

T: 0300 244 4000
E: scottish.ministers@gov.scot

Richard Leonard MSP
Convener
Public Audit Committee
Scottish Parliament
Edinburgh
EH99 1SP

E: publicaudit.committee@Parliament.Scot

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AUDIT SCOTLAND REPORT – SUSTAINABLE TRANSPORT: REDUCING CAR USE – FOLLOW UP

Thank you for your follow up letter on 08 May and for inviting me and my officials to provide evidence to the Public Audit Committee on its consideration of the Audit Scotland Report, Sustainable Transport: Reducing Car Use.

On behalf of Scottish Government, I would like to thank the Committee for its careful consideration of the Audit Scotland Report and its recommendations that look to support Transport Scotland's continuous improvement.

In response to your letter and as discussed at the Committee session, I offered to follow up on some areas as set out below.

Formal response: The Committee also noted that, in your opening statement, you indicated that the Scottish Government would be responding formally to Audit Scotland, and we should be grateful if this can be confirmed, and a copy of your response provided to us once published.

My officials have confirmed with Audit Scotland that no formal nor published response to the report is required. However, as I have stated to the Committee, the Scottish Government accept, in principle, the recommendations made in the sustainable transport audit. We continue to work to address them with our key delivery partners in the updated context of confirming that we will revise the car use reduction target and set a successor target. This new, longer term target will be aligned with the timescales for the Climate Change Plan and support our target of net zero emissions by 2045. We will work with our local and regional partners to set the successor target, taking into account the advice from the Climate Change Committee and other evidence sources to inform the new target.

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On 21 May the CCC published Scotland's Carbon Budgets in which they advise that mode shift from car through incentives (i.e. improvements to make buses and active travel more attractive, affordable, and accessible) will encourage 6% of car demand to reduce through a switch to public transport and active travel by 2035. My officials will use this advice, and other relevant evidence, to inform development of a revised target. Once a successor target is in place, working with COSLA and Regional transport Partnerships (RTPs) we can develop place-based and experience specific delivery plan(s) which are sensitive to the varying needs of different parts of Scotland. We expect reductions in car use to be different across Scotland reflecting rural, island and urban variation and our collaborative delivery approach will necessarily be a regional and differentiated one which takes into account place-specific measures to enable positive change in rural and island communities.

As part of its impact monitoring to gather learning, Transport Scotland has responded to Audit Scotland on each of the individual recommendations which Audit Scotland requests. We are making good progress in responding to the recommendations made. This includes establishing working groups to take forward the consideration of the approach to governance and to future national information and engagement on car use reduction. Consistent with the recommendations of Audit Scotland we have set out within our Programme for Government 2025-26 that we will work with COSLA and regional transport partnerships to develop delivery plans for car use reduction, reflective of different communities and places.

EV emissions: What percentage of the 39 per cent of all emissions which are related to cars concern combustion engines (in response to Jamie Greene's question column 38/39).

In response to the Committee's questions around car emissions in Scotland, we can confirm that Transport is Scotland's highest carbon emitting sector (Transport including International Aviation and Shipping (IAS) accounting for around 31.7% of total Scottish emissions in 2022 and the largest source of transport emissions is cars, which contributes almost 39% of transport emissions and 12.4% of Scottish Emissions.

We can provide a breakdown of licensed cars in Scotland by year end (Q4, December) 2022 by fuel type, as per [Vehicle licensing statistics data tables - GOV.UK](#) table 1103a below:

Fuel type	Number (thousand)	%
Petrol/Diesel	2,385.8	94.1
Hybrid Electric Petrol/Diesel	87.1	3.4
Plug-in (PHEVs, REVs, BEVs)	62.2	2.45
Others	1.6	0.1
Total	2,536.6	100.0

Unfortunately, there is not currently any data on the breakdown of emissions by fuel type that we can provide.

The “Active Travel Infrastructure Investment Report 2023-24” produced subsequently to the publication of the Auditor General’s report (in response to Colin Beattie’s question column 23).

As discussed at the Committee, [The Active Travel Infrastructure Investment Report 2023-24](#) was published in March and reports for the first time on the delivery of Active Travel infrastructure across a number of funding streams. While Active Travel is only part of the response to car use reduction, walking and cycling in Scotland’s cities results in up to 440,000 cars taken off the road every day, and the Report helps to provide transparency on the Active Travel funding landscape. Importantly, this is the first edition of what will be an annual report, and it provides a baseline that will allow us to evidence our progress with each year of the new Active Travel delivery model.

What oversight arrangements and financial controls were in place between 2018 and 2023 for the administration of the Places for Everyone programme and how did these align with the grant conditions agreed with Sustrans?

Places for Everyone was confirmed as a grant-based programme (rather than a contractual arrangement) in May 2020. As such, oversight arrangements and financial controls for the Places for Everyone programme were provided in Grant Offer Letters to Sustrans. These included a number of conditions that set out the parameters for our financial management of the programme: of particular importance was the requirement set out in the 2020-21 Grant Offer Letter for Sustrans to report annually and quarterly to Transport Scotland on the performance of the programme. In the 2022-23 Grant Offer Letter, the frequency and scope of this reporting was updated to include monthly reports on commitments, spend and forecasts. The Grant Offer Letter did not include a specific requirement for Transport Scotland to review the receipts and invoices held by Sustrans prior to releasing funds to them, so the practice was not out of alignment with the conditions of the grant letter.

