## Infrastructure and Capital Investment Committee

The Scottish Government’s Draft Budget 2013-14

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Infrastructure and Capital Investment Committee

The Scottish Government's Draft Budget 2013-14

The Committee reports to the Finance Committee as follows—

INTRODUCTION

1. The Draft Budget 2013-14 was published by the Scottish Government on 20 September 2012.

2. The role of the Infrastructure and Capital Investment Committee is to consider the Government’s spending proposals outlined in the budget documents which relate to its remit and report to the Finance Committee.

3. The Committee agreed at its meeting on 20 June 2012 to focus its budget scrutiny on the Government’s spending plans for affordable housing, as well as the allocation of funding for active travel. The Committee also undertook limited scrutiny of certain of the proposals related to other aspects of its remit.

Adviser

4. The Committee agreed to appoint an adviser to assist it in its budget scrutiny. Professor Kenneth Gibb, from the University of Glasgow, provided the Committee with a skilled analysis of the evidence received and technical expertise on affordable housing matters, during the course of its scrutiny.

Evidence

5. The Committee heard oral evidence from a variety of stakeholders throughout its scrutiny period, concluding with evidence from the Cabinet Secretary for Infrastructure, Investment and Cities.¹

6. The Committee also issued a call for written evidence on the draft budget and received 28 responses and 3 supplementary responses.²

7. Whilst the Committee received written and oral evidence on a range of housing-related issues, it focused its scrutiny on affordable housing. It heard from stakeholders representing the housing sector, a housing and homelessness

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¹ See Annexe B for a list of the oral evidence and associated written evidence received by the Committee.
² See Annexe C for a list of the written submissions received.
charity, local authorities and housing associations at its meetings on 3 and 24 October 2012. It considered the progress made by the Scottish Government to achieving its affordable housing targets and the potential for future difficulties, particularly in light of recent welfare reforms.

8. In addition, the Committee held an evidence session with active travel and sustainable transport stakeholders on 26 October 2012. The Committee heard the views of these witnesses on the allocation of funding for Scotland’s walking and cycling programmes over the spending review period, and considered whether this was sufficient to meet the targets set out in the Cycling Action Plan for Scotland (CAPS).

9. The Committee concluded its evidence-taking on 7 November by hearing from Nicola Sturgeon, the Cabinet Secretary for Infrastructure, Investment and Cities. The Committee questioned the Cabinet Secretary on the spending plans for affordable housing, active travel and sustainable housing, as well as the wider transport and housing issues included in the Committee’s remit. The discussions also covered issues such as the action required to reduce transport related greenhouse gas emissions and energy efficiency in the housing sector. Other issues discussed included the funding of certain major transport infrastructure projects such as the Aberdeen Western Peripheral Route (AWPR) and the Edinburgh-Glasgow Improvement Programme (EGIP).

10. This report sets out the Committee’s findings and recommendations to the Finance Committee.

AFFORDABLE HOUSING

Introduction and background

The policy

11. In a context of squeezed public resources and with the desire to continue to expand the supply of social and affordable (below market cost) housing, the Scottish Government set itself a target of delivering 30,000 new social and affordable homes over the five years of the Parliament. This was to be achieved by a balance of two-thirds of the new supply being social housing and the remainder a combination of intermediate or mid market rent (such as National Housing Trust joint ventures) and shared equity homes for purchase. Council house building would deliver 5,000 of the units (at £30-34,000 grant per unit) with housing associations delivering the majority of new social units at lower levels of grant reflecting the large fall in the capital budget for housing supply (the overall or average benchmark grant for a 3 person home of £40,000 though higher in specific circumstances). Grant would now be generally paid out on completion rather than in instalments from the beginning of the process (though it was recognised that some end of year allocations of unspent funds meant that it was possible for an element of phased spending including site acquisition to take place).

12. Fiscal year 2013-14 represents the second year of the current three-year spending review period. The current financial year (2012-13) is also the first year of Resource Planning Assumptions (RPA), wherein more than four-fifths of
housing spending is managed over a three-year period by local authorities in order to be tailored to local housing requirements. A further important point as background to note is that while the first year of the programme saw more than 6,800 social and affordable completions (and hence strictly above the target of 6,000), those completions include output from earlier years’ data which was based on approvals and also represented the feeding through over a period of years of earlier decisions to accelerate capital spending on housing and to do so in a context of appreciably higher grant rates.

13. More generally, the interaction of multi-year planning by local authorities in allocating funding, the three-year spending review period, payment on completion and the lag between approvals and completions – combine to make the budget less transparent. In effect, it is the level of approvals in prior years that determine completions and budget implications in future years. Moreover, the third year of the spending review is also the final year of the first multi year period of the RPA period, so there are legitimate local concerns about continuity of funding beyond the current spending review and this may serve to distort the timing of approvals locally by individual councils.

Funding
14. In their evidence and based on the complexity identified above, Shelter Scotland made a case for focusing on the three year period of the current spending review as a whole, comparing it with earlier spending and with capital spending as a whole. Table 1 takes account of subsequent increases in the affordable housing budget in the period since the spending review. In the three years 2009-10 to 2011-12, spending was £1.39 billion and delivered 22,205 affordable homes (15,690 of which were social housing completions); whereas the current period 2012-13 to 2014-15 has £770 million allocated and has a target of 18,000 affordable homes (2/3 of which are to be for social housing). This is a cash terms reduction of 45% compared to the previous spending period. In evidence to the Committee, the Cabinet Secretary highlighted the work being done by the Scottish Government to improve more efficient use of funding and to lever-in additional private resources—

“First, resources have been efficiently used and we have ensured that we get bangs for our bucks—which, after all, is a key feature of our current later, is key to our approach to housing investment. For every £3 that we invest, we are levering in £7.”3

15. The cut in housing capital is larger than the overall cut to capital spend in Scotland in the current review period (which fell by around 1/3). Of course, the 2012-13 figure has increased as a result of in-year revisions and has made up some of this difference, bringing housing capital spending some way back towards the average reduction (this is summarised in Table 4 below).

Table 1: Affordable housing spending and the spending review

<table>
<thead>
<tr>
<th></th>
<th>2009-10 to 2011-12</th>
<th>2012-13 to 2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable housing</td>
<td>£1.39 billion</td>
<td>£770 million</td>
</tr>
<tr>
<td>budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affordable homes</td>
<td>22,205</td>
<td>Target 18,000</td>
</tr>
<tr>
<td>completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social rented homes</td>
<td>15,690</td>
<td>Target 12,000</td>
</tr>
<tr>
<td>completed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Shelter Scotland

16. The Scottish Parliament’s Financial Scrutiny Unit provided a helpful and detailed breakdown of the housing budget and, in particular, helped explain the nature and impact of three in-year amendments to the housing budget spread over the three years of the spending review period. For clarity, the 2013-14 Draft Budget (Table 9.10 in that document) sets out the level 3 spending in ‘supporting economic growth/housing supply’ (including in its total the relevant affordable housing supply budget). We also now have a more detailed level 4 breakdown of affordable housing supply – but only for 2012-13 and 2013-14. These are set out in Table 2.

Table 2: Draft budget 2013-14 housing spending

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>Level</th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting Economic</td>
<td></td>
<td>3</td>
<td>155.3</td>
<td>172.8</td>
<td>170.1</td>
</tr>
<tr>
<td>Economic Growth/Housing Supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affordable</td>
<td></td>
<td>4</td>
<td>135.3</td>
<td>146.2</td>
<td></td>
</tr>
<tr>
<td>Housing supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source 5.

Note: The 2012-13 figure for affordable housing supply includes the Homeowners’ support fund, as this is included in the 2013-14 affordable housing draft budget figure.

17. The 2012-13 figures are those which were based on the 2012-13 draft budget and do not take account of subsequent in-year budget revisions. During the current financial year (2012-13) there have been three such spending announcements that have impacted positively on the affordable supply budget but do not do so in a straightforward way. These are set out below.

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4 Shelter Scotland. Written submission, pages 2-3.
18. At Stage 3 of the 2012-13 Budget Bill, the Scottish Government allocated £87 million of newly arising Barnett consequentials for housing, but spread over three years and split between affordable housing (£45m) and £42m for equity and loans (£38m in 2012-13, £32m in 2013-14 and £17m in 2014-15). The affordable supply component for the three years was, respectively, £12m, £16m and £17m. It should be noted that the 2013-14 allocation of this additional money (£32m equally split between affordable housing and equity & loans) is included in the draft budget figures for 2013-14.

19. On 27 June 2012, the Scottish Government announced a capital stimulus package including additional funds for housing supply worth £35m for 2012-13. This funding was made up of £20m additional funding and £15 million brought forward from 2013-14 and 2014-15. The £35m does not appear in the draft budget.

20. The 2013-14 draft budget announced £40 million additional funding for affordable supply spread over two years (£30 million in 2012-13 i.e. the current financial year and £12.5 million to be spent in 2013-14 (i.e. the figure was rounded up to £42.5 million from £40 million). The £30 million figure for 2012-13 does not appear in the draft budget but the funding for 2013-14 does appear. This announcement was followed by an October announcement that referred to £45 million funding – this consisted of the £40 million already announced, as well as £5 million hitherto unallocated funding (but previously announced) to be allocated to local authorities as part of their RPA.

21. Table 3 summarises these changes over the relevant three years, which amounts to an additional £164 million of housing supply (£103 million of which is in 2012-13 which is not included in the draft budget figures).

<table>
<thead>
<tr>
<th>Table 3: Additional Spending Announcements</th>
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<tbody>
<tr>
<td>£m</td>
</tr>
<tr>
<td>------------------------------------------------</td>
</tr>
<tr>
<td><strong>2012-13 Budget Bill Stage 3</strong></td>
</tr>
<tr>
<td><strong>Capital Stimulus Package</strong></td>
</tr>
<tr>
<td><strong>Draft 2013-14 Budget Statement</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Source\(^6\)

22. Finally, in Table 4 we take account of both the transfer of Management of Development funding (TMDF) to Glasgow and Edinburgh and compare the total housing supply budgets for 2012-13 and 2013-14 before and after the in-year

\(^6\) SPICe (2012) *Infrastructure and Capital Investment Committee Housing Supply Budget.*
revisions (bearing in mind that the new announcements are already reflected in the 2013-14 figures). Prior to the in-year increase of £103 million in 2012-13, the figures show a £4m or 2% increase from £215 million to £219 million – but once we account for the in-year increase to 2012-13, we see that this is £99 million higher than in 2013-14, which equates to a 31% difference.

Table 4: Housing Supply Budget Comparisons 2012-13 and 2013-14

<table>
<thead>
<tr>
<th>£m</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable housing supply</td>
<td>135</td>
<td>146</td>
</tr>
<tr>
<td>TMDF</td>
<td>80</td>
<td>73</td>
</tr>
<tr>
<td>Total housing supply before revisions</td>
<td>215</td>
<td>219</td>
</tr>
<tr>
<td>In-year revisions not included above</td>
<td>103</td>
<td>-</td>
</tr>
<tr>
<td>Total housing supply budget after revisions</td>
<td>318</td>
<td>219</td>
</tr>
</tbody>
</table>

Source: SPICe (2012) *Infrastructure and Capital Investment Committee Housing Supply Budget*

23. It is against this policy and finding background that the Committee took written and oral evidence on the affordable housing supply policy, specifically around a range of themes—

- Theme 1 – a review of the first year of the policy.
- Theme 2 – an analysis of the 2013-14 draft budget in terms of the housing supply component.
- Theme 3 – financial capacity to deliver social and affordable housing supply.
- Theme 4 – the extent of land supply constraint on housing supply.
- Theme 5 – the impact of welfare benefit reform on housing supply.
- Theme 6 – the introduction of the multi-year Resource Planning Assumptions for local authorities.
- Theme 7 – the long run consequences of the new environment for the housing association sector in Scotland.
- Theme 8 – the level of housing need nationally and locally.
• Theme 9 – housing-related fuel poverty and energy efficiency implications for meeting the climate change targets.

24. The sources of written evidence are listed in the appendix along with those who gave oral evidence in two sessions on 3 October and 24 October 2012. In addition, the Cabinet Secretary for Infrastructure, Investment and Cities, supported by officials, answered questions on these themes from the Committee on 7 November. In the following paragraphs, the Committee considers the written and oral evidence under each of these themes before setting out its recommendations for action under each heading and also drawing together where there were important connections across themes.

