

27 August 2010

The Rt Hon Philip Hammond MP  
Secretary of State for Transport  
Great Minister House  
76 Marsham Street  
London  
SW1P 4DR

Dear

### **Review of Intercity Express Programme**

We are writing to you to convey our shared concern over the regional economic impact of removing through services on long-distance routes between both Inverness and Aberdeen, and London, as is mentioned as an option in Sir Andrew Foster's review of the Intercity Express Programme.

The Scottish Council for Development and Industry (SCDI) Highlands and Islands and North East Scotland committees are drawn from leading businesses, public sector organisations and educational institutions in these areas, which work together to strengthen regional economic competitiveness.

The committees are fully aware of the pressures on transport spending and have recently discussed their priorities. Members believe that investment in new infrastructure and services will be needed to enable our economies to achieve their potential, but that a high priority must be the maintenance of economically significant services, including direct connectivity with London.

East Coast trains are increasingly popular services for businesses and for visitors to the regions. Direct connectivity with the east of England and London is considered important by a range of industry sectors, including:

- The oil and gas industry which, with an annual boost to balance of payments of £27bn, is the largest investor and contributor to national GVA of the UK's industrial sectors - is mainly located on the east coast, with many company headquarters and the main regions for employment in Scotland (45%) and South East England (21%).
- The Prime Minister has recently called for a new nationwide effort to make this decade the best ever for tourism and suggested raising the percentage of what Britons spend on holiday in the UK from 36 to 50 per cent. Tourism is the Highlands' biggest industry, accounting for 13.8% of employment. In 2008, UK residents took 1.96m trips and

spent £477m in the area, with 40% of visitors from England. Significant tourism investment is planned for North East Scotland.

- Substantial investments are being made by South East England-based utilities in the renewable energy resources of the Highlands and Islands. The Moray Firth, North East Scotland and eastern England will be early sites for offshore wind development and manufacturing.

Journey times to London are uncompetitive with air services and they are unsuitable for linking with international air routes via Heathrow, the UK's hub airport. But East Coast services are reliable and offer facilities for working, such as wi-fi, which makes them a good option for some journeys.

As you will be aware, the new report, *Planning Ahead 2010*, by the Association of Train Operating Companies (ATOC) has identified considerably greater potential for rail's share of the long distance market to grow and attract new customers. Creating 'seamless journeys' where the existing rail service appears competitive but has a lower share of traffic would, ATOC say, be a 'quick win'. The economic and environmental benefits of investment in more mature commuter markets are more limited.

Removing seamless through services which already exist on the East Coast and increasing journey times, would further erode the competitiveness of rail, especially when long travel times to stations are involved, and make it harder for businesses and individuals that are keen to reduce their carbon footprints.

It would also conflict with UK Government policy of rebalancing the economy away from London and the south-east. Studies show that business investment and regional development are stimulated through improved accessibility and journey times. Transport connectivity is particularly important for the north of Scotland as a result of its greater distance from the major domestic and international markets. This has been underlined several times recently when aviation has been disrupted and cross-border rail services have been an important alternative. The Highlands have already lost its air service with Heathrow, the UK's hub airport, and there is pressure on slots for services from Aberdeen Airport. We believe that the UK Government's transport policy should reflect its regional development policy.

It is right at this time to review the Intercity Express Programme. But private and public sector organisations in the Highlands and Islands and North East Scotland regard removal of through services on long-distance routes to Inverness and Aberdeen as unacceptable because it would be detrimental to key UK industry sectors, regional businesses and carbon reduction policies.

The review claims a reason for terminating through-services is that the Highland Main Line and Aberdeen-Edinburgh Line may never be electrified. However, the Scottish Strategic Transport Projects Review includes electrification of both lines as priority projects for the next 20 years. We believe that the review should spur the UK and Scottish Governments to accelerate electrification of both lines to enable Intercity Express trains, when they enter service, to run to Inverness and Aberdeen utilising the surplus of low carbon electricity which the north of Scotland will by then be generating.

In the meantime, existing Inverness and Aberdeen services should continue.

Both Committees would be happy to meet with you, Sir Andrew Foster and Scotland Office Ministers to provide further input if this would be helpful.

With best wishes.

**Joe Moore**  
**Chair**  
**Highlands and Islands Committee**  
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**Duncan Skinner**  
**Chair**  
**North East Committee**

cc. Mr Michael Moore MP, Secretary of State for Scotland  
Mr Stewart Stevenson MSP, Minister for Transport, Infrastructure  
and Climate Change, Scottish Government