



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

Wednesday 2 March 2016



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**INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE**  
**8<sup>th</sup> Meeting 2016, Session 4**

**CONVENER**

\*Jim Eadie (Edinburgh Southern) (SNP)

**DEPUTY CONVENER**

\*Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP)

**COMMITTEE MEMBERS**

\*Clare Adamson (Central Scotland) (SNP)

\*Alex Johnstone (North East Scotland) (Con)

\*Mike MacKenzie (Highlands and Islands) (SNP)

Siobhan McMahon (Central Scotland) (Lab)

\*David Stewart (Highlands and Islands) (Lab)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Margaret Burgess (Minister for Housing and Welfare)

David Climie (Transport Scotland)

Caroline Dicks (Scottish Government)

Lawrence Shackman (Transport Scotland)

**CLERK TO THE COMMITTEE**

Steve Farrell

**LOCATION**

The Adam Smith Room (CR5)



# Scottish Parliament

## Infrastructure and Capital Investment Committee

Wednesday 2 March 2016

*[The Convener opened the meeting at 09:30]*

### Housing

**The Convener (Jim Eadie):** Good morning. I welcome everyone to the eighth meeting in 2016 of the Infrastructure and Capital Investment Committee. I remind everyone present to switch off mobile phones, as they affect the broadcasting system. As meeting papers are provided in digital format, tablets may be consulted during the meeting. Apologies have been received from Siobhan McMahon.

Agenda item 1 is a housing update. The committee will take evidence on housing matters from the Minister for Housing and Welfare, Margaret Burgess. I welcome the minister; Caroline Dicks, who is the investment manager in the Scottish Government's investment policy, planning, and south programmes branch; and Marion Gibbs, who is a team leader in the Scottish Government's housing support and homelessness unit.

I invite the minister to make a short opening statement.

**The Minister for Housing and Welfare (Margaret Burgess):** Thank you, convener. I am pleased to have the opportunity to give the committee a general housing update. I will reflect on the Government's achievements over the past five years and then look ahead a bit.

There is no doubt that there have been very difficult times, which have been dominated by the 2008 financial crisis and all that flowed from that. Despite that, we have achieved much. We have exceeded our target to deliver 30,000 new affordable homes, including more than 20,000 for social rent, and that has been supported by over £1.7 billion of investment, which has supported around 8,000 construction and related jobs each year. We have also ended the right to buy. That is distinctive to Scotland, and it will keep up to 15,500 homes within the social sector over the next 10 years. Since 2007, 20,000 households have been supported into home ownership through initiatives such as help to buy and our shared equity schemes; the Private Housing (Tenancies) (Scotland) Bill strikes a fairer balance between tenant and landlord; and, since 2009,

over £500 million has been allocated to make Scotland's homes more energy efficient.

Scotland now has some of the most progressive homelessness legislation in the world. We have seen falls in recorded homelessness and a focus on prevention, and housing options approaches that deal with the individual and their needs have developed across Scotland. I am sure that the committee would wish to know that the housing options guidance will be published on the Scottish Government's website following this meeting. I thank the Convention of Scottish Local Authorities, the Association of Local Authority Chief Housing Officers and the local authorities that gave up their time to develop the guidance. The guidance will help local authorities and others when they develop their approaches to preventing homelessness.

I am also proud of our achievements in mitigating the impacts of welfare reform, including the impact of the bedroom tax, and progress continues to be made on the "Joint Housing Delivery Plan for Scotland". Our achievements are due to the collaboration and co-operation of our many stakeholders and partners throughout the sector, for which I thank them.

However, we all want to do more, and we need to do more. Our plans for the future are bold and ambitious. Backed by at least £3 billion of investment, our next challenge will be to meet the 50,000 homes target, which will support 14,000 jobs a year. That will be our commitment if we are re-elected. Our commitment to deliver 35,000 new social homes within that target more than meets the Commission on Housing and Wellbeing's aspiration on supply.

Over £160 million of new funding has been set aside in 2016-17 to support 5,000 households to buy their own home, and an infrastructure fund of up to £50 million will be available in 2016-17 to speed up the delivery of house building. On Friday last week, I launched the rural housing fund, which will provide £25 million over the next three years to increase the supply of affordable housing in rural Scotland.

As I said earlier, we cannot do all of that on our own. Collaboration enables us to deliver much more than we would achieve separately, and it has been a privilege for me to have been involved with Scotland's housing sector.

I am happy to answer members' questions.

**The Convener:** Thank you very much, minister.

You said that the Government has invested £1.7 billion in delivering 30,000 affordable homes, and you gave a figure for how much the Government is spending to assist 5,000 households into home ownership. You mentioned

20,000 households having been supported into home ownership over the lifetime of the Parliament, through equity schemes and the help-to-buy scheme. Do you have a figure for how much the Government has invested in that?

**Margaret Burgess:** I do not have that figure with me.

**Caroline Dicks (Scottish Government):** We can provide it.

**Margaret Burgess:** We can provide the figure relating to that investment. It includes our three-year help-to-buy scheme, so it will certainly be more than £500 million.

**The Convener:** Is the £50 million that has been allocated to the infrastructure fund new money?

**Margaret Burgess:** It is a new scheme that was announced this week, and it is a mixture of grant and loan from within the budget that we announced previously for the affordable housing supply.

**The Convener:** It is a new scheme but it is not new money.

**Margaret Burgess:** It is not additional to the budget that we announced for the affordable housing supply. It is not additional to the £690 million.

**Caroline Dicks:** It sits within the £690 million for housing.

**The Convener:** What do you see as being the impact of that fund?

**Margaret Burgess:** The fund will have a considerable impact. It came out of the "Joint Housing Delivery Plan for Scotland", which clearly identified the need for infrastructure and the need to get land ready for large-scale housing developments, and it will help with that. We are working with local authorities on how we can work together to identify the land and speed up the delivery of housing. The infrastructure