Theme 1 – The first year of the policy

25. The first year (2011-12) of the Scottish Government’s policy yielded more than 6,800 additional social and affordable units. The Committee was keen to explore with witnesses and those providing evidence how they felt that the programme was progressing. In addition to seeking evidence on the programme and whether lessons are there to be learned about the deliverability of the target in future years, this also allowed space to discuss important features of the programme, which were argued by witnesses to have wider and sometimes unintended consequences.

26. Written and oral evidence stressed that, although the target level of completions had been exceeded in 2011-12, it was important to recognise that this was in part the result of previous years’ output funded on a more generous basis coming through from starts to completions. The Scottish Federation of Housing Associations (SFHA) argued that the first year spend reflected lower land, construction and property prices operating one to two years previously. This included previous period of accelerated funding (as also pointed out by Shelter) – a combination of factors unlikely to be repeated. The local authority sector represented by the Association of Local Authority Chief Housing Officers (ALACHO) argued that delivery in the first year was for local authorities a result of programming of starts, which allowed them to be over target in 2011-12. While not complacent, they remained reasonably optimistic that they could continue to achieve their own target levels of output.

27. The Chartered Institute of Housing Scotland (CIHS) argued that—

“the litmus test of whether the forward programme will be successful is what is being approved. The approvals in 2011-12 were just over 6,000, of which about 60% were social rented... Approvals really give us the true picture of what is being funded.”

28. Shelter argued that the level of starts gives a more accurate forward picture—

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“overall the number of starts has fallen from 4,800 in 2010-11 to 3,366 in 2011-12. Given the lag time in all that, I think that we are heading for a cliff edge with regard to new completions in the next few years.”

29. In follow-up correspondence to the Committee, the Scottish Government identified that in 2011-12, not only were there 6,882 affordable completions but also, prospectively, there were 6,552 approvals in that year, indicating future levels of completions. The Cabinet Secretary also pointed out in the same correspondence that the levels of approvals is controlled in light of the budgetary settlement for subsequent years. Asked about whether the funds were sufficient for the two further years of funding in the current review period to maintain output at the 6,000 units per annum level, SFHA and ALACHO agreed that subject to the proviso that councils and housing associations could continue to develop at the lower grant levels, then there were sufficient public funds available. SFHA thought that this was possible in the short term only. The Glasgow and West Scotland Forum of community-based housing organisations (GWSF), however, argued that the grant was insufficient and that this would lead to more affordable or mid-market rent as opposed to social housing and that the proposed ratio favouring social rent to affordable rented housing at higher rents would need to be reversed (30:70 rather than 70:30, respectively). This was put strongly by the GWSF representative, who highlighted the position in relation to his own housing association—

“There three or four years ago, my housing association had to raise private finance of around £35,000 for each social rented housing unit; when that increased to £55,000, the pips started to squeak and we would not have been able to sustain that. However, if we wanted to go ahead with new-build social rented housing now, we would have to find £85,000 per unit. That is simply not sustainable; we will not do it. Although we are trying to maintain momentum in transformational regeneration projects and will consider a very modest number of social rents and some mid-market rents that we can afford, we cannot consider developing to any great degree or scale.”

30. Witnesses recognised the valuable potential role that affordable or mid-market rented supply offered in areas of high demand for market rented housing and where affordability problems were generally greater. CIHS argued that: ‘Sometimes that might take some pressure off social housing lists, while in other cases it relieves pressure at the other end of the market for people who would have bought in times gone by’. They go on to note that this will vary across the country—

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9 Letter from the Cabinet Secretary, 11 November 2012. Available on the Parliament website at: http://www.scottish.parliament.uk/S4_InfrastuctureandCapitalInvestmentCommittee/General%20Documents/supp._ev._from_Cab_Sec_-_following_meeting_on_071112.pdf
“there are obviously urban and rural areas in Scotland where there is not really a market for mid-market rent because there is no major private rented market. We can have a proper intermediate rental market only where we try to help people avoid high rent levels in private renting.”

31. Witnesses stressed the scale of cuts and their transparency. Shelter argued it was therefore more straightforward to compare the previous and current spending reviews as a whole for housing supply. They and other witnesses called for a planned increase in housing supply spending to make up the loss on capital spend to bring it to the level of overall capital spending cuts - rather than cutting it by around 45% it should be only one third. This case was made on the basis of unmet housing need and the coming crisis anticipated as a result of the welfare benefits reforms. While the in-year increases in housing supply funding (discussed further below) were welcomed by all, and there was recognition that there was considerable leverage achieved increasing the mix of social and affordable housing.

32. A further theme discussed under this heading reflected worries from witnesses that the Government were overly fixated on the numbers game of completions. Related to this was a lack of information on the breakdown of the programme of new supply and the assumptions made by Government and, also, concerns that specific needs might be drowned out in the desire to build general needs housing. The CIHS identified examples of possible under supply in terms of work on remote rural sites, work on contaminated brownfield sites as part of an urban regeneration scheme or work to build houses to full wheelchair standards or to greener standards. Because these are all higher cost – they are likely to be squeezed out of the programme. Witnesses such as CIHS and GWSF expressed concern that the Scottish Government were not publishing their assumptions on the specific levels of output in these sorts of areas; nor were there plans they were aware of to evaluate the effectiveness outcomes of spending programmes on new affordable supply.

33. In a context of welfare cuts and reduced grants, several of the witnesses expressed concern about the necessity of rent increases to pay for new supply. The Bramley financial capacity research (discussed below) in 2010 argued that the situation would lead to upward pressure on non-market rents to fund new supply and this may be underway. It was claimed by some witnesses that the 2011-12 funding regime (the Innovation and Investment Fund) had produced significantly higher starting rents. However, other evidence (e.g. from ALACHO) considered that there remained for some local authorities headroom for modest rent increases to support new investment.

34. In response to questions raised on this theme, the Cabinet Secretary acknowledged that completions in 2011-12 had in part reflected approval decisions, funding levels and starts in earlier years but also that efficiencies and leverage had been achieved in a much reduced budget. Looking forward, the

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Government did not underestimate the scale of the challenge required to meet their five-year target. More generally, the Cabinet Secretary stressed the government’s aim to be flexible with subsidy in order to support specific outcomes in areas such as remote housing and other high cost provision.

35. The Committee notes that witnesses argued for the restoration of affordable housing spending to the average cuts faced on capital spending—this would mean an overall cut of 33% rather than 45% over the spending review period. The Committee, recognising the progress made with levering-in extra private resources, agrees with this proposal and calls on the Scottish Government to consider the case for prioritising the closing of that gap during the current spending review period.

36. The Committee also agrees with witnesses that it would be helpful for the Scottish Government to publish the following range of additional information and data to support the affordable housing agenda—

- a clear statement of the expected relationship and assumptions by the Scottish Government about the timing of approvals, starts and completions.
- a sufficiently detailed breakdown of assumed and delivered elements within the programme (e.g. urban v rural, regeneration outputs, brownfield v other, ‘standard’ v ‘greener’, social v intermediate, etc.), which they can then be held to account over.
- an assessment of the affordability of new council rents and intermediate or mid-market rents implied by new supply.
- a comprehensive assessment of mid-market or intermediate demand for affordable rented housing across Scotland.
- an overall evaluation of the affordable housing supply policy, assessing the outcomes associated with the affordable supply programme akin to earlier evaluations of the Housing Association Grant programme.

37. The Committee calls on the Scottish Government to develop an appropriate means of producing and publishing the material requested above.

Theme 2 – Analysis of the 2013-14 Draft Budget and the housing supply programme

38. The draft budget offers more funds for the programme on affordable supply, partially recovering the £100 million cut for the overall three-year programme from last year. Witnesses commended the Scottish Government on transferring large portions of Barnett consequentials from increased housing spend in Westminster to extra housing funding in Scotland (as well as other in-year increase announced for the affordable housing budget in 2012-13).
39. The three-year spending on affordable housing supply (level 4 of the Budget's allocations) has been widely seen as difficult to track because of in-year revisions which, while welcome additions to expenditure on affordable housing supply, have not always been fully set out in terms of the existing programmes. The analysis of the affordable housing spending described above was the result of detailed analysis by SPICe. In 2012-13 there have been three in-year revisions with implications for spending across three years of spending and announcements have on occasion not explained the wider impacts over time, have repeated earlier announcements, or have simply contained insufficient detail to allow scrutiny. The picture has been further complicated by the switch from the focus of calculation resting on completions rather than approvals and the introduction of a three-year multi-year programme and away from annuality. Each of these components in their own right are welcome and justifiable but in the absence of clear statements from the Scottish Government on how these impact on the wider budget, they make effective scrutiny remarkably difficult.

40. These issues were brought into focus on the week of the Cabinet Secretary's appearance at the Committee with a further in-year announcement (in addition to the three discussed here) relating to the housing budget spending benefitting from the 2013-14 Budget decision to switch resources into capital from resource to the value of £43 million (involving money for stock transfers under the heading Supporting Sustainability, and for adaptations under the heading Supporting Transitions (see table 9.10 p.126 of the 2013-14 Draft Budget)). This serves to highlight the continuing difficulty of scrutiny of such a fluid and complex budget with implications of revisions typically spread over several years.

41. Shelter argued that presently funding and output are in a transitional period where double counting of approvals as completions is possible. Moreover, Shelter and other witnesses expect completions to ‘less than what was previously anticipated – because of lower starts and approvals in the new funding context. CIHS recognised that in time completions will make sense as a measure of what is being funded from the now lower grant per unit regime but stated that—

“If we move overnight from a system of counting approvals to one of counting completions, we would count the same houses twice for a year or two years’ worth of house building. Even if we had a clean sheet and started counting completions, it would feel a bit rich for the Government to cut grant rates and then say that it has supplied 6,800 homes, when those were funded through a more generous grant rate. We are simply looking for a kind of honesty, if you like, so that the Government says what has been funded with a lower grant regime. The only way of doing that is to count approvals.”

42. The confusion over the situation is reinforced by grant payment on completion of projects (a further new feature of the regime). CIHS expressed a concern that the mechanics of the system may result in less spending—

“At the start of the next spending round, from April 2015 onwards, the housing budget for 2015-16 will be spent on paying out on the completion of

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schemes that will have been approved 12 or 24 months before then. If not enough is approved in 2013-14 and 2014-15 because of the worry that that would involve making a commitment to spend money without knowing whether it will be there, by default the housing budget will be lower.”

43. GWSF made a further point about transparency and the payment of grant on completion—

“I also point out that not paying grant until completion is the most inefficient use of public money—the best use of public money is to put the money in as early as possible, up front. The fact that that is not happening is requiring a lot of housing RSLs, such as us, to borrow to develop, which costs in the region of £3,000 per unit. If the money goes in up front, that cost—which, in effect, is a public purse cost—would not be encountered. There is a loss of £3,000 per unit in development funding as a result of the switch to payment on completion.”

44. Shelter and other witnesses highlighted the difficulty in identifying the impacts of the in-year revisions. They pointed to the late publication of level 4 data in the draft budget, the re-announcement of extra money (i.e. how it is to be allocated) and the need to re-calibrate all such announcement within the total and annual three-year spending review periods – if comparison is to be possible. Shelter also made the point that the programme is now larger than it was when initially established in 2010 but the output requirements have not gone up, stating that—

“it is worth noting that £770 million is an increase on what was originally announced in the budget, but we have not seen an increase in the target, which remains the same target that was fully funded at around £620 million or £600 million.”

45. Evidence presented to the Committee argued that the focus on completed numbers is to the detriment of other policy objectives but that this is not being adequately measured (as discussed above) in the budget process or indeed through programme evaluation. GWSF argued that ‘nobody is measuring or has set targets for greater environmental sustainability, community regeneration, town centre renewal or the development of brownfield land… For example, among all of that, environmental funding—which used to be part and parcel of the availability of grants—is gone.’ CIHS argued for cross-party working with the Scottish Government to ensure that a minimum, acceptable, decent level of homes to meet existing targets can be committed to into the next programme.

46. In response, the Cabinet Secretary reiterated that the shift to measuring completions was widely supported by stakeholders and will in time be the most relevant and transparent measure of achievement of targets. She acknowledged

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the problems with transparency, on the one hand prioritising the opportunity to access extra funds from consequentials or other routes for a much-constrained budget, but, at the same time, indicating that officials would do all they could to make the figures as clear and comprehensible as possible, including providing supporting information to the Committee. The 2012-13 figures have benefitted from in-year revisions and the Cabinet Secretary argued that the housing budget in 2013-14 would remain a candidate for additional resources if there were capital consequentials from the imminent UK autumn Spending Statement.

