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Dear Maureen

**Infrastructure and Capital Investment Committee - Report on Draft Budget 2014-15**

Thank you for the Infrastructure and Capital Investment Committee's report on the Draft Budget 2014-15.

Many of the recommendations made in the report are addressed in the Cabinet Secretary for Finance, Employment and Sustainable Growth's response to the Finance Committee's report on the 2014-15 Draft Budget. Attached here are responses to the remaining recommendations, which I hope you will find useful.

**NICOLA STURGEON**

## Annex

Please find the following response to your recommendations/issues:

Responses to the issues raised in recommendations 1, 2, 4, 5, 8, 9, 10, 11, 14, 15, 16, 18, 19, 21, 28, 30 are included in the Cabinet Secretary for Finance, Employment and Sustainable Growth's response to the Finance Committee's report on the 2014-15 Draft Budget.

**Recommendation 3: The Committee recommends that the Scottish Government considers what opportunities might be created for the Scottish economy through the water sector by Scottish Water or others in the next regulatory period and report on what changes would be needed to secure these.**

The government is required by the Water Resources (Scotland) Act 2013 to report on its Hydro Nation duties in June 2014. This report will set out, in broad terms, the actions being taken to develop the value of Scotland's water resources and therefore the opportunities that will be afforded to the Scottish economy.

**Recommendation 6: The Committee welcomes the SG's current investment in Digital Infrastructure and the progress being made with the HIE and Rest of Scotland contracts. It notes the concerns expressed in some evidence received around the bandwidth speeds that might be obtained from the contracts with BT. The subsidiary indicator referred to in Paragraph 66 will help measure this. The Committee requests that the Scottish Government clarify what it believes the HIE and Rest of Scotland contracts will deliver in terms of bandwidth speeds to households and businesses throughout Scotland.**

The Scottish Government is committed to providing details of when communities can expect to have access to a next generation broadband infrastructure. We will measure the specific speeds that will be obtained by different premises as the roll out takes place.

**Recommendation 7: The Committee recommends that the narrative around the Productivity, Solidarity and Cohesion Purpose Targets should include reference to response speeds and effective utilisation assisting delivery. Measurement of response speeds and effective utilisation could be split by region and social group to help inform the Cohesion and Solidarity Purpose Targets.**

The Scottish Government will measure utilisation of next generation broadband as part of its roll out plans. It intends to undertake a programme of demand stimulation to maximise the degree to which such services are taken up by Scottish households and businesses and assess the benefits that both receive as a consequence of this decision. The Scottish Government is also undertaking activities to drive up participation and utilisation of broadband for citizens and businesses outside of the intervention area for the next generation broadband contracts.

**Recommendation 12: The Committee recommends that the Scottish Government considers undertaking a light touch review of the National Transport Strategy as a way of ensuring appropriate levels of investment in Scotland's transport infrastructure as the economy moves through the economic cycle. A refresh would help prioritise projects in line with any new fiscal powers taken on in Scotland and influence the type of policies and projects the Scottish Government progresses.**

The decision was taken in Summer 2010 not to proceed at that time with a refresh of the National Transport Strategy (NTS) and to focus on how and when we deliver transport commitments, including those already incorporated in the Strategic Transport Projects Review (STPR) and the Infrastructure Investment Plan, rather than revisiting the underlying policy. This remains the position.

Our priority projects remain the Forth Replacement Crossing, the Edinburgh to Glasgow Improvements Programme (EGIP), the Highland Main Line and the Aberdeen to Inverness line. In addition to these major projects, there is a clear commitment within the Infrastructure Investment Plan to complete the dualling of the A9 between Perth and Inverness by 2025 and to dual the A96 between Aberdeen and Inverness by 2030. In terms of the other projects, we are continuing to work hard with partners and other stakeholders to take forward the development and design of these projects.

**Recommendation 13: The Committee recommends that the STAG appraisal methodology be re-examined to see if it can better be used as a means of prioritising between projects in terms of contributions to productivity, participation and growth:**

The new policy assessment framework, introduced into STAG in December 2013, facilitates the assessment of the performance of options against key Scottish policy objectives, including key objectives compiled from the NTS, STPR and the NPF and has enhanced the appraisal of options in a clear and transparent way.

