reserved and what is still devolved, that is ground to do that. If you end up in that area of conflict, things will have had to go badly wrong, and in all my time in government, I have not seen anything that would prompt this kind of situation.

I would say, however, as a cautionary point, that in my engagement with the rail unions, they were concerned that there needs to be provision,



HOUSE OF COMMONS

should a Government of a particular flavour—not necessarily anybody around this room—come in at some point in the future, for us to change things, and to have powers within the Scottish Parliament and Government not to be part of this arrangement at some point in the future.

Q168 **Rebecca Smith:** Clause 80 of the Bill puts a duty on GBR to consult with Scottish Ministers if it appears that a decision would “significantly affect the interests of Scotland’s economy or of persons living in, working in or visiting Scotland.” Do you think “significantly affect” is the right test?

Fiona Hyslop: I have seen the words “significantly affect” in legislation over a number of years. The point of this, if we go back to Scott Arthur’s point, is that that was not there before. It is a new thing that it actually protects and recognises cross-border issues in particular—you are talking about freight, tourism and those kinds of aspects. Again, it is about accountability for decisions that would have an impact on us. In terms of the geography of where Scotland is, we are very reliant on cross-border travel for both our tourism industry and our freight sector and economy, so it is a good thing that that is in there. Again, that is part of our discussions, saying, “How do you protect the interests of Scotland in this legislation?” It is good that it is there, and I think “significantly affect” is a reasonable legislative term to use in this context.

Q169 **Rebecca Smith:** Do you think that more detail should be given on how that consultation would take place, or are you comfortable, given your experience, that what is there is okay?

Fiona Hyslop: It is quite clear that they have to consult in a way that they have not done before, and that means in advance of decisions being taken as opposed to after. Dare I say that, had they consulted us in advance, and had a requirement to consult us, on the December timetable of the London-Edinburgh service, which may have an impact on our ScotRail service, they might have been a bit more cognisant of things, as opposed to saying, “We’re going to monitor the effect.” There can be knock-on impacts of what you do to improve services to London on ScotRail services elsewhere in Scotland. That is an example of the improvements we should get from the provision on the face of the Bill that makes it a greater responsibility.

Q170 **Jacob Collier:** I want to touch on cross-border services. There are a number of operators that go from England to Scotland, and the ScotRail service that operates to Carlisle. Obviously, we want those to continue, but do you feel that the Bill has the appropriate mechanisms in place to manage that quite complicated cross-border arrangement?

Fiona Hyslop: Currently, there has to be a cross-border operation, and there is. I think it can be improved. Going back to the last question, the other point is what the investment is in England to help support the Scottish service. For example, if we want to ensure that all freight can operate using electric power, currently some of the provision in the north of England is not as strong as it should be. We are investing in feeder stations to make sure we can electrify our lines, and so on. We have



HOUSE OF COMMONS

extensive electrification—the newly electrified East Kilbride line, which got £144 million from the Scottish Government, opened just last week—but in some areas in the north of England, we would want to see improvement in that service, because it is not helping the extension of electric trains. There are things that need to be improved. Bill, do you want to reflect on that point?

Bill Reeve: I agree with you on the point about electrification. The Bill as drafted creates an obligation to consult on cross-border services in a way that we perhaps have not had on the face of a Bill before, so that is very welcome. Inevitably, there will need to be consultation. It is a principle of this Bill that control of the timetable will remain with GBR, at GB level. That is not devolved. Full devolution would have given Scotland the power to control its timetable within Scotland—of course with an incentive, as ever, to co-operate with our colleagues south of the border. That is not available to us. I think what we have is the best compromise available, given that position.

Q171 **Dr Arthur:** I have a quick question arising from a comment by the Cabinet Secretary about access. The open access operator Lumo, which has a London-Edinburgh service, is about to extend that to Glasgow. I don't know why anybody would not get off the train at Edinburgh, but in the debate in the Chamber last week, people expressed concerns about whether the Bill will put a lot of pressure on open access operators and make it harder for them to operate. Obviously, there is a benefit to Scotland from open access—Lumo in particular. Is that a concern or is it just not on your radar?

Fiona Hyslop: How it would operate generally is matter that you would want to pursue with the Secretary of State, but on cross-border, Lumo started yesterday—

Dr Arthur: Was it yesterday? Okay.