47. It was recognised that some of the developing housing associations could not build at current grant rates. The Cabinet Secretary argued that the £40,000 average grant figure would have some flexibility to support innovation, energy efficiency and reflecting the difficulty of developing in some parts of Scotland (although there could be no returning to the subsidy levels of the previous era). In recognising the concerns raised by GWSF, the Cabinet Secretary stated that she sought to have close and constructive relationship and dialogue with the sector in order to respond to such concerns – but that the financial reality of austerity could not be ignored.

48. The Committee welcomes the Scottish Government’s intention to do more to provide greater transparency of the budgetary information on housing. It considers that the Government should provide a clear comprehensive explanation of the purpose and multi-year impacts of any in-year spending revisions. A consistent effort is also required by the Scottish Government to provide timely publication of Level 4 spending in the draft budget.

49. The Committee acknowledges the concerns expressed by some witnesses that the receipt of grant on completion can create problems for site acquisition. It therefore calls on the Scottish Government to look again at providing an element of upfront support through either making an early payment of a proportion of grant for that purpose or by supporting innovative ways of alleviating problems of acquisition and development finance, for instance, through establishing revolving funds in circumstances where these arise.

Theme 3 – The financial capacity debate

50. Both councils and housing associations have to combine a given level of capital grant with their own resources and borrow whatever else is left. While the former can access the public works loan board prudentially, the latter relies on traditional private loans. Both may require higher rents to repay the new debt; a further controversial question remains over whether and to what extent housing associations have reserves that they can also contribute.

51. The Scottish Government has justified its approach to significantly lower grant per unit on the basis of untapped financial capacity. Part of the rationale for this position stems from a controversial study of financial capacity undertaken for
the Government by Professor Glen Bramley and colleagues in 2010. Operating prior to the existing subsidy regime, the research suggested that under a range of subsidy and rent scenarios that there would be sufficient capacity for the social sector to deliver additional supply over the long term. The Committee asked for evidence relating to financial capacity in the sector as well as the extent to which the research’s original conclusions had been borne out or not i.e. should Government continue to assume that the sector has the levels of financial capacity implied by their funding regime?

52. The evidence presented about the Bramley study on financial capacity suggested that the housing association sector was and remains highly sceptical of the research; whereas, it appears to have been an accurate or even an under-estimate of financial capacity in the local authority sector.

53. On the housing association side, evidence reported by several of the witnesses in oral and written evidence suggested that a number of assumptions were flawed in relation to the availability and use of reserves and what commitments were already in place for them and that the study looked at things purely in terms of numbers rather than at exactly what could be provided, whether in regenerational development or remoter rural development (as argued by CIH). Shelter put the research in the context of the time it was carried out, saying—

“at that time, we faced the risk that the social house-building sector would disappear. The question was how we would find resources to keep things moving.”

54. GWSF were the most critical of the research from a housing association perspective. They argued that the original brief for the research prejudged the conclusion because among other things it took no account of housing association business plans and forward projections and in their opinion relied too heavily on longstanding views associated with the Regulator that associations were “awash with cash”.

55. Professor Bramley provided written evidence to the Committee and in it he noted that the research had a short timetable, was against the difficult backdrop of the 2010 spending review – making it difficult to consult fully over the assumptions used, something made more difficult by part of the RSL sector taking the collective decision not to co-operate with the research. He argues that this meant they did not have the business plans to work with – not that they were not intending to disregard them. However, he went on to concede that the detailed modelling on the housing association sector involved some ‘rough elements’ and would not be the last word on the subject. In particular, he stressed the “complex and interconnected issues relating to depreciation accounting, debt repayment, and the

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17 The Capacity of Registered Social Landlords and Local Authorities to build housing across Scotland’. (2010, Scottish Government) by Glen Bramley, Hal Pawson (Heriot-Watt and now University of New South Wales), Steve Wilcox (York University), Peter Williams (University of Cambridge), and Jimmy Morgan (Heriot-Watt University).
accounting for future major repairs/improvements, which could affect outcomes, particularly in the medium-to-longer term.\textsuperscript{20}

56. SFHA argued that in addition to issues with the study at the time, the world has since moved on calling into question the continued value of the work with respect to the housing association sector. First of all, there are additional calls on reserves: major repairs, a new environmental and energy efficiency standard on the horizon to help to address fuel poverty and carbon emissions, and the funding of adaptations. Second, benefit reform was not fully understood in 2010, nor its potential impact on lender willingness to provide funds in a more risky environment. Associations can only use reserves once.

57. Although he rightly points out that an estimate of capacity is not an estimate of what housing associations and councils will actually do, in his submission, Professor Bramley concurs with the views that (and with equal benefit of hindsight) “the RSL capacity might not be sustainable at quite the level we estimated in the medium term” and, ‘on balance, the picture is more pessimistic”. This led him to conclude that if the Scottish Government sticks to its 6,000 per annum target, this would tend to lead to trade-off decisions being required between size of programme target and rent levels/increases and/or mix of intermediate versus social rent. The possibilities of higher rents and/or a shift into less social housing within the target output were concerns raised by witnesses.

58. The Bramley study also assessed the financial capacity of councils to build new homes for social renting. The study argued that councils could probably build up to 2,500 units per annum under reasonable assumptions. CIHS stated that this may have been an underestimate\textsuperscript{21} and subsequent follow-up research last year by ALACHO based on the continuation of present grant assumptions suggested that the target level of 1000 units per year could be maintained and even exceeded – subject to the impact of known unknowns such as welfare benefit reform reducing future revenues (or indeed possible future difficulties for RSLs to develop).\textsuperscript{22} This is recognition that the council funding regime and scope to pool rents across large housing stocks advantages councils in the present affordable supply context compared with housing associations.

59. Evidence was sought about reserves and possible alternative means of investment through cross-subsidy. Housing associations were wary about using their reserves for new investment, particularly in the current risky climate. GWSF suggested that it was prudent and sensible of them on behalf of their tenants and communities to not develop new properties but nonetheless they indicated that there may be circumstances in which creative voluntary agreements to use reserves (otherwise not required or designated) might be possible. GWSF concluded—

*we have said to the Government that other fairer means must be brought into the funding regime to bring those reserves into play. My association and

\textsuperscript{20} Professor Glen Bramley. Written submission, page 2.
others are, in effect, volunteering some of our reserves, but we will not volunteer all of them, particularly in Glasgow and the west of Scotland.  

60. More generally, other sources of cross subsidy are difficult to come by at the present time: sales where profit goes back into social housing or the use of Section 75 planning agreements are currently constrained by the poor general market environment. Moreover, as CIHS pointed out, intermediate or mid market rent may be able to ‘pay for itself’ but it cannot generate revenues that would cross-subsidise social rented housing. The current environment is therefore a difficult one in which to generate wider resources for social housing.

61. The Cabinet Secretary took the view that while the Scottish Government continues to believe that the targets set are achievable, it does not underestimate the challenge required to meet them. It also expects the financial capacity of different providers to vary over the piece and that they will continue to monitor the sector’s (particularly housing associations) capacity to borrow and use their own resources. The Government argued that this will be supported by the shift to RPA and multi-year programmes to best meet local housing need strategically. Council new build was seen as an important way of supporting overall financial capacity because of their often stronger financial position in these matters but the Cabinet Secretary remained of the view that housing associations would stay as the lead players in terms of social housing development.

62. Other routes to utilising financial capacity were also discussed – the Scottish Government highlighted innovation through outcomes from its earlier Innovation Fund competition in 2011-12, the second round of National Housing Trust proposals, joint ventures such as that between Savills and Clyde Valley housing association and ongoing discussions over schemes that will involve pension funds.

63. The Committee acknowledges the concerns expressed about the sustainability of the financial capacity of parts of the housing association sector to attain its implied target of new social supply over the life of the Parliament. It notes in particular the view of housing associations who gave evidence that grant levels of £40,000 are not sustainable. It calls on the Scottish Government to review that grant level and to set out explicitly what alternatives there are to meet the social housing share of the target, should housing association development fall below the planned level.

64. The Committee also recommends, in the light of the controversies surrounding the earlier research and subsequent developments overtaking its findings, that the Scottish Government should undertake a new and inclusive financial capacity review, on the assumptions and prospects for sustainable financial capacity in the sector, given the changing environment and risks facing the sector. To be credible, this will require co-operation and buy-in from the whole housing sector, including housing associations who did not participate in the 2010 study.

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65. The Committee further recommends that additional specific work should be carried out to investigate the scope for voluntary use of ‘free’ reserves, including creative ways to recycle such funds for development finance and otherwise keep them within their local communities.

Theme 4 – The constraint of land supply

66. Land is generally believed to be a critical factor and a potentially important constraint to the supply of social and affordable housing. The Committee was interested to find out whether there is sufficient land supply, subsidised or otherwise, including section 75 affordable housing agreements, to enable new supply where it is needed?

67. Homes for Scotland voiced the general view from witnesses that land per se was not a big constraint, “although that is not to say that progressing through the planning system is not still a burden and a task”.24 This was a view echoed by SFHA and ALACHO, albeit there may be limited issues in specific places. ALACHO did raise the concern that the pipeline of land supply needs to be ready for future market upturns. Moreover, and reinforcing the view of SFHA, ALACHO noted that: “most local authority chief housing officers would probably agree with the premise that we should look first at brownfield sites”.25

68. The CIHS also agreed and argued that the issue is the cost of land not its availability. They argued—

“whether we are talking about remote rural land that might not be fully serviced, including by water, or about contaminated brownfield land, the issue is whether people can afford to use it.”26

69. Bramley’s evidence concurred with ALACHO and others that the main constraints to driving the housing system forward (and thereby utilising more Section 75 style agreements) essentially arose from the difficulty in providing sufficient mortgage finance at acceptable terms and development finance for construction firms.

70. Homes for Scotland stated that they did have evidence of stalled sites relating to Section 75 agreements that were based on earlier market conditions but were “unrealistic or undeliverable”27. They called for more opportunity to renegotiate these deals locally in order to keep building moving, a point picked up on by ALACHO. The latter argued that given the widespread acceptance of the principle of Section 75 agreements – local authorities would be flexible and indeed they would have expected such discussions to be taking place across Scotland.

71. In his written submission and considering the future of Section 75, Bramley argued that—

“I believe that in the medium and longer term the use of planning mechanisms of this kind can and will become a more important way of facilitating the provision of affordable housing, both in terms of access to land and in terms of defraying the subsidy cost to the Government.”

72. Bramley goes on to argue that, in practice, it is landowners rather than developers who contribute to Section 75 agreements and that given scarce public resources, it is right that these mechanisms should be used, especially given the windfall profits made by landowners from securing planning permission.

73. GWSF expressed the view that although land was available the issue was “the cost of remediation work and, in many cases, the cost of purchasing land from the council.” It suggested that this was because councils were “under such extraordinary financial pressures” and were “required to maximise receipts, so the cost of land can be significant, even when there is a further cost of remediation work.”

74. This problem is compounded because land has to be purchased up-front and many associations do not have the resources to do this. Changing the grant system in this way, according to the GWSF evidence is one of the routes by which in the future only larger associations will be able to develop – even though they are not necessarily better placed to develop.

75. The Cabinet Secretary agreed with the evidence that suggested in general land was not the major constraint now but fully expected it to be a factor in the future. The Scottish Government told the Committee that it wanted to encourage development where it was needed, to use other funds such as the vacant and derelict land fund to clean up and re-use contaminated brown field land, as well as the limited flexibility, already discussed, around subsidy levels where possible.

76. The Committee reiterates that, although the evidence suggests that land availability is not a general constraint, more needs to be done to alleviate financial problems associated with (1) site purchase and land remediation by housing associations and (2) the wider problem of securing development finance. The financial capacity review recommended under Theme 3 of this report would assist in providing a clearer assessment of development finance capacity this regard.

77. The Committee noted the evidence on Section 75 agreements and subsequent market developments. The Committee recommends that the Scottish Government should work with councils to ensure that flexible negotiations are forthcoming to unlock any sites held back by out of date (compared to the current market) Section 75 agreements.

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28 Professor Glen Bramley. Written submission, page 2.
78. The Committee also recommends that the Scottish Government should prioritise readiness to work with local authorities to ensure that they are best placed to facilitate land supply and efficient planning decisions when the upturn arises.

Theme 5 – Welfare reform and housing supply

79. Housing Benefit (HB) is undergoing major reforms, both for the rental market’s Local Housing Allowance but also for social tenants. Working-age tenants, for instance, face the result of the introduction of Universal Credit. Tenants and landlords are already or will face changes to non-dependent deductions, ceilings on household benefit bills, the end of rent direct so that social landlords have to organise payment of rent with benefit recipients and, the under-occupation or bedroom tax proposals due to be implemented for working-age social tenants in 2013. The Committee sought evidence on the impact of the welfare benefit reforms on new housing supply investment and plans to mitigate their effects.