The core STAG principles are to provide a consistent and impartial appraisal methodology. Prioritisation using STAG would be inappropriate and difficult to apply as it would involve giving greater importance (weighting) in a STAG study to one or more criterion and/or sub-criterion over others resulting in appraisers having to assess, for example, safety v. the economy or the environment v. the economy. Rather the STAG guidance is an aid to decision makers to allow them to make informed choices. STAG identifies potential options, assesses the performance of each individual option against study specific transport planning objectives and appraises the impacts (positive and negative) of each option against a range of criteria including the economy, the environment, safety, integration, accessibility and social inclusion. In terms of contributions to productivity, participation and growth, the current appraisal methodology in STAG measures changes to economic welfare in terms of economy, safety, environment, (transport and policy) integration and accessibility/social inclusion as well as assessing wider economic benefits such as agglomeration/productivity and labour supply impacts. This means that it is a broader approach than that recommended and thus captures a wider range of real benefits to the people of Scotland. That said, the current STAG guidance is subject to regular review and we are aware of emerging alternative techniques, so we propose to undertake such a review on the back of this recommendation.

Appraisal is supported by evidence from models developed and maintained by Transport Scotland, including TELMoS, the Transport, Economic and Land-use Model of Scotland. This model can be run on its own or in combination with TMfS, the Transport Model for Scotland, to forecast the economic and demographic impacts of transport options (including wider economic impacts) and is being used in the appraisal of many of the major road and rail schemes currently in preparation.

**Recommendation 17: The Committee welcomes the Cabinet Secretary's agreement to refresh this indicator and recommends that a new housing needs indicator is developed for Scotland Performs. That new indicator should reflect the broad range of social housing needs – availability, affordability and vulnerable people.**

The Scottish Government plans to review the housing needs indicator as part of the work to review the indicator set as a whole. The review will take into account both the committee's recommendations and the recently published Housing and Regeneration outcomes and indicators, which were released in December 2013.

In order to focus collective efforts on the impact housing policies and practice have on people, Housing, Regeneration and Welfare Directorate have developed a set of Housing and

Regeneration outcomes and indicators, which were published in December 2013. The four key outcomes the Scottish Government would like to achieve for housing and communities in Scotland are:

- A well-functioning housing system
- High quality, sustainable homes
- Homes that meet people's needs
- Sustainable communities

The outcomes framework enables the Scottish Government and external partners to adopt a shared understanding of what needs to be achieved for people, homes and communities across Scotland. Achievement of these outcomes is driven by the interventions made by government, wider public sector, delivery partners and stakeholders. Indicators are being used to track progress on each of the four outcomes, drawing on existing data sources to provide a high-level indication of success on each.

**Recommendation 20: The Committee welcomes the project management approach that the Scottish Government had taken on this important Indicator [deaths on Scotland's roads] and the successes it has achieved. It notes the request for further research into areas where problems remained and calls on the Scottish Government to take this forward.**

Transport Scotland continue to monitor trends and patterns in road casualties through research and analysis. This includes an annual article within the Reported Road Casualties Scotland publication. In 2011, this focused on Road Safety Framework Priorities (which included pedal cycle casualties). The most recent article followed up on this analysis for three groups of vulnerable road users (cyclists, motorcyclists and pedestrians) and this has been published in October 2013 in Reported Road Casualties Scotland 2012. This analysis identified the various factors in pedal cycle accidents and this will be used with stakeholders to identify future policy work and areas for further analysis of the statistics and gaps in the evidence base. We will consider further, in the light of available evidence and in discussion with key stakeholders, what additional research would take this issue forward.

