



The Scottish Parliament
Pàrlamaid na h-Alba

Finance and Constitution Committee

Clerk to the Rural Economy and
Connectivity Committee

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4 December 2018

Transport (Scotland) Bill – Financial Memorandum

Dear Steve,

The Finance and Constitution Committee agreed to write to your Committee to highlight some of the themes raised during our scrutiny of the Transport (Scotland) Bill's Financial Memorandum (FM). The Committee issued a call for views on the FM which closed on 21 September 2018 and received eleven responses. The Committee then took evidence from the Bill Team on 14 November, to explore further the issues raised by respondents. All the written evidence can be found on our website¹ and a summary of the written evidence is attached at the Annexe A. Supplementary evidence from the Bill Team can be found at Annexe B. The Committee's scrutiny focused on the costs associated with Low Emission Zones (LEZs) and pavement parking and double parking.

Low Emission Zones

The Committee noted that the research report by Jacobs consultancy which was used to calculate the costings as set out in the FM and asked whether this would be published in full and the Scottish Government confirmed that it was available on the national LEZ website and would be posted on Transport Scotland's website shortly.

The Committee noted that some respondents argued that the cost of implementing low-emission zones had been underestimated. The Bill Team acknowledged that it was very difficult to make quantifiable predictions at the present time as work is

¹ <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/109043.aspx>

currently being undertaken by local authorities on the design of LEZs. The Bill Team told us²—

“we will have more clarity not only through the provisions published in the bill itself and the regulations that will come forward but through the details of what will be designed by the local authorities.”

The Committee was interested in how the creation and implementation of LEZs will be funded as was told that the Scottish Government will bear some costs and the local authority will bear the cost of delivering the LEZs locally. The FM said that the costs fall between central and local government, *“with no fixed or established formula or mechanism defined currently in Scotland to precisely apportion this”*.

The Committee pursued the question of how the costs would be split between central and local government. The Bill Team explained that this year, the Scottish Government has provided funding to support local authorities in delivering the design of LEZs however the total costs around the introduction of LEZs, the infrastructure and the back-office enforcement and support systems is not yet fully understood and will be different for different local authorities, depending on the scale of the LEZ. In addition, the Bill Team confirmed that the Scottish Government has not yet identified what proportion of costs would be borne by local authorities and by central Government and that the Scottish Government will continue to work with local authorities on this.

The Committee questioned whether the optimism bias of 44 per cent and an assumption of 10 per cent risk on year 1 costs, as set out in the FM, was standard practice. The Scottish Government confirmed that this was indeed standard practice based on the recommendations of the Department for Transport’s WebTag which is used by the Scottish Transport Appraisal Guidance.

The Committee explored the financial impact of introducing LEZs on small businesses and was told that a Low Emission Support Fund had been created and that the Scottish Government is currently exploring how this fund could help support users of light goods vehicles which are predominately used by small business. The Committee also considered the costs to bus operators to retrofit their vehicles and what level of financial support would be made available to them. The Bill Team confirmed that a Bus Emissions Abatement Retrofit (BEAR) programme is currently under way and phase 2 of the programme, which has now been launched, will offer to large operators 40 per cent of the total cost of retrofit, rising to 60 per cent for smaller operators.

Pavement parking and double parking

The Committee questioned the methodology used to estimate the costs to local authorities in enforcing pavement and double parking bans and queried whether the figures used for Aberdeenshire Council in the FM were correct. The Bill Team believed they were and said they would discuss this with them at their next stakeholder meeting.

² <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11788&mode=pdf> Finance and Constitution Committee Official Report 14 November 2018 Col 2

The Committee explored the issue raised by respondents that making local exemptions to the parking bans could mean that the costs could escalate substantially from the estimates in the FM. The Bill Team told us³—

“It is very difficult for us to cost the assessment and, particularly, the implementation, with the potential number of exemptions that local authorities may wish to promote.”

The Bill Team explained that the Scottish Government is continuing to work with local authorities and COSLA, through a parking standards working group, to develop more robust costs for each of the respective areas.

Yours sincerely,

Dr Jim Johnston
Clerk to the Finance and Constitution Committee

³ <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11788&mode=pdf> Finance and Constitution Committee Official Report 14 November 2018 Col 11

Summary of responses to the call for views

Introduction

1. The Committee received 11 responses to the call for views from the following organisations:
 - [Aberdeen City Council \(47KB pdf\)](#)
 - [Living Streets Scotland \(66KB pdf\)](#)
 - [Confederation of Passenger Transport Scotland \(48KB pdf\)](#)
 - [Aberdeenshire Council \(169KB pdf\)](#)
 - [South Ayrshire Council \(149KB pdf\)](#)
 - [East Ayrshire Council \(152KB pdf\)](#)
 - [Society of Chief Officers of Transportation in Scotland \(SCOTS\) \(140KB pdf\)](#)
 - [TACTRAN \(189KB pdf\)](#)
 - [South Lanarkshire Council \(150KB pdf\)](#)
 - [Cycling Scotland \(161KB pdf\)](#)
 - [Road Haulage Association \(140KB pdf\)](#)
2. Respondents raised a number of issues including the cost of developing and operating Low Emission Zones (LEZs) and the costs on enforcing pavement parking and double parking bans and the costs bus operators set out in the Financial Memorandum (FM).