80. Evidence submitted by ALACHO focused on the damage lost income could do to revenues, the servicing of borrowing and ultimately financial capacity. This is widely believed to be a result of income loss following from the end of rent direct and the bedroom tax on under-occupation. CIHS argued that primarily landlords would take the financial hit of lower incomes among their tenants but that this need not mean much increased homelessness, insofar as they could prevent it. The SFHA argued that benefit reform would contribute to higher margins and higher risks for lenders. The Council of Mortgage Lenders concluded that—

“The issue for lenders will be that, if the reforms cause RSL levels of arrears to increase, that will probably have an impact on not just borrowing for new development, but RSLs’ existing borrowing arrangements. Lenders have some £3 billion invested in the RSL sector in Scotland. The reforms could impact on the likes of financial covenants and they could increase the risk profile of the RSL sector, which has always had a good risk profile as far as lenders are concerned. It is very much a case of waiting and seeing what the impact is. We hope that some lessons will be learned from the pilots that are being conducted.”

81. Shelter, however, indicated that they expect the direct impact will be an increase in homelessness. Affordability problems will increase and, moreover, “there is no prospect of a sufficient supply of one-bedroom properties or shared accommodation to mitigate the problem.” Shelter went on to argue that a further reason for seeking further restoration in the housing budget towards the overall capital spending average reduction was as a result of the welfare benefit reforms on the housing system. The GWSF reported evidence from one association that arrears would rise by 2-5% – which if more widely true would be financially very difficult and would certainly further damage financial capacity. Bramley’s written

30 ALACHO. Written submission, page 2.
evidence also concluded that, for both councils and RSLs “there is some likelihood of reductions in rental income collected and some increase in cost, so reducing surpluses and the ability to borrow and invest.”

82. SFHA have undertaken research on the business impact of the reforms. They found, subject to a degree of uncertainty, that associations could face a 5% negative impact from increased costs and reduced turnover. “The cost of the extra effort that will have to go into collecting rent is almost as much as the cost of the projected loss through direct payments.” CIHS noted the costs to the private rented sector when they ended direct payments a few years ago but cautioned on waiting to see the results of the pilots underway across Great Britain.

83. ALACHO focused on mitigation activities through income maximization as a way to minimize evictions, stating that—

“some councils are doing income maximisation checks for every new tenant. One council recently reported £4 million being generated in that manner for tenants. We are doing what we can to mitigate and are putting the focus very much on preventing evictions, which simply result in a problem for someone else to deal with.”

84. CIHS reinforced this point stressing that investment in advice “is not reserved but which is within the gift of the Scottish Government is proper funding of advice services, whether through direct grants or through assisting and supporting local authorities to provide those. That is one area where the Scottish Government can make a difference.”

85. There was criticism of the Scottish Government regarding advice and tenancy sustainment as mitigation strategies. The SFHA pointed to the Peoples and Communities Fund (which replaced Wider Role funding). This has funded tenancy sustainment packages, which involves engaging with tenants experiencing difficulties – this can prevent evictions, save public money, etc., yet SFHA said—

“we find it ironic that, given the current welfare reform, the people and communities fund is not taking applications for tenancy sustainment funds. That is one thing that the Scottish Government could do that would greatly assist in preparing for benefit reform.”

86. SFHA also stressed that only a relatively small amount of money is involved in tenancy sustainment schemes. SFHA research found that for every pound that

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33 Professor Glen Bramley. Written submission, page 3.
is invested in a tenancy sustainment scheme, there is a £2.62 return to the sector that also genuinely will mitigate the impact of benefit reform.

87. Shelter were disappointed that mitigation funding from Westminster was not passed on to advice services, asserting that—

“It will be crucial that hard-to-reach tenants and others who are concerned about what will happen to their benefits are able to access impartial advice and support. At a Scottish level and at a local level, we are seeing deep cuts to advice services such as those provided by Shelter Scotland, Citizens Advice Scotland and others.”

88. The Cabinet Secretary stressed the Scottish Government’s concerns about the UK Government’s programme of welfare reform and, with regard to housing, the importance of the end of rent direct (direct payments of Housing Benefit to landlords) and the impact of the reductions to Housing Benefit associated with under-occupation. The Government noted the recent decisions in Northern Ireland to address rent direct and delay implementation of other reforms, as was Scottish Government mitigation activities: funding research to help the sector prepare for the changes, resources to help with the 10% cut in council tax benefit and, more recently, the establishment of the Scottish Welfare Fund when responsibility for crisis loans (and community care grant) is devolved in April 2013, These loans will become crisis grants. However, the Cabinet Secretary stressed that it was simply not possible to provide absolute mitigation given the budget position and the powers at their disposal.

89. The Committee welcomes the efforts of the Scottish Government to challenge and mitigate negative impacts of aspects of the welfare reform legislation, particularly regarding reforms relating to Housing Benefit. The welfare benefit reforms may well put future housing investment at risk. The Committee notes the evidence presented by SFHA and Shelter and recommends that the Scottish Government should do all it can to maximise resources for tenancy sustainment work and for benefit advice services.

Theme 6 – Resource Planning Assumptions

90. The new system of multi-year local Resource Planning Assumptions (RPA) marks a major reform to the planning and implementation of affordable housing spend by local government. The Committee sought evidence on how this innovation was progressing and also asked whether the Scottish Government can retain sufficient central oversight of a key policy programme and remain ‘strategic’ in a system where more than 4/5 of affordable programme is delivered locally?

91. The ALACHO representative said that councils had been seeking to move on from annual settlements and the prior challenge fund-based Innovation and Investment Fund. In moving to a three year cycle explicitly linked to local housing strategies and local programmes to be met by councils and housing associations,
they were happy with the outcome and that the Scottish Government retains ultimate control of the system. They also recognised the responsibility this places on local authorities to deliver and to monitor the local implementation of such programmes. However, while ALACHO wholly supports the three year planning horizon, they also recognise the risks inherent in the linking of the three year planning horizon and the current spending review period—

“of course, that must be augmented as we go along so that we do not fall off a cliff at the end of the three years and are given good advance warning, at an appropriate point in that cycle, of what resources are likely to be available for the year or two following the three-year programme.”

92. COSLA in written evidence also laid out their sense of the scope and opportunities of the new arrangements.

93. CIHS stressed that this disjuncture means that the programme is not a rolling programme but subject to the outcome of the next spending review—

“a potentially difficult issue could build up: if local authorities— and, indeed, the Scottish Government with its overview of the programme—are very cautious about what they approve next year and the year after that, by default we will have created a smaller housing budget from 2015 onwards. I believe that the Scottish Government is aware of that issue, but I think that we all need to work together to see whether we can create a rolling programme rather than just one three-year programme followed by another.”

94. GWSF reported that Glasgow city council is squeezing its approvals into the first two years of the RPA because of the uncertainties around funding after 2014-15. As Shelter succinctly put it: “we all want to avoid a situation in which we sleepwalk into an underspend for a housing budget that has already been well cut.” CIHS also cautioned that the new system places responsibilities on councils as both builders in their own right and allocators of funds to housing associations. It will be important to monitor how this works in practice. Also, there is an important role for the Scottish Government to retain overall control so that if required they can quickly vire across any underspends to other council areas (hence the importance of overall control but the requirement to be on top of actual spending in real time at the local level).

95. Shelter also indicated that it saw advantages and disadvantages from the RPA. A primary advantage should be a more strategic overview at council area level that ensures that homes go where they are needed rather than simply where there is the capacity to build them, although Shelter remained to be convinced that this is what will happen in practice. They felt that a disadvantage would be that

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things would be less transparent in terms of the ability to say what is being built where and when in the RPA cycle.

96. The SFHA considered that the three-year programme had made a significant difference to its ability to plan for the longer term. It also recognised the strategic role of local authorities in the process. They also emphasised the importance of the uncertainties surrounding the next RPA cycle beginning in 2015-16. They concluded that—

"the three-year programme can be little more than a planning assumption. However, we have been able to progress things on that basis. There is always a risk that issues will arise, but there is some degree of certainty that things will come through. I do not detect any tensions between national and regional priorities yet, but it might be too early to say."42

97. GWSF argued that the new process had led to the loss of valuable aspects of the previous regime, in particular, the submission by housing associations of annual strategy development funding plans, which allowed serious attention to be given to the bottom-up component of planning and allowed housing associations to bid for sites and to make the case for the strategic importance of what they were doing. They expressed the view that these positive aspects had been lost in the new model—

"We had quite a healthy combination of top-down and bottom-up approaches three or four years ago before there were any changes, with healthy compromises being made and nothing being overlooked. That was certainly an accountable and transparent planning process for everybody concerned, including the Government. We have lost that completely, and it should be reinstated—it is as simple as that. There was nothing wrong with the process, which worked very well."43

98. The Cabinet Secretary pointed out that for the first time separate streams of funding are now in one budget and that this is examined holistically in relation to local needs and requirements and the mix of provision required. The Scottish Government retains the ultimate sign-off of local programmes and hence the strategic oversight. It recognises the concern that has been expressed about whether councils would provide sufficient opportunities for housing associations but thus far they felt that they had seen a ‘healthy mix’. In terms of monitoring local programme, Scottish Government officials look at the overall balance of the local programme, subsidy levels, the mix of developers in an area and other matters considered appropriate to remain in line with the overall national strategy.

99. The Committee recommends that the Scottish Government identifies what capacity exists to provide the earliest possible notice for local councils to help them plan for the next three year period after the present RPA in line with the timing of the next spending review. This would be of benefit in

helping to avoid ‘cliff face’ spending problems and bottlenecks in housing supply approvals by councils nervous about falling budgets in the next spending review.

100. The Committee agrees with the evidence presented that steps should be taken to allow the Scottish Government to have sufficient close monitoring of the system to vire underspends to local areas that can use extra resource.

101. The Committee recommends that the Scottish Government monitors the effectiveness of the new system with a view, among other things, to evaluate whether there is need for a larger bottom-up element to the system reflecting the previously valuable strategy development funding plans by individual housing associations.

Theme 7 – The structure of the housing association sector

102. Many commentators have questioned the longer-term implications of the apparent shift in the geography and nature of providers developing in the housing association sector as a result of lower grant rates and the premium on perceived financial strength. What does this mean for the future shape of the housing association sector? The Committee sought the views of those giving evidence on whether this is underway and what it means for the social housing sector - can there still be room for a vibrant community-based sector developing locally?

103. There was a degree of consensus from witnesses about this process. SFHA recognised that the number of developing housing associations is declining and expressed concern that the housing association network might not cover the whole of Scotland. ALACHO also reported a sense that councils were finding that both a smaller number of larger housing associations were developing because at the same time a number of smaller associations could not justify taking the risk of developing at current grant rates. ALACHO thought this was not necessarily a bad thing if more creative arrangements could marry the benefits of scale and scope economies in finance, development and procurement among larger associations with community-based aspects of local management control by tenants.

104. GWSF expressed scepticism about the efficiencies of larger associations, questioned in some cases their ‘predatory’ motives and suggested that community-based organisations can both deliver low borrowing costs and manage their risks at least as well. Moreover, they argued that there is nothing inevitable about a process of consolidation into larger entities – quite the contrary.

105. Both the SFHA and CIHS also queried the inevitability of consolidation. SFHA argued that if subsidy targets remain as they presently are, larger developers in time would be financially weaker because they would be much more exposed to debt. This led them to conclude that, looking forward, development will not necessarily be dominated by the larger developers. CIHS rejected the notion that if a housing association is not developing it must become subject to merger or other forms of rationalization. They point out that, if not developing, an association—
“probably has a much lower risk profile than one that is, so there is no reason why even small associations with 500 units or fewer cannot carry on as landlords. If rents are affordable and tenants are happy with the service, I cannot see why the development profile, which is changing because there are fewer developing associations, would have any impact on a small association’s ability to survive into the future.”

106. Other threats, such as welfare benefit reform may turn out to be more significant in the long run.

107. The Cabinet Secretary recognised the need to monitor carefully the pattern and implications of shifting development by different kinds of housing associations and what this may mean in the longer term for the sector. While of the view that Scotland was nowhere as far down the road as England in larger associations capturing more of the development market, they would monitor the situation, not least because of their recognition of the value of the housing and community work done by community-based housing associations. The Cabinet Secretary did, however, recognise the existence of a genuine tension between the needs, constraints and circumstances of small local providers and the necessity to develop new supply to meet the overall supply target.