**Recommendation 22: The Committee believes the adoption of a similar project management type approach as shown in the road deaths indicator with a single co-ordinated cross-cutting team involving all relevant players could develop a new strategy and framework for actions. That group should include Health organisations and employers. The Committee welcomes the letter from John Swinney to Patrick Harvie MSP offering greater detail of the various budgets assigned for active travel. The Committee hopes that this information will be built into the budget documentation for future years to assist the development of a new strategy and framework for action.**

The Scottish Government works across a range of Ministerial portfolios and with key external stakeholders to deliver jointly on the promotion of modal shift to public transport and active travel. An example of this is the collaborative multi-agency project management approach which it has implemented to increase the uptake of active travel through the updated Cycling Action Plan for Scotland (CAPS), published in 2013. CAPS sets out a strategic delivery framework for the Scottish Government, delivery partners and stakeholders to work together to achieve our shared vision that by 2020 10% of all everyday journeys will be undertaken by bicycle. The CAPS identifies key actions, milestones and timescales and allocates responsibilities amongst all delivery partners to ensure steady progress towards realising our 2020 vision for cycling. The CAPS Delivery Forum, to which all Local Authorities and Regional Transport Partnerships are invited, meets regularly to maintain and develop momentum around the necessary implementation work set out in the Plan.

The Government will consider the scope for broadening this approach to cover the totality of the national indicator on active travel and public transport and in doing so will take account of the potential contribution of behaviour change methodologies.

**Recommendation 23: The Committee recommends that the Scottish Government investigates and reports on the underlying reasons for this indicator [the proportion of journeys by public or active transport] remaining flat for so long and considers whether making more use of Behaviour Change methodologies might help shift modal choice.**

Delivering sustained modal shift is a long term agenda, requiring the changing of travel habits that have formed over many years. As the Committee recommends, it is important to understand the factors which have contributed to the formation and continuation of these habits in order to inform the development of appropriate interventions which persuade and enable people to use public transport and active travel rather than the car.

From the Scottish Household Survey, for example, we know that people use cars in preference to other modes for varied, legitimate reasons, financial and otherwise.

Behaviour change analysis and techniques have an important role to play in addressing these. The Scottish Government has developed its own Individual, Social and Material (ISM) approach to influencing behaviours. It is a practical tool for policy makers and practitioners which has been developed within the area of climate change. It is being used to take a fresh look at policy and delivery challenges and how the government and others can best influence people's behaviours in order to help achieve the Scottish Government's climate change targets.

The Scottish Government published an ISM Progress Report in October 2013 which highlighted how the ISM tool is being used within the area of climate change, including sustainable transport and housing (<http://www.scotland.gov.uk/Resource/0043/00437127.pdf>). This included a case study focused on walking for short journeys instead of taking the car, which will inform the forthcoming Walking Strategy.

A detailed breakdown of work currently being undertaken by the Scottish Government in relation to behaviour change and active travel was sent by the Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities to Maureen Watt, Chair of the Infrastructure and Capital Investment Committee on 18 November 2013.

**Recommendation 24: The Committee welcomes the £20m additional allocation for cycling and calls on the Scottish Government to ensure rigorous evaluation of the costs and benefits that are derived from this investment to inform future injections of resources.**

This additional funding will be allocated to eligible projects through the Sustrans Community Links programme. All projects funded under this programme are required to be monitored and are subject to rigorous evaluation in order to ensure that the desired outcomes such as increased levels of walking and cycling and improved community cohesion and liveability have been met, and to inform future cycling investment priorities.

**Recommendation 25: The Committee recommends that the Scottish Government should consider if project management arrangements similar to those used in the road deaths indicator might help with the road congestion indicator.**

The Scottish Government will consider the applicability of project management arrangements of the sort endorsed by the Committee to work on road congestion, taking account of existing delivery arrangements.

**Recommendation 26: The Committee notes that the Indicator is currently 'perceived' congestion and believes it would be helpful to collect data showing actual congestion times on a selection of major and minor routes to set against this (in the same way that crime rates and perceptions of crime often vary).**

**Recommendation 27: Any work on behaviour change under recommendation 22 should include studies of behaviours around congestion.**

Data which sets out the time lost by traffic due to delays on monitored routes across the trunk road network is already collected via Scottish Transport Statistics. Officials have been asked to look at these data sets in more detail and consider whether any travel behaviour relationship can be identified between traffic congestion and travel mode and the extent to which that is forecast to change in the future.

**Recommendation 29: Any work on behaviour change taken forward under recommendation 22 should include studies of how to shift behaviours to encourage greater use of the outdoors using walking or public or active travel.**

Agreed. The Committee is referred to the responses to Recommendations 22 and 23.