Low Emission Zones (LEZs)

3. Aberdeen City Council stated that the FM does not accurately reflect the cost of developing, implementing and enforcing a LEZ which will include substantial traffic management costs in addition to back office, staffing and camera costs. The Council believed that the revenue from Penalty Charge Notices (PCNs) would not be sufficient to cover all of these costs and that funding to support the implementation of LEZs should be fully funded by the Scottish Government.
4. SCOTS and Tactran both believed that costs associated with implementing LEZs had been grossly underestimated and that there should be adequate up-front funding made available for the implementation of LEZs with the ability for councils to recoup this funding once the enforcement regime income starts to accumulate. In addition, they both state that there may be additional costs as a result of implementing LEZs resulting from the rerouting of traffic, signal amendments, alternative cycling and pedestrian facilities and fleet costs in the area.
5. The Road Haulage Association welcomed the introduction of LEZs however argued that there will be additional costs to hauliers to adopt the new technologies required to meet the restrictions in LEZs and these are not contained in the FM. They also point out that a retrofit option for HGVs could cost between £11,000 and £25,000 and currently no Commercial Vehicle Retrofit Accreditation Scheme options are available.

6. The Confederation of Passenger Transport (CPT) stated there may well be significant financial implications for its members but it is difficult to know the full extent until further clarification on what the Bill will require from its members is provided.
7. CPT cite the cost to operators in participating in the Bus Emission Abatement Retrofit (BEAR) Programme from the FM which states that BEAR funding should be based upon £25,000 per bus with up to £15,000 allocated for exhaust abatement equipment and up to £10,000 ancillary costs. They believe that the FM does not accurately reflect the fact that bus operators will not be able to bid for 100% funding through the BEAR programme due to State Aid rules and will therefore face “huge costs” to cover the shortfall.

Pavement parking and double parking

8. Aberdeen City Council did not believe that the implementation, administration and enforcement costs associated with pavement parking and double parking would be covered by revenue generated by PCNs and said that there would be an expectation that the additional costs would be met by the Scottish Government through the annual Local Government funding settlement.
9. South Ayrshire Council and East Ayrshire Council also stated that there will be a financial burden relating to the enforcement of pavement parking and double parking elements of the Bill. They also believed that making local exemptions could mean that the costs could escalate substantially from those estimates contained in the FM. They state that the FM used a limited sample to determine the costs of implementing local exemptions and that the figure of £25,000 is substantially understated. This point was also made by South Lanarkshire Council.
10. Aberdeenshire Council, South Ayrshire Council and East Ayrshire Council all question the methodology used in the FM relating to pavement and double parking. They say that the financial assumptions being based on 2 different types of local authority is not a robust method of estimating costs across the country. Aberdeenshire Council argued that the Scottish Government/Transport Scotland should engage with COSLA and SCOTS/ATCO to undertake a more robust exercise and South Ayrshire Council and East Ayrshire Council suggest that further work should be done on the costs to local authorities in relation to local exemptions once Transport Scotland publishes its Parking Standard Document.
11. Aberdeenshire Council stated that the figures within the FM on pavement and double parking do not reflect those that were provided by Aberdeenshire Council. South Lanarkshire said that the financial costs to councils on enforcing parking bans have not been accurately reflected in the FM, which assumes that those local authorities already undertaking decriminalised parking enforcement cost will be at a minimum.
12. SCOTS and Tactran both state that additional resources will be required to enforce pavement parking bans and suggest that the resources required to promote and administer exemption orders do not appear to have been quantified.
13. Living Streets Scotland, however, believed that the set up costs for pavement parking and double parking will be relatively low and local authorities should be questioned if they say the cost of implementing would be higher than in the FM. They also suggest that income from penalty notices related to pavement parking should be monitored in order to measure the effectiveness of the legislation. They state that the costs of a national ban should be met by the Scottish Government.

14. Cycling Scotland made the point that, although there are costs associated with enforcing the new parking restrictions, it is important that these restrictions are enforced to help protect and improve road conditions for all users, and particularly for vulnerable road users.

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Bruce Crawford MSP
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29 November 2018

Dear Mr Crawford

I write in connection with the Transport (Scotland) Bill, regarding information on specific points raised by the Finance and Constitution Committee members during the evidence session on 14 November 2018.

Taking the two outstanding points in turn below, from the official report of the above session:

1) Patrick Harvie MSP asked, in relation to modelling by which some of the cost estimates for Low Emission Zones have been developed carried out by Jacobs and set out in a report which has not been published:

When it is completed, will it be published?

I can confirm that the report prepared on behalf of Scottish Government to support consideration of costs in relation to the introduction of Low Emission Zones (LEZs) is now available on the national LEZ website and will be available on Transport Scotland's website in the near future.

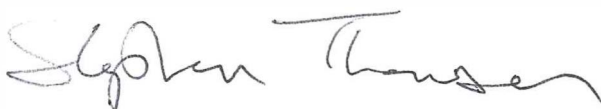
2) Angela Constance MSP asked:

The financial memorandum mentions an optimism bias of 44 per cent and an assumption of 10 per cent risk on year 1 costs. Is that the norm, or is it quite a generous calculation?

I can confirm that the values included in the Financial Memorandum are those recommended by Department for Transport's WebTAG, March 2017, which is used by the Scottish Transport Appraisal Guidance (STAG). As such, the figures can be taken as representing the standard approach in assessing transport related issues.

I hope the Committee finds the above a useful addition to its considerations on the Bill.

Yours sincerely



Stephen Thomson
Head of Air Quality

29 November 2018