108. The Committee recommends that the Scottish Government should provide a clear statement about how it envisions the medium to long-term future and structure of the housing association sector in Scotland.

Theme 8 – Housing need

109. The annual target of 6,000 social and affordable units is commonly compared to the 2006 (Bramley) estimates of national annual housing need at around 10,000. The spatial allocation and fundamental prioritisation of different forms of relative housing need are controversial and inherent to the way in which the affordable supply programme is implemented. The Committee wished to inquire about the level of need, its prioritisation with in the affordable supply programme and also the underlying conceptions and prioritisation of housing need (e.g. 2/3 social rent in the programme).

110. Shelter point out that, while the Scottish Government was the only party to propose a target for house building in the most recent election campaign, and its 6,000 target while welcome, it was primarily about supporting the house-building sector and not about addressing need. They argue that addressing housing need starts to address the issues of poverty, ill health, and low educational attainment, which are the consequences of poor housing. ALACHO share the view that the levels of social housing proposed do not come close to meeting absolute need but that there is insufficient capital available to do so. SFHA consider the 2/3 to 1/3 split between social and affordable housing within the target a reasonable balance but not one based on scientific evidence, for instance, on determining the need for mid market rent and other ‘affordable’ products across Scotland – though clearly

there is a stronger need for such offers in places like Edinburgh and Aberdeenshire.

111. Bramley’s written evidence discusses models of need that attempt to estimate the potential need for additional ‘intermediate’ housing. A 2007 update of his national needs model, suggested that the then ‘intermediate’ product (new build ‘Homestake’) could be appropriate for between 1400 and 1900 pa of an overall need of 10-14,000 pa, i.e. about 15% of the total. Bramley has also done subsequent detailed work for Highland Council in 2009 and similar studies in the West of England suggest that intermediate provision might account for 20-25% of need on reasonable assumptions. Both of these figures, while only indicative, are less than the one third level implied by the affordable supply policy and suggest again the need for a broader update of both social and intermediate forms of housing need.

112. Given the views expressed above it should not be surprising that witnesses and the written evidence called for a new national measure of housing need updating the Bramley figures of 2006 that generated the 10,000 annual national estimate. Shelter expressed concern that current local needs analysis do not take sufficient account of cross-border questions. They also raised wider questions about the treatment of private renting in any such assessment, as well as worries about welfare reform’s impact on housing requirements and harder to reach groups and places such as remote rural communities. The Minister for Housing has expressed a commitment to carry out a national overview of local needs analysis and this will mark an important step towards a new credible national–level analysis.

113. The Committee asked about the sub-national distribution of housing spend and the principles underlying it. ALACHO noted that on the question “whether the geographical distribution of housing need correlates with where the money is spent, must be “Probably not”. The allocation of resources for affordable housing in Scotland has tended to be a matter of historical accident, with some baseline from the dim and distant past simply being added to year after year”. However, a working group involving the Scottish Government, ALACHO, COSLA and the SFHA have been working to develop a new needs-based distribution formula for funding (though this does not currently involve Glasgow and Edinburgh with their TMDF arrangements). ALACHO expressed its hope that—

“as a result resources will more accurately follow patterns of not just geographical need, but other forms of need such as the incidence of homelessness, affordability and so forth. By definition, there might well be winners and losers in that process; in any case, whether the formula is accepted is a matter of political judgment.”

114. Housing need is generally attributed to a range of sources such as homelessness, quality problems, affordability difficulties in securing market price


housing and regeneration need in deprived communities. Regarding the spatial allocation of need to spend, Bramley’s written evidence, focusing only on the affordability dimension, commented that:

“all of my affordability-based needs assessments including that described above tend to show higher levels of net need for additional affordable housing in areas of eastern and central Scotland, and in some rural areas, and some net surplus in Glasgow-Clydeside and some other areas with weaker economies and relatively declining shares of population. This pattern does not correlate well with the historic allocation of investment resources, as has been noted in previous debates. However, more vigorous use of s.75 planning agreement contributions could help to balance things up, were these to be achieved.”

115. The Committee was interested to find out if and how the affordable supply programme impacted specifically on the achievement of homelessness policy objectives. ALACHO, while welcoming additional new social supply, pointed out that-

“the new supply represents such a small proportion of the overall housing stock that, although it might help, it will not offer an absolute solution… the most effective ways of tackling it are almost certainly to be found in more innovative ways of using existing stock and putting a lot of resources and effort into preventing homelessness in the first place.”

116. ALACHO also pointed to the estimated 23,000 empty homes in Scotland that need to be brought back in to use.

117. The SFHA concurred on the importance of homelessness prevention, noting that ‘according to our figures, there are 335,000 people on waiting lists and we are building something like 6,000 houses a year’. Shelter added that while it was not sure whether the 2012 commitment to the homeless would make things more complex for local authorities, it felt that “the overall reduction in house building simply adds to the pressure on overall supply. We need to recognise that the majority of people who get settled accommodation have spent time on the waiting list”. According to Shelter the key to success is to require “local authorities to look again at prevention, support and advice. It is not just about supply or getting access to temporary accommodation but about the service that local authorities deliver to people who become homeless. After all, there is more that we can do to prevent homelessness in the first place”.

118. Several of the witnesses focused on specific sub-groups in housing need and related this back to the earlier concern regarding the focus on house building

47 Professor Glen Bramley. Written submission, page 4.
numbers and lack of attention to specific outcomes. CIHS argue on the basis inter alia of research suggesting the shortfall of accessible mainstream housing that—

"we reluctantly have to accept that in recent years and probably in the next few years the amount of specialist housing and care provision for older people has not been and will not be what it once was. We would find it more difficult to accept inadequate provision of mainstream housing built to a standard that is suitable for wheelchair users, for example. That would be a serious disconnect, because although such housing involves an extra cost, it is nothing like as complex as building a specialist housing or care scheme for older people."51

119. CIHS also argue that they believe councils will inevitably take up a bigger share of the programme but wonder whether they will be able to step in and deliver in remote and rural areas on difficult sites (solutions traditionally provide by specialist housing associations). These points and in relation to the development of brownfield sites were also raised by GWSF.

120. The Cabinet Secretary agreed that there is ‘massive housing need’ in the country but that 6,000 units per annum are what can be afforded and is realistic. However, the Government would continue to look for ways to divert extra resources into housing to meet needs as best as they can. As for the balance between council, social and affordable housing within the target, the Government felt that it was ‘right’ and reflected well against previous patterns of mix, plus the council housing element was a new opportunity they had created and at the same time, it was in the affordable housing ‘space’ that the greatest opportunities existed for financial innovation. Regarding the contribution new supply could make to homelessness, the Cabinet Secretary noted its importance to tackling homelessness but that it was only part of a story about prevention, tenancy sustainment and effective local working by the sector.

121. The Committee recommends that the Scottish Government should rapidly move to meet its commitment to provide an update of national housing needs estimates last conducted in 2006 and this should include a clear disaggregation into social and affordable housing requirements (as well as specific groups and remote rural need, etc.).

122. The Committee welcomes the parallel bottom up national estimates of local housing need, based on the new methodologies on spatial allocation of spending to meet need currently being developed with the support of COSLA, SFHA and others. These local estimates should be rapidly developed, quantified and published. For consistency, these should also include need estimates for Glasgow and Edinburgh (who are not currently part of the process).

Theme 9 – Climate change, energy efficiency and fuel poverty

123. Housing plays an important role in both climate emissions and tackling fuel poverty. The Scottish Government is committed to a 36% reduction in emissions by 2020 (from a 1990 baseline) and also a 2016 fuel poverty eradication target. As part of its wider brief, the Committee sought evidence on these policies and their progress.

124. In October 2012, WWF Scotland launched a report ‘Mind the Gap: Funding Home Energy Efficiency to Deliver Scotland’s Climate Change and Fuel Poverty Targets’. This independent report examined the investment challenge required to meet the twin targets and raise energy efficiency in Scotland. The main message of the report was that public (and private) spending has to increase ‘dramatically’ in order to cut fuel poverty. Estimated increases were of the order of three times current spending regarding the 2020 climate change target and a ten-fold increase in the current levels of investment required to tackle fuel poverty.

125. In their written evidence ALACHO noted evidence of initiatives taking account of climate change issues within the Affordable Housing Supply budget. They note the higher grant benchmarks are available for greener homes, and the announcement of a specific £10 million greener homes challenge fund. They argue however that for most councils the key task in the medium to long term will be to retrofit their existing housing stock to meet higher energy efficiency standards. Unfortunately, the risk is that the costs of this exercise will diminish sums available for investment in new supply.

126. Homes for Scotland (HFS) stated that while sympathetic to the climate change agenda, HFS could not support the proposal to further increase energy efficient standards of new homes through regulation, at this time. They argued that new homes built today are already 70% more energy efficient than they were in 1990. Increasing the standards and therefore costs of building a new home even further when supply and affordability are in crisis is the wrong thing to do. HFS was pleased that the Scottish Government placed such a strong emphasis on retrofitting existing homes in its draft Sustainable Housing Strategy.

127. The Scottish Federation of Housing Associations (SFHA) stressed that housing associations and co-operatives have made significant strides towards meeting the energy efficiency standards set in the Scottish Housing Quality Standard, investing considerable sums without any funding being made available by the Scottish Government in order to enable social landlords to retrofit their existing homes. However, the SFHA recognises that funding and finance are major issues.

“the proposals come at a time when social landlords face considerable financial challenges... It is therefore vital that the Standard and the associated level of investment can be funded through a combination of housing association and co-operatives maintenance programmes and through available grants and tariffs.

“We believe that as the proposals stand that is not the case. While ECO will help to fund some investment in difficult to treat properties (and social
landlords will continue to prove adept at drawing in funding through initiatives such as the SFHA Carbon Portal), there is too much uncertainty about ECO to assume that the significant costs that many landlords will face can be met by either ECO, their investment programmes or a combination of the two.«52

128. Written evidence was received from the Existing Homes Alliance (EHA). They argued that the Draft Budget allocation for domestic energy efficiency and fuel poverty “is inadequate to meet the climate change and fuel poverty targets” 53– and argued for doubling of spend on the national retrofit programme. The EHA gave a cautious welcome to the £20m funding to promote the Green Deal and the focus on preventative spending on energy efficiency and renewables and the creation of the Warm Homes Fund. However, they stressed the gap between the depth of the problem and the resources available.

129. Written evidence from Stop Climate Chaos Scotland welcomed the Green Investment Package announced in the 2013-14 draft Budget, but does not believe that this funding is at a sufficient level to meet climate change targets, as set in the Climate Change (Scotland) Act 2009. In particular, they stress the need for substantial resources within the budget allocated to the National Retrofit Programme.

130. The Cabinet Secretary, in responding to the specific challenges raised by the WWF Scotland report, restated the importance of the targets and funding made towards them, but recognised, given budgetary pressures, more could always be done and noted that UK Government budgets on fuel poverty were being set to zero in 2013-14. As far as the Scottish Government was concerned - climate change and tackling fuel poverty remained important priorities across Government.

131. The Committee notes the concerns expressed about the sufficiency of the funding for domestic home energy efficiency and fuel poverty contained within the budget. However, it also notes that the Scottish Government is currently developing its Sustainable Housing Strategy, which provide more detail on how it intends to deliver its proposed national retrofit programme, as well as other related initiatives. It would hope that this would include detailed information on the funding contributions to be made by both the Scottish Government and the private sector to deliver the retrofit programme. The Committee will take evidence from the Minister when the strategy is announced in 2013.

132. The Committee is also likely to take evidence on the second Report on Proposals and Policies (RPP) on climate change in early 2013 when it will look in more detail and the policies and associated funding which will be necessary to ensure that the housing sector makes the necessary contribution towards meeting the Scottish Government’s climate change targets.

52 SFHA. Written submission, pages 9-10.
53 Existing Homes Alliance. Written submission, page 1.
ACTIVE TRAVEL

133. In this section of the report, the Committee considers the Scottish Government’s allocation of funding for active travel in the 2013-14 draft Budget.

Clarity of budget information for active travel

134. During last year’s Budget scrutiny, the Committee found it a significant challenge to clearly identify the total funding available for active travel, including cycling and walking, from the 2011 Spending Review and 2012-13 Draft Budget.