Fiona Hyslop: Yes—the extension. LNER had withdrawn from that extension from Edinburgh to Glasgow and, vice versa, from Glasgow down to Kings Cross. That started yesterday. Where there is space and availability, open access makes sense. One of the best known open access operations is the Jacobite, otherwise known as the Harry Potter train, which many tourists use—to go back to the point about the importance of tourism. If you take the tourism aspect of the question that Rebecca Smith asked, that is something you would want to continue in terms of open access.

It is also important in respect of freight. If you are trying to tackle climate change by getting modal shift—by removing freight from roads and getting more on rail—open access is a really important way of doing that. We moved earlier than the last UK Government in setting freight targets as part of our high-level operating strategy in previous control periods, and it is good to see that that target has been set in the current control period by the UK Government. That has been an important part of it. Access is important. It needs to be understood more widely, from what I can gather



HOUSE OF COMMONS

from the debate you had last week, but in terms of operation, we think that if there is space to do that, it is important that we still allow it.

Q172 Dr Arthur: There is a criticism of the Bill that it has freight targets, which is great—people like that—but it does not have passenger targets. Do you have passenger targets in Scotland?

Fiona Hyslop: In terms of our operation and what we expect to be delivered for the budget that we have, we obviously have to have a business plan that sets out the expected passenger numbers, because we want to make sure that we are getting value for money. This goes back to the Scottish Government, via Transport Scotland, and our control and accountability, certainly in terms of the ScotRail aspects of passenger numbers. That has been tracking at about 4.5% growth, which is good.

Obviously, there are different factors at play. With the removal of peak fares for good, it certainly is busier on the Glasgow-Edinburgh trains that I get on, but that is good to see. We will need to see that play out. Do you think setting target passenger numbers itself drives improvement, or do you expect to see that through all the aspects of the business plan that can make a difference? That means timetabling, other services and incentives—even things like Kids for a Quid in the summer. There are different ways of trying to encourage more people to use the railway. It is not just about passengers on seats for revenue. It is a Government lead to ensure that you are expecting more commercial aspects from publicly owned railways—and I do want to see more of that—in order to be competitive in terms of value for money, to try to persuade people to use rail as opposed to using their car, and to try to get modal shift as well.

Q173 Laurence Turner: Good morning. There is already experience in Scotland of integration between track and train. We don't know, but I imagine and hope, given that Alex Hynes is part of the GBR transition team, that some of those lessons will be learned by the Department for Transport here. From your experience of that integration and the alliance model, what lessons should we take into account as part of our scrutiny work on GBR?

Fiona Hyslop: This piece of legislation is a reflection that lessons have been learned by this UK Government about the benefits of integrating track and train. Alex Hynes previously headed up Scotland's Railway with the integration of ScotRail and Network Rail, and he has been seconded to the Department for Transport. Therefore, that experience has been taken into the Department for Transport, which is a good thing.

On our experience, I reflected earlier in my evidence about the success factor. We have one of the most successful operators in the whole UK in terms of our service. There is always room for improvement, and we will constantly drive that. We need to do that.

When I talk to the industry itself, they tell me that we get better value for money because we are able to plan in a more integrated way. We plan the services and service disruptions, along with provision of activity for Network Rail to, for example, electrify our lines. When I spoke to the team at Network Rail that was involved in the electrification of the new East



HOUSE OF COMMONS

Kilbride to Glasgow line, which opened for passengers on 14 December, they had moved on to the Fife electrification that we have announced so they can have continuous work. It is really important to reflect that, yes, this is about passengers, but it is also about the industry itself, and the investment that goes on in terms of the private sector and their activity, so that they can plan their work more effectively.

That certainty of investment should drive better value for money, which I think is what you are looking at. The 2011 McNulty report reflected on how, when you have such a fragmented system, that fragmentation can potentially distort the market, because everything has to be started from scratch. It is also about experience. We are keeping project teams together, so the lessons we have learned from East Kilbride are now going on to the Fife area, and we are already seeing the electrification going out of Haymarket to Dalmeny, which is the next phase of what we are doing.

Q174 Laurence Turner: Has any work been done to quantify the value-for-money benefits, or potential benefits?

Fiona Hyslop: In terms of the tenders that we have and all the rest of it, and the value-for-money aspects, we know we have better certainty in our plans. We know, for example, that we are keeping skills. One of the big challenges—and it is a good challenge to have—is the great demand in the renewable energies sector for construction and other aspects of engineering works and civil engineering. We are dualling the A9, too. There is a lot of competition for people to do the work. What the industry has said particularly is, “It allows us to retain good staff, and to recruit staff, because they know there’s a career in the future.” Talking to the apprentices, they have got a career in rail, which is great.