Disruption to the Places for Everyone programme caused by COVID meant that the pipeline of committed projects grew very quickly, and Sustrans retained the allocated funding in anticipation of the funds being utilised for their intended purpose, albeit on a delayed timeline than intended. However, post-COVID, as delivery of these projects began to recommence, we requested that Sustrans utilise all funding it held before we made any “new” award in 2023-24 to ensure the best use of funds.

As committee members themselves acknowledged, there was no indication of irregularities or misappropriation of funds provided to Sustrans. The funding was spent on the projects it was intended for and evidenced as such to Transport Scotland officials.

As the Transport Scotland Chief Executive recognised at Committee on 23 April however, there remained scope for improvement in the monitoring of Sustrans’ expenditure and forecasting of programme funding. As she shared with the committee, steps were taken to continuously improve processes which included monthly meetings with Sustrans and Transport Scotland Finance officials to go through expenditure and forecasting in detail.

New arrangements and financial management controls have also been introduced through our transformation of active travel delivery. From 2024-25, this has introduced a delivery system which enables more funding to be provided direct to Local Authorities and Regional Transport Partnerships, for expenditure on Active Travel projects to meet local needs and priorities.

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What assurance can the Scottish Government provide that changes introduced from 2024-25 will effectively address the weaknesses in due diligence identified by the Auditor General?

Since changes were introduced by Transport Scotland, Sustrans has not been permitted to build up reserves with funding being provided to match actual, claimed expenditure. The only minor exception being a limited amount of funding paid in advance to cover staff wages to enable Sustrans to manage its cash flow. Evidence of actual vs forecast staffing cost spend is now scrutinised and the balance deducted from claims where actual is less than what was forecast.

We have also increased the amount of evidence required to support grant claims to facilitate greater scrutiny. The result of this activity being that Sustrans has not been paid any funding for 2024-25 that could be carried over to 2025-26.

We have increased scrutiny of the Grant Offer Letter allocations, and implemented change control procedures requesting justification for potential scope changes alongside issuing guidance on the pre-approval of selected expenses following the introduction of emergency spending procedures.

As Transport Scotland Chief Executive advised the committee, we have also changed the way in which active travel is delivered. This helps to remove the risk for Sustrans, with funding increasingly provided directly to Local Authorities and Regional Transport Partnerships. The Places for Everyone programme is also programmed to wind down to closure in December 2025.

What role did the Scottish Government sponsorship team play in overseeing Sustrans's compliance with the grant conditions and were any concerns raised internally about the management of the funding, prior to the intervention of Audit Scotland?

Transport Scotland's sponsorship team endorsed the request for a legal review of the Places for Everyone programme in 2020 and the then Chief Executive met with Sustrans' senior leaders in March 2021 regarding the accumulation of capital as a result of Covid measures.

Transport Scotland halted the practice of Sustrans accruing funding well in advance of Audit Scotland's intervention, rather than as a result of it, noting that post-COVID, this was not acceptable practice.

Planning

With regards to the Committee's points raised on planning, NPF4 takes an infrastructure first approach to development, putting infrastructure considerations at the heart of placemaking, including existing and planned transport infrastructure and services. This means that land should be provided for homes in the right places, supported by appropriate infrastructure. NPF4 seeks to ensure places are planned to improve local living in a way that reflects local circumstances. It sets out that development proposals in rural areas should consider how the development will contribute towards local living and take into account the transport needs of the development as appropriate for the rural location. NPF4's policy on local living sets out how we want to see new and existing communities planned together with homes and the key local infrastructure including sustainable transport links.

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The new local development plan process requires authorities to prepare evidence reports as part of their Local Development Plan preparation. The aim is to front-load the work and use the evidence to clearly inform what to plan for before the Proposed Plan looks at where development should take place. The Evidence Report can support an Infrastructure First approach by including an assessment of the capacity of existing infrastructure and services and ensure land is allocated in appropriate locations where infrastructure already exists, if possible.

EV skills

I thought it would be helpful to clarify the position on funding for EV skills. At the meeting of PAC on April it was noted that there is £400,000 of funding to train people to install EV charging points working with the Energy Saving Trust. However, there is £750,000 in total.

- £350,000 available for working with Energy Skills Partnership (ESP) to build capacity in Scottish Colleges for training in EV related skills. This year there is a focus on EV installation, repair and maintenance and Zero Emission HDV repair and maintenance.
- £400,000 being made available to address skills and workforce issues in the transition to net zero for road transport.

London Congestion Charging Scheme

It was also noted that London has managed to achieve a reduction of about 19 per cent following the demand management measures they have put in place. [Evidence](#) shows that London has seen an overall 12.5% reduction in car and taxi kilometres in the 20 years since the introduction of its congestion charge, with far greater reductions for areas inside the boundary specifically.

UK Engagement

Finally, on engagement with the UK Government, I spoke about meetings with the Secretary of State for Scotland, however as you noted at the time, Convener, the meetings mentioned were with the Secretary of State for Transport Louise Haigh MP on 12 July 2024 and then with the new Secretary of State for Transport Heidi Alexander MP on 17 February 2025 and 05 March 2025.

I hope this update is helpful to the Committee.

Yours sincerely



FIONA HYSLOP
Cabinet Secretary for Transport