135. The Committee recommended to the Scottish Government that a separate budget line for active travel should be created within the transport budget, even creating respective budget lines for cycling, walking and safer streets, in order to provide greater clarity around this important area of preventative spend.\(^{54}\)

136. However, presentation of the allocation for active travel within the 2013-14 Draft Budget remains unchanged. Although level 4 figures were helpfully provided to the Committee subsequent to the publication of the Draft Budget documents, it is still unable to clearly determine, and therefore effectively scrutinise, the level and proportion of total transport funding available for active travel, and more specifically for cycling or walking.

137. The Committee notes the reasoning behind the Scottish Government’s response declining the Committee’s request last year for a separate budget line for active travel on the basis that this funding is cross-cutting, is in part delivered by local authorities, and also forms part of the wider carbon reduction budget.

138. However, the Committee remains convinced that the level of transparency around funding for active travel is still insufficient and that this makes it difficult to determine whether the budget allocation dedicated to this policy area is appropriate.

139. When asked by the Committee whether the Scottish Government could commit to providing clearer budget lines on active travel in all future documents, as previously recommended by the Committee, the Cabinet Secretary for Infrastructure, Investment and Cities gave an undertaking that she would consider this, stating—

“...I have some sympathy with what you say about the challenges in the area. ...I will certainly have a discussion about how we might present things in future budgets in a way that is easier for the committee to scrutinise.”\(^{55}\)

140. The Committee restates its belief that the Scottish Government must ensure that presentation of the active travel budget information is fully accessible and can be clearly distinguished from total funding for


sustainable travel. In recognition of the cross-cutting nature of active travel, the narrative in the budget documents should also include clear signposts to related budget provision in other portfolio areas. This would significantly aid the monitoring of active travel spend and lead to improved accountability.

141. The Committee welcomes the commitment from the Cabinet Secretary for Infrastructure, Investment and Cities to give serious consideration to this recommendation and the Committee would be very keen to work with her and her officials to progress this important development.

Active Travel Funding

142. Active travel is mainly funded through the following Scottish Government budget lines: ‘Support for sustainable and active travel’, ‘Transport Scotland trunk road investment’, Scottish Future Transport Fund (part of the Futures Fund) and the ‘cycling, walking and safer streets’ (CWSS) grant to local authorities.

143. During last year’s Budget scrutiny, concerns were raised by a number of expert witnesses that overall funding for active travel had been reduced, with written evidence from Spokes providing the best estimate that funding for active travel had fallen from 0.97% to 0.74% as proportion of the total draft budget.

144. In the 2013-14 Draft Budget, the Scottish Government has increased the total funding available for ‘support for sustainable and active travel’ by £14 million since the 2012-13 Draft Budget, to a total of £70 million over the spending review period, with £35 million in 2013-14 (an increase of £10 million since the spending review), falling to £19 million in 2014-15 (an increase of £4 million since the spending review).

145. The Draft Budget 2013-14 states that the £10 million increase in ‘support for sustainable and active travel’ in 2013-14 is aimed at cycling initiatives and hybrid buses, but does not clearly indicate how the additional funding will be split between these two policies.

146. Level 4 figures for the ‘sustainable and active travel’ budget line allocate £20 million of the £35 million funding for ‘sustainable and active travel’ in the 2013-14 Draft Budget to fund the Fastlink project, with a total of £10.4 million towards ‘grant funding for cycling, infrastructure and promotion’ in 2013/14. Allocation of the remaining £4.6 million is still to be determined, but documentation supporting level 4 figures states that this includes £2.5 million for green buses.

147. All other identified budget lines in the 2013-14 Draft Budget related to active travel are unchanged from the 2011 Spending Review and 2013-14 Draft Budget.

148. The Cabinet Secretary confirmed funding for sustainable and active travel in oral evidence to the Committee, stating—

“On what we are spending, the sustainable and active travel budget—when we strip out the amount that is in it for fastlink next year—is £10 million this year and will be £11 million next year. On top of that, the cycling and
walking Scotland allocation [CWSS] is £6 million this year, it will be just under £6 million next year and in 2014-15 it is projected to go up to £8.2 million. Significant sums of money are being invested.\textsuperscript{56}

**National Walking Strategy**

149. The Scottish Government announced on 17 May 2012 that it will introduce a National Walking Strategy, with a particular focus on tackling obesity and ill health.

150. The Committee welcomes this move and considers this to be complimentary to the Cycling Action Plan for Scotland (CAPS). The Committee believes that, taken together, these strategies could significantly contribute to the delivery of a number of national objectives, particularly in terms of health improvements and reductions in greenhouse gas emissions.

151. In addition, the Scottish Government provided design guidance to Local Authorities on improving the pedestrian environment in ‘Designing Streets’ published in March 2010.

152. The Committee took evidence from expert witnesses on what the walking strategy should include. Living Streets, in written and oral evidence to the Committee, suggested that the National Walking Strategy should cover walking for transport, walking for health as well as walking for recreation, with a specific focus on supporting efforts to increase walking to, and from, school and work.

153. Organisations in their oral evidence to the Committee were in agreement that a 20 mile an hour speed limit in all shopping and residential streets could also be introduced, so that people feel safer in these environments and are thus encouraged to walk more. Phil Noble, from the Society of Chief Officers of Transportation in Scotland stated—

\begin{quote}
“I endorse other speakers comments, particularly with regard to the value of 20mph speed limits in residential areas and shopping streets in walking strategies and as part of the cycling action plan, the stronger lead the Scottish Government has taken on the matter and the removal of some of the current barriers to introducing sign-only 20mph speed limits as part of the strategy.”\textsuperscript{57}
\end{quote}

It was suggested by witnesses that the existing Scottish Government ‘designing streets’ policy (to improve the pedestrian environment) was exemplary, but that all local authorities should have to adhere to it and take it seriously. Sustrans also suggested that more needs to be done in rural areas to connect villages, by simply constructing footways.


154. Keith Irving, from Living Streets, also suggested that the Scottish Government should set an indicative target for the walking strategy, to complement the 10% cycling modal share target in CAPS—

“At present, nearly one in four trips - 23% - is by walking. The Government should have 25% as an indicative target, which would complement the cycling action plan target of 10% of trips to be made by bike.”


155. The Committee is convinced from the evidence received that in developing the new walking strategy, lessons can be learned from the implementation of the Cycling Action Plan for Scotland (CAPS).

156. The Committee commends the Scottish Government for the introduction of a walking strategy, but recommends that the Scottish Government includes both an indicative overall target and, importantly, interim targets within the Strategy to allow progress to be closely monitored.

157. The Committee also believes there is merit in the Scottish Government giving consideration to a strategy that co-ordinates actions for both cycling and walking, rather than a separate strategy for walking. It suggests that the refresh of CAPS (discussed below) presents an ideal opportunity to co-ordinate the planning of these areas of complimentary active travel and to align related funding.

Cycling Action Plan for Scotland (CAPS)

158. As part of its consideration of the budget provision for active travel, the Committee has examined the Cycling Action Plan for Scotland, (CAPS) and heard that there are proposals for a new National Walking Strategy.

159. The Scottish Government Cycling Action Plan for Scotland (CAPs) has been in place since June 2010 and aims to increase cycling to 10% as a modal share of all journeys made in Scotland by 2020. The CAPS commits Transport Scotland, working with partner organisations, to 17 key actions in order to support meeting this target, such as completing the missing links in the National Cycle Network.

160. The CAPS is a key policy contributing towards improving Scotland’s health, as well as meeting Scotland’s targets for carbon reduction emissions by 2020/2022.

161. Funding of CAPS is primarily through the ‘support for sustainable and active travel’ budget line, the Climate Challenge Fund, Future Transport Fund and the ‘cycling, walking and safer streets’ (CWSS) grant to local authorities. However, a number of other Budget lines, including outside of the transport portfolio contribute to the funding of CAPS.

162. During last year’s budget scrutiny, the evidence received confirmed that the 10% CAPS target was a considerable distance from being achieved and that
funding levels were not sufficient to meet this welcome, but ambitious aim. The Committee raised these concerns in its budget report to the Finance Committee last year.

163. During this year’s budget statement, the Cabinet Secretary for Finance and Sustainable Growth announced an additional £6 million for cycling infrastructure development, to be delivered over two financial years through Sustrans ‘Community Links’ programme. It should be noted that £3.5 million of this funding is being allocated in 2012-13. The other £2.5 million forms part of the additional £10 million the for ‘sustainable and active travel’ budget line in the 2013-14 Draft Budget and is included in the £10.4 million grant funding for cycling infrastructure at level 4.

164. In addition, level 4 figures identify that £1.3 million of the £7.8 million Future Transport Fund in the 2013-14 Draft Budget is to fund ‘cycling infrastructure’, with the majority of this fund being used for low carbon vehicles and hybrid buses. Funding for cycling infrastructure, as part of the Future Transport Fund, is set to rise to £4.5 million in 2014/15.

165. However, expert witnesses during this year’s budget scrutiny were in unanimous agreement that, whilst welcoming the additional funding announced, the level of overall funding currently attributed to active travel remains insufficient to deliver the infrastructure necessary to support reaching the Scottish Government’s own ambitious cycling and carbon emissions targets by 2020, and key objectives in the National Performance Framework.

166. In written evidence to the Committee, Pedal on Parliament stated that less than 2% of journeys in Scotland are currently undertaken by bike and presented evidence from south of the border, and indeed internationally, of the requirement for higher levels of investment to improve cycling’s modal share of transport in Scotland—

“Pedal on Parliament’s manifesto calls for significant funding for cycling of up to £25 per head, which is comparable to Dutch levels of spending per head. This would mean around 5% of the current Scottish national transport budget, plus additional spending from local authorities...Cycling England found that an investment of £10 per head year on year brought about increases in cycling in their Cycling Demonstration towns of 27% over three years, but given Scotland’s low cycling base, with less than 2% of journeys by bike, more than that will need to be done to achieve the Government’s target of 10% of journeys by 2020.”

167. In its oral evidence to the Committee, Cycling Scotland provided an update on progress against the CAPS, stating—

“The Cycling Action Plan has been in place since June 2010 and has an ambitious target of 10% modal share by 2020. ...progress is being made through what Sustrans is building in partnership with local authorities, but

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the balance of funding is not correct and will not enable us to reach the 10% target.\textsuperscript{60}

168. In its written submission to the Committee, the Scottish Association for Public Transport (SAPT) stated—

“The Scottish Government’s commendable target of achieving 10% of all trips by bike by 2020 will not be reached unless there is a serious commitment to increasing investment in creating a safer environment for cyclists and pedestrians.”\textsuperscript{61}

169. During oral evidence to the Committee, panel members were asked directly whether they thought that the 10% cycling target would be achieved if the current level of investment in active travel was maintained and averaged around £20 million a year to 2015. Panel members were in unanimous agreement that the target would be extremely difficult to achieve. When asked directly, Dr Brennan, from Pedal on Parliament, stated—

“Absolutely not.”\textsuperscript{62}

170. Ian Aitken, from Cycling Scotland stated that a significant change in approach to the use of roads infrastructure was required to bring about the modal shift required—

“If we want the majority of Scottish people to feel safe cycling, the infrastructure on the ground needs to change. It is not necessarily a case of building new infrastructure; we need to reallocate road space and create segregated lanes in our towns and cities.”\textsuperscript{63}

171. During oral evidence, the panel pointed to a number of other countries where significant progress had been achieved, as a result of a significant step-change in the investment and approach to active travel. Phil Noble, from the Society of Chief Officers of Transportation in Scotland (SCOTS) stated—

“We always refer to Denmark and Holland, but we should remember that countries such as Germany, Sweden, Switzerland and even parts of Italy have achieved the same transformation. It is not all about two flat countries on the other side of the North Sea; countries that have topographies more similar to ours and which do not have such a long-standing cycling culture have achieved similar transformations.”\textsuperscript{64}

\textsuperscript{61} SAPT. Written submission, page 1.
172. The Committee investigated funding specifically for cycling further with the Cabinet Secretary during its oral evidence session. Whilst acknowledging the increase in funding for active and sustainable travel detailed by the Cabinet Secretary, the Committee pointed to evidence from expert witnesses that unless there was specific additional funding for cycling, the 10% modal target would not be reached. The Cabinet Secretary responded—

“It is appropriate to look at active and sustainable travel in its entirety. Obviously, we want to encourage people to cycle, but we also want to encourage people to walk more and to use the bus or train as opposed to getting in their car. I can understand why cycling organisations want to isolate the investment in cycling but, in looking at our priorities on health, fitness and the environment, I think that it is absolutely right and proper that we look at active and sustainable travel in its entirety.”