Q175 Laurence Turner: Do you anticipate revisiting the alliance agreement that was struck last year between ScotRail and Network Rail now that you know what is in the Bill?

Fiona Hyslop: To go back to some points we made earlier, the formalisation that exists with this provides actual, formal, legal, statutory accountability of what is currently Network Rail as part of the Scottish railways. That is going to be really important, but obviously we have to get from here to there and the railways never stand still. We have statutory responsibilities, and they have statutory responsibilities for safety, delivery and so on. We will continue to work with the alliance to make sure it is improving until such time as we can formalise this. We anticipate that it is probably more for the next control period when technically everything can come together, but, again, that is an issue for the Secretary of State—when does it formally become law and when is everything in it enacted?

In the meantime, it is an agreement based on the good will of Network Rail, on a UK-basis, to devolve more powers to their Network Rail management in Scotland. We still operate with that. I still meet regularly with the alliance to make sure that they are working together and to make challenges. The issues that we have faced—I will use a very real example—include the disruptions that we experienced during Storm



HOUSE OF COMMONS

Éowyn. The closer and better working you have between improving the rail and improving the operations, the better you can recover from what will be increasingly adverse weather. That is a very practical example of how, if we have integrated railways, we can deal better with some of the mitigations that we are going to need.

Q176 **Laurence Turner:** Funding streams for passenger services and for infrastructure in Scotland are expected to remain separate. Do you think there may be a tension there? Will that impose a limitation on the extent to which track and train can be integrated?

Fiona Hyslop: We spend £1.5 billion a year on our railways, and currently we provide £4.6 billion from Scottish Government funds—so we are funding it currently. Regardless of the Bill, we are currently having to manage that in the most effective way we can.

Q177 **Laurence Turner:** What about post the Bill?

Fiona Hyslop: Well, we will then fund everything, and we will have powers to direct and provide guidance to Network Rail that we currently do not have. That will allow better integration.

Q178 **Laurence Turner:** Do you wish to come in, Mr Reeve?

Bill Reeve: If I may, Cabinet Secretary, I think you were picking up on the fact that there is likely to continue to be a five-year settlement for the infrastructure and separate annualised budgets for the above-rail operations, as the Bill is drafted. I understand that there are some reasons behind that, including competition law considerations. I think we would see some value in treating that as an integrated budget, but we understand why it is arranged as it is. It is always desirable to be able to look at the most efficient way of delivering a particular outcome on a railway, irrespective of whether that is for the infrastructure or the above-rail operation. For example, to improve performance, one might be better off spending money on the trains than on the infrastructure. We will be looking for ways to maintain flexibility in the allocation of funding within the constraints that the Bill envisages.

Fiona Hyslop: In a practical sense, we have just published “Rail Recharged”, which is our decarbonisation plan, and that does exactly what I think you are alluding to. How do you make sure that the operations of the trains and how you drive change are co-ordinated? That is done through Transport Scotland just now, in terms of setting what our expectations are and when.

Q179 **Rebecca Smith:** Do you think that it is the right approach to have a memorandum of understanding—I think you have kind of covered that already—and are you confident that it will cover all the arrangements it needs to?

Fiona Hyslop: Well, on that point, it will need to. There is a memorandum of understanding currently, but it is not statutorily underpinned. That is the difference with the legislation: the statutory underpinning and the requirement for a memorandum of understanding. It also makes the



HOUSE OF COMMONS

Secretary of State accountable to you as a Committee, and it makes me accountable to the Scottish Parliament's Committee, to make sure that that is being delivered. The statutory underpinning gives a bit more force, not just to Ministers but to Parliament in terms of accountability.

Q180 Rebecca Smith: You say that you think it is good to have that statutory underpinning. However, there is the opportunity to put some of what would be included in a memorandum of understanding into primary legislation rather than having it in a separate document. Do you think that that would benefit the relationship and insulate from external pressures in a more significant way?

Fiona Hyslop: The logic might say yes, but the practice might say no. The reason I say that is that, having dealt with legislation since 2007, apart from two years when I was a Back Bencher, I am always of the view that less is more in terms of legislation. With a memorandum of understanding, you will be able to be more direct about what it is that you are expecting and you will get better results in practice. If you took elements of a memorandum of understanding and always put them in legislation, they would probably by necessity end up being less explicit, more general and less effective. There is a place for a memorandum of understanding. That is my experience over time. Bill, I do not know whether you have had that experience working with different Ministers. I do not want to put you on the spot.