173. The Cabinet Secretary did however explain that it was the Scottish Government’s intention to produce a refresh of CAPS—

“Ministers are currently considering the progress report on the action plan, which was recently submitted by Cycling Scotland…On the refresh of the document, the aim is to publish that in the spring of next year following consultation with stakeholders…so there will be plenty of opportunities to contribute to the refresh.”

174. The Cabinet Secretary further stated the Scottish Government’s commitment to meeting the CAPS target and that factors other than funding were important—

“I accept that a big factor in that is funding, but…there are other things that we need to be working on as well. That is why the action plan and the refresh of the action plan are so important.”

175. A progress report on CAPS was published on 13 November 2012 on the Cycling Scotland website. The Committee is concerned at the delay in the publication of this document, which had been anticipated in early 2012, as it had hoped to have sight of it to assist in its scrutiny of the Draft Budget. It is unfortunate that, in giving evidence to the Committee, witnesses did not have the opportunity to reflect on the contents of the progress report. The Committee notes, however, that the key findings of the progress report relate closely to some of the issues raised by Cycling Scotland and other witnesses in evidence, namely that—

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**Improved leadership** on cycling issues should be encouraged by the establishment of an annual Cycling Summit between the Minister for Transport and local authority transport Conveners & Heads of Transportation, together with a requirement on Local Authorities to develop strategies and plans to deliver on the 10% target and incorporation of cycling into Single Outcome Agreements (SOAs).

**A refresh of CAPS** should to be started as soon as possible and should link outcomes to the funding and stakeholder commitments required to realistically achieve these outcomes, thus producing a fully-costed action plan for implementation with intermediate targets to 2020.

**Funding should be increased** incrementally - specifically on cycling and active travel - to the equivalent of 10% of the transport budget by 2020. There should also be engagement with other budget areas that gain from the cross-cutting benefits cycling brings to health, education, environment, sport and tourism and for these budget areas to contribute to make up at least the equivalent of 10% of the transport budget.

176. The Committee welcomes the Scottish Government’s commitment to revisit the CAPS and produce a refreshed strategy by early 2013.

177. The Committee recommends that the Scottish Government take this opportunity to include interim targets within the refreshed strategy to allow for improved monitoring of progress against the 10% cycling modal share target.

178. The Committee remains concerned that funding available to support the implementation of this strategy appears inadequate to meet the 10% target by 2020. It therefore recommends that the Scottish Government again uses the opportunity afforded by the CAPS refresh to identify and direct realistic and appropriate levels of funding to its delivery from other areas of the transport budget. If the required level of investment is not made, the Committee believes that there is a very real risk that the 10% target will not be met, and that the Scottish Government would need to consider scaling back on this ambitious objective.

**Cycle Training**

179. The Committee notes from evidence that the system of cycle training for children in Scotland is currently fragmented and patchy, dependent on the availability of volunteer trainers, buy-in from local authorities and head teachers and the availability of funding. Cycling Scotland indicated in its evidence to the Committee that it would cost between £500,000 and £1m to provide on-road cycle training to every child in Scotland. This would be comparable with the £11m currently being spent in England on such training.  

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180. In supplementary evidence to the Committee, the Cabinet Secretary provided details of the £700k provided by Scottish Ministers in both 2012-13 and 2013-14 for cycle training in schools, principally via the Bikeability Scotland scheme. She indicated that of the 32,500 children who receive this training, 32% receive off-road training to UK national standards. She confirmed that it is for each local authority to decide whether and how to provide cycle training in their own areas and that the Scottish Government had no plans to make this training mandatory.\footnote{Letter from the Cabinet Secretary, 11 November 2012. Available on the Parliament website at: http://www.scottish.parliament.uk/S4_InfrastuctureandCapitalInvestmentCommittee/General%20D oments/supp._ev._from_Cab_Sec_-_following_meeting_on_071112.pdf}

181. The Committee is of the view that the availability of good quality, basic on-road training is a key requirement if the current and future generations of young people are to be encouraged to start cycling at school and given confidence to continue cycling into later life.

182. The Committee welcomes the funding that is already provided by the Scottish Government for cycle training in schools and commends those local authorities who are successfully taking forward its delivery.

183. However, whilst it acknowledges that the delivery of such training is a matter for each local authority, it is of the view that the Scottish Government should take the lead in encouraging expansion of its provision. It therefore recommends that the Scottish Government should make consideration of an appropriate means to significantly increase levels of on-road training across Scotland on a consistent basis a key component of its forthcoming refresh of CAPS.

Active travel funding to local authorities

184. In support of active travel infrastructure, during last year’s budget scrutiny the Committee recommended that the Scottish Government should maintain CWSS funding to local authorities, at the 2011-12 level of £7.5 million per annum and ensure that the fund continues to be ring-fenced. The Committee also recommended that the £2 million investment in trunk road investment for cycling be maintained.

185. Indeed, during oral evidence to the Committee, when discussing overall funding for active travel, the Cabinet Secretary for Infrastructure, Investment and Cities referred to the important role of local authorities, suggesting some needed to do more—

“…Some local authorities are a lot closer than others to meeting the targets. This city [Edinburgh] leads the way with a 7% modal share for cycling for commuting….That shows leadership by example, and it is a sign that local authorities can do more than some of them are currently doing…. Edinburgh should be a signal to other local authorities that more can be done.”\footnote{Scottish Parliament Infrastructure and Capital Investment Committee. \textit{Official Report}, 26 September 2012, Col 1076.}
186. In the 2013-14 Draft Budget, the CWSS grant to local authorities is set to fall to £5.6 million from £6.1 million in the 2012-13 Draft Budget, although this is due to rise again to £8.2 million in 2014-15. This funding is used to complement projects delivered by Sustrans and Cycling Scotland.

187. However, concerns were raised, in evidence received by the Committee, about further cuts to the CWSS budget for local authorities, despite the Committee’s recommendation to the Scottish Government last year, to at least maintain levels of funding at £7.5 million per annum. For example, Living Streets Scotland said in its written evidence—

“We welcome the continued investment in CWSS but are disappointed that CWSS has been cut to £5.6 million given that the ICI Committee asked for it to be increased to £7.5 million.”\(^72\)

188. **Whilst the Committee welcomes the fact that that funding for trunk road cycling facilities has been maintained at £2 million per annum, however it is concerned by the further reduction in the CWSS budget for 2013-14, despite its recommendation to the Scottish Government during last year’s budget scrutiny.**

189. **The Committee also believes that the reduction in funding for this local authority grant is contradictory to the responsibility being placed on local authorities to make improvements in their local active travel infrastructure.**

190. **The Committee therefore repeats its call to the Scottish Government to identify additional funding from elsewhere in the transport Budget to maintain CWSS funding to local authorities in 2013-14, at 2011/12 levels of £7.5 million.**

**Trunk and local roads maintenance budgets**

191. The Committee is concerned that local road maintenance budgets are still being cut. Evidence from several witnesses that cutting local maintenance budgets impacts disproportionately on pedestrians and vulnerable groups in particular.

192. Living Streets Scotland, in its oral evidence to the Committee stated—

“... it looks as though maintenance budgets are going to continue to be cut while the trunk roads Budget continues to increase despite the Committee asking for efficiency savings to be found in it. We must remember that everyone is a pedestrian for part of their journey and that there are particularly vulnerable groups who are deeply affected by poor footway maintenance and inconsiderate parking.”\(^73\)

193. The Committee also notes that figures released by Transport Scotland in November 2012 reveal that there was a 13% rise in the number of cyclists

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\(^72\) Living Streets Scotland. Written submission, page 2.

suffering serious injuries in 2011 compared to 2010.\(^{74}\) In the Committee’s view this also serves to highlight the need to ensure that existing road networks are properly maintained.

194. The Committee also raised with the Cabinet Secretary media reports which had suggested that Transport Scotland had estimated that the trunk roads maintenance budget had increased by 6%, or £42m, to £755m. The Cabinet Secretary stated in response that—

“Since 2007, we have invested a total of more than £2 billion in maintaining and improving the trunk road network and we need to continue to invest at appropriate and realistic levels to make sure that we keep it safe and up to scratch.”\(^{75}\)

195. The Committee is aware that the Scottish Government has still to announce the final outcomes of its Roads Maintenance Review. It looks forward to receiving details of the results of this exercise and hopes that it will provide firm proposals for dealing with the widely acknowledged backlog of road repairs across Scotland.

196. The panel also highlighted the benefits of active travel in reducing health inequalities. Keith Irving, from Living Streets Scotland, stated—

“As we know, it is more common for people in areas of deprivation to have not just one, but several long-term health conditions such as asthma or heart disease and we need to enable an appropriate level of physical activity to take place in order to hit all these conditions. As far as inequalities are concerned, areas of deprivation have the worst conditions for walking.”\(^{76}\)

197. Dr David Brennan, from Pedal on Parliament supported this, highlighting that about 30% of people in Scotland do not have a car, and therefore enabling higher levels of active travel would be of benefit to large numbers of people.\(^{77}\)

**Reallocation within the transport budget**

198. The Committee remains convinced by the evidence received that maintenance and improvement of the pedestrian and cycling environment is crucial to increasing active travel in Scotland. This point was raised by the Committee in its Budget report to the Finance Committee last year.


199. The Committee also believes that active travel is an extremely important aspect of preventative spend and the significant economic benefits of spend in this area are not being given sufficient weight in allocating the transport budget. The Committee believes that further investment needs to be made to achieve the long term desired change. Pedal on Parliament stated in oral evidence to the Committee—

“Some very good reports have highlighted the economic benefits of this approach to health. Cost benefit analyses tend to suggest that a cost benefit ratio of 2:1 is very good. The cost benefit ratio of active travel is about 13:1 globally and 19:1 in the United Kingdom. It is clear that cycling and active travel provide significant economic benefits.”\(^78\)

200. The Committee commends the Scottish Government for allocating some additional funding in this year’s budget to sustainable and active travel to support this important area of preventative spend.

201. However, whilst the Committee fully appreciates the pressures upon Scottish Government funds, it remains convinced that the level of public investment in active travel is insufficient to meet the ambitious long term objectives it needs to deliver.

202. The Committee is further concerned by the planned reduction in the ‘sustainable and active travel’ Budget line in 2014-15, to £19 million. Level 4 figures show that planned funding for the Fastlink programme accounts for £10 million of the 2014-15 expenditure, leaving a total of £9 million for other ‘sustainable and active travel’ activity in this budget line (still to be allocated). This would indicate a planned reduction in total funding for active travel from this budget line, although funding of cycling infrastructure through the Future Transport Fund is planned to rise to £4.5 million in 2014/15.

203. The Committee therefore recommends that the Scottish Government should consider further immediate adjustments to the current allocation within the Draft Budget 2013/14 and redirect additional funding from other transport lines to active travel. The Committee remains convinced by the evidence received that even relatively minor adjustments could bring disproportionately larger economic and societal benefits.

204. It considers that the refresh of CAPS and the development of a National Walking Strategy, as discussed at paragraphs 15 and 36 above, present opportunities for the Scottish Government to conduct a detailed assessment of the longer-term funding required to deliver the improvements required.

205. The Cabinet Secretary stated to the Committee during oral evidence that suggestions need to be made about where the extra funding will come from

“Anyone who argues that we should be spending more in one area must understand that the money has to come from another area of the budget. I often hear a lot of people, in many different areas, saying—understandably and rightly—that they want more money for X, Y or Z, but it is much more rare that I hear them saying where that money should come from.”

206. Pedal on Parliament suggested in its oral evidence to the Committee that there was not a requirement to increase the transport budget and suggested how there could be a re-allocation of existing spend within it.

207. Several witnesses pointed to a contradiction in terms of policy versus spend allocation, with proposed expenditure on trunk roads and motorways rising, whilst that on active travel remained at a relatively low level despite strong policy direction being in place to require significant improvements in, for example, the number of cycling journeys made.

208. The Committee does not believe however, particularly due to the lack of transparency of the information contained within the Draft Budget, that it is best placed to identify where additional funding for active travel should come from within the transport budget, and that this task should be undertaken by the Scottish Government. It would not, for example, be able to suggest a specific transfer from proposed expenditure on trunk roads as it is unable to determine from the budget documents what proportion of that allocation is committed spend or where some flexibility might exist to allow funds to be redirected for active travel.

Active travel spend as a proportion of the transport budget

209. The Committee also acknowledges the Scottish Government’s argument, provided in its response to the Committee’s Budget report for 2012-13, against introducing a percentage allocation of the transport Budget to active travel. It said in its response—

“Levels of transport spend cannot simply be based on percentage allocations for each transport mode. The budget must reflect existing contractual requirements, planned maintenance and upgrades and reflect transport priorities for each mode. Allocations to transport projects are made by evidence gathering, public consultations and various impact assessments… It would be remiss of Transport Scotland to arbitrarily allocate definite amounts of investment without carrying out the necessary due diligence.”

210. However, expert witnesses during this year’s Budget scrutiny have continued to argue that active travel funding should be set as a proportion of the total

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transport Budget, or as a unit spend per head, to ensure sufficient investment in this important area of preventative spend is being made, and to provide security in funding levels, allowing for better planning of longer term projects.

211. Pedal on Parliament, in written evidence to the Committee suggested that spend on active travel in the broader sense should be around 10% of the transport budget. This call was echoed, during oral evidence to the Committee, by Sustrans and Cycling Scotland.

212. John Lauder from Sustrans, in his oral evidence to the Committee, stated—

“The thinking behind the 10% figure came from the Association of Directors of Public Health. It recommended, that on a UK basis, all transport budgets should set aside 10% for active travel.”

213. The Committee accepts the limitations outlined by the Scottish Government in its response to the Committee’s recommendation last year. However, the strategic importance of active travel funding specifically in contributing to a number of key national objectives, including health improvements and contributing to the reduction in Scotland’s carbon emissions, cannot be underestimated.

214. The Committee therefore recommends that the Scottish Government gives further consideration to attributing a proportion of the total transport budget to active travel in future years.

OTHER TRANSPORT ISSUES

Climate change and transport

215. The Committee notes that transport related greenhouse gas emissions accounted for 19% of all emissions in Scotland during 2010, excluding international aviation and shipping which accounted for a further 4% of total emissions. There was a 1% reduction in transport emissions between 2009 and 2010. However, total transport emissions remain higher than in 1990. Transform Scotland stated in written evidence on the draft budget that “the charts on p.158 of the budget show that in the last five years, road spending has increased by almost 40%, while most other transport spending lines have remained largely unchanged.”

216. The Cabinet Secretary for Finance, Employment and Sustainable Growth has written to subject committees providing a summary document that draws together details of the budget lines across the current spending review period that support the delivery of measures to reduce greenhouse gas emissions.

84 Transform Scotland. Written submission, page 1.
217. The Committee explored with the Cabinet Secretary how the Scottish Government reconciled its commitment to reducing greenhouse gas emissions while increasing expenditure on trunks roads by almost 40% over the last five years. She was also asked whether the Scottish Government was doing enough to ensure that transport made a contribution towards meeting the Scottish Government’s own challenging emissions reduction targets.

218. The Cabinet Secretary acknowledged the importance of transport to the wider climate change agenda but also recognised the economic and social benefits to Scotland of having a modern and efficient road network. She agreed that it would be necessary to take further action on a range of transport-related issues, but said that the Scottish Government was showing leadership by providing budget allocation for a range of sustainable transport initiatives—

“The two-year figure for transport is £134.2 million to reduce the impact of transport on our carbon emissions. That includes a range of things, such as active travel, which we have talked about, low-carbon vehicles, congestion reduction, current spending on the promotion of low-carbon vehicles, car clubs, hybrid buses, new rail investment, congestion management, hybrid ferries and freight support.”

219. The Committee welcomes the work the Scottish Government is doing in terms of taking forward sustainable policies and projects. However, it is concerned that total transport emissions are currently higher than in 1990 and that there is as yet no tangible contribution being made by transport as a whole towards meeting the Scottish Government’s own ambitious emissions reduction targets.

220. The Committee has only addressed this issue in very general terms as part of its budget scrutiny. However, it considers that the forthcoming scrutiny by the Parliament of the second Report on Proposals and Policies (RPP) – estimated to be in early 2013 – presents a suitable opportunity to review progress on reducing emissions from transport and to identify what further action needs to be taken to deliver the change necessary. The Committee therefore hopes to consider this important matter further once the draft RPP is published by the Scottish Government.

**Edinburgh-Glasgow Improvement Programme (EGIP)**

221. The Edinburgh-Glasgow Improvement Programme (EGIP) is a project, funded through the Network Rail Regulated Asset Base, to improve capacity on Scotland’s busiest rail corridor. The programme as originally envisaged included electrifying the railway between Edinburgh and Glasgow Queen Street, Stirling, Dunblane and Alloa. This would have allowed for six trains per hour to operate between Edinburgh and Glasgow via Falkirk High and allow for a fastest city to city journey time of around 35 minutes. A major consultation exercise on EGIP finished on 31 January 2012.

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222. The Scottish Government announced the go-ahead for a reduced scope EGIP on 4 July 2012 which involves the electrification of the Edinburgh-Glasgow and Glasgow-Cumbernauld lines. The revised project is some £300m cheaper than the original EGIP project. There will be no increase in the number of trains running on the line and the fastest journey time will be around 40 to 45 minutes.

223. In response to questions from the Committee on whether the reduced scope EGIP project continues to represent value for money, the Cabinet Secretary confirmed the Scottish Government’s view that it would, stating—

“It will deliver faster journey times, improved reliability, enhanced stations and increased capacity, which will help to meet passenger demand well into the next decade. Perhaps the statistic that is most germane to your point about value for money is that the first phase...will deliver almost 80% of the benefits of the original programme at 60% of the cost. That is value for money.”

224. The Committee notes the Scottish Government’s confidence that the scaled-back EGIP project will deliver value for money. However, it also notes that an announcement was made by the Cabinet Secretary on 12 November 2012 that the Scottish Government is to develop plans for a high-speed rail link between Edinburgh and Glasgow by 2024. Whilst the Committee has not yet been able to study the detail of this new proposal, it would be interested to hear from the Scottish Government on how this would impact on the EGIP proposals in value for money terms.

Aberdeen Western Peripheral Route (AWPR)

225. The Aberdeen Western Peripheral Route (AWPR) combines a bypass around Aberdeen with a fast link section to Stonehaven. The proposed bypass around the city will run from the A90 in the Charleston area, south of the city, crossing the River Dee at Milltimber, passing west of the city to the A96 near Aberdeen Airport to join the A90 near Blackdog, north of Aberdeen and will comprise a dual two-lane carriageway, with grade separated junctions at main intersections. The dual carriageway Fastlink runs from Stonehaven north and connects into the bypass south of the River Dee, near Maryculter.

226. The Scottish Government recently confirmed in an answer to PQ S4W-10615 that the predicted cost of the AWPR is £653m minus VAT, at 2012 prices. The previous cost estimate was £347m at 2003 prices. The AWPR project is being delivered along with the Balmedie-Tipperty dualling project which is estimated to cost £92m minus VAT, again at 2012 prices.

227. The Committee asked the Cabinet Secretary whether she was able to provide predicted out-turn costs for the AWPR/Balmedie-Tipperty dualling project, as recently published figures were are at 2012 prices and excluded VAT. Her officials stated that the outturn cost would be dependent on actual inflation levels.

between now and completion, as well as price agreed as a result of the tendering process.  

228. When questioned on whether the increased cost of the AWPR project would impact on the delivery of other major transport projects, the Cabinet Secretary said that the Scottish Government “…will take appropriate budgeting decisions in future years about how to factor it into the budget without it having a massive impact on other projects”.  

229. The Committee will continue to monitor progress towards the delivery of EGIP, AWPR and other major transport infrastructure projects such as the Forth Replacement Crossing, the Borders Rail project and the M8 bundle. It requests that the Scottish Government provide it with regular updates on cost estimates for all major transport projects.

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ANNEXE A: EXTRACTS FROM THE MINUTES OF THE INFRASTRUCTURE
AND CAPITAL INVESTMENT COMMITTEE

12th Meeting, 2012 (Session 4): Wednesday 20 June 2012

8. Draft Budget Scrutiny 2013-14 (in private): The Committee considered its approach to the scrutiny of the Scottish Government's Draft Budget 2013-14 and agreed to focus its scrutiny on housing, to appoint a budget adviser to assist in with the scrutiny.

13th Meeting, 2012 (Session 4): Wednesday 12 September 2012

In attendance: Professor Kenneth Gibb, Budget Adviser


15th Meeting, 2012 (Session 4): Wednesday 26 September 2012


Keith Irving, Manager, Living Streets Scotland;
John Lauder, National Director for Scotland, SUSTRANS;
Ian Aitken, Chief Executive, Cycling Scotland;
Phil Noble, Representative, SCOTS;
Dr David Brennan, Co-organiser, Pedal on Parliament.

16th Meeting, 2012 (Session 4): Wednesday 3 October 2012

In attendance: Professor Kenneth Gibb, Budget Adviser


Philip Hogg, Chief Executive, Homes for Scotland;
Kennedy Foster, CML policy consultant for Scotland, Council of Mortgage Lenders;
Jim Hayton, Policy Manager, ALACHO;
Graham Harper, Policy Manager, Scottish Federation of Housing Associations.
17th Meeting, 2012 (Session 4): Wednesday 24 October 2012

In attendance: Professor Kenneth Gibb, Budget Adviser


David Bookbinder, Head of Policy and Public Affairs, Chartered Institute of Housing in Scotland;

Fraser Stewart, Lead Member, Housing Investment, Glasgow and West of Scotland Forum of Housing Associations (GWSF);

Gordon MacRae, Head of Communications and Policy, Shelter Scotland.

19th Meeting, 2012 (Session 4): Wednesday 7 November 2012

In attendance: Professor Kenneth Gibb, Budget Adviser


Nicola Sturgeon, Cabinet Secretary for Infrastructure, Investment and Cities, Rachel Gwyon, Head of Housing: Sustainability and Innovative Finance, Janet Egde1l1, Head of Infrastructure Investment Policy, and Sharon Fairweather, Director, Finance, Transport Scotland, Scottish Government.

20th Meeting, 2012 (Session 4): Wednesday 14 November 2012

In attendance: Professor Kenneth Gibb, Budget Adviser


21st Meeting, 2012 (Session 4): Wednesday 21 November 2012

ANNEXE B: ORAL EVIDENCE AND ASSOCIATED WRITTEN EVIDENCE

15th Meeting, 2012 (Session 4): Wednesday 26 September 2012

Oral evidence
Living Streets Scotland
SUSTRANS
Cycling Scotland
SCOTS
Pedal on Parliament

Written Evidence
SUSTRANS
Cycling Scotland
Pedal on Parliament

Supplementary written evidence
Living Streets Scotland
Pedal on Parliament

16th Meeting, 2012 (Session 4): Wednesday 3 October 2012

Oral evidence
Homes for Scotland
Council of Mortgage Lenders
ALACHO
Scottish Federation of Housing Associations

Written Evidence
Homes for Scotland
ALACHO

17th Meeting, 2012 (Session 4): Wednesday 24 October 2012

Oral evidence
Chartered Institute of Housing in Scotland
Glasgow and West of Scotland Forum of Housing Associations (GWSF)
Shelter Scotland

Written evidence
Glasgow and West of Scotland Forum of Housing Associations (GWSF)
Shelter Scotland

19th Meeting, 2012 (Session 4): Wednesday 7 November 2012

Oral evidence
Nicola Sturgeon, Cabinet Secretary for Infrastructure, Investment and Cities

Supplementary written evidence
Nicola Sturgeon, Cabinet Secretary for Infrastructure, Investment and Cities
ANNEXE C: OTHER WRITTEN EVIDENCE

- Age Scotland (295KB pdf)
- CBI Scotland (275KB pdf)
- CECA Scotland (90KB pdf)
- CIH Scotland (164KB pdf)
- COSLA (96KB pdf)
- Edinburgh Airport (64KB pdf)
- ESPC (161KB pdf)
- Existing Homes Alliance Scotland (365KB pdf)
- Highland Council (59KB pdf)
- Professor Glen Bramley (84KB pdf)
- R S Garrow Ltd. (971KB pdf)
- RSPB Scotland (376KB pdf)
- SAPT (131KB pdf)
- Scottish Building Federation (168KB pdf)
- SFHA (752KB pdf)
- Shelter Scotland (165KB pdf)
- South Lanarkshire Council (81KB pdf)
- SPOKES (296KB pdf)
- Stop Climate Chaos Scotland (290KB pdf)
- Transform Scotland (113KB pdf)
- West Dunbartonshire Council (211KB pdf)
- WWF Scotland (221KB pdf)

Supplementary written evidence

- Cabinet Secretary for Infrastructure, Investment and Cities (296KB PDF)
- Living Streets Scotland (151KB pdf)
- Pedal on Parliament (97KB PDF)