Bill Reeve: I would agree. You asked whether we are confident that it will be satisfactory. We will be confident when it is concluded, and we can answer that properly then. The discussions with DFT colleagues are proceeding in the same constructive manner that got us to the agreement that is reflected in the Bill. On that basis, I am cautiously optimistic that we will have a satisfactory MOU shortly.

Q181 Rebecca Smith: Fiona, you touched on the elections that are coming up. You said you have been around over a number of years, so I am sure you have seen changes of Government in Westminster and Scotland. Are you concerned that any future changes would threaten the ways of working that are set out in the MOU, or are you experienced enough to see that the MOU is usually flexible enough to cover that?

Fiona Hyslop: It is the practice of it. It is the flexibility of that, because then you can adjust it. Once you have a piece of legislation, that is it. A lot of what we are trying to do is making sure that the legislation itself is future-proofed. I am sure that that is what you will be doing as well. The flexibility of the MOU allows you to do that. When I first became a Minister, Gordon Brown was the Prime Minister, so I have seen different people—yes, I am that old.

There is an awful lot to be said about how you approach things: get the legislation right first time and have good relationships. I would like to commend Lord Peter Hendy, who has engaged very well, understands Scotland and has made an attempt to address our concerns. This Bill has changed from what it might otherwise have been, and a lot of that is down



to him, officials from Scotland and the UK, and Heidi Alexander as the Secretary of State. As I said, I met her three times before the publication to make sure that this was in as good a shape as possible. That means compromise, but that is always going to be the case. There is always compromise between Government and Parliament in different ways, and it is about how you approach that. I have tried to be as constructive as I can, and I am glad to see that that has been replicated on the UK Government side.

Q182 Chair: Thank you. I have a question that may or may not be relevant to the Bill, but it is an issue that I have been more aware of, particularly in England: the creative and positive use of non-operational assets. Network Rail presumably owns a lot of the stations and some land around rail, which local authorities or the Scottish Government may be using or may consider using for mixed developments, or may consider the better use of assets to integrate transport or other uses. We have seen work on that in England. Is it a challenge for you to have Network Rail and an extra layer of government in Scotland? Does the Bill change your relationship with Network Rail?

Fiona Hyslop: I will ask Bill to talk to how the legislation changes that, because I might not be able to do so off the top of my head. It is a very important point. It is said that Network Rail is one of the biggest landowners. To give you a practical example, in Scotland we are very encouraging of our renewable energy sector. Ports and harbours are becoming increasingly important, and many of them have connections with Network Rail. Many of them would benefit from more connections. If you are looking at industrial development around those—perhaps you are looking at different aspects of construction or fabrication—that land becomes very valuable.

This is where the strategic interest of Government is. That is probably one of the lessons from devolution: with Government being able to provide control or strategic oversight, you can then be smart about what you do on industrial development, housing and so on. That is not as possible now, because we have no direction or guidance over Network Rail, but only for the things that we have devolved responsibility for in terms of rail. Clearly, if you are trying to be smart about housing development or other things, you want to do it for the benefit of the public—this is where some of the issues of transfer will probably come in. But you also have the Green Book analysis and the issue of how you get the best value.

Increasingly, Government are looking at how to be smart about the assets we have. You can sell them to the highest bidder and get the income from them, but that will not necessarily help the development for that town or area. We work very closely. We have city growth deals, which Dr Arthur will be very familiar with. They are funded between UK Government, local government and the Scottish Government precisely to look at strategic developments, so more powers in relation to Network Rail assets would be very helpful for that wider strategic development opportunity.

Q183 Chair: Do you have anything to add, Mr Reeve?



HOUSE OF COMMONS

Bill Reeve: You asked a question about property. My experience is that the complexity of the current land ownership and lease matrix that the railway has across passenger and freight operations gets in the way of rapid change. One of our lessons from the alliance and from working together in what we call Team Scotland is that when we focus on the same aligned outcomes, we take better decisions sooner and can implement them more swiftly. I envisage that the relative simplification and the integration that this Bill takes us towards will facilitate development of property, as it will other aspects of change in the railway system generally. That simplicity should help us to make better decisions and implement them sooner.

Chair: That brings us to the end of our first panel. Thank you very much, Cabinet Secretary and Mr Reeve, for your evidence and for coming in person to London. It is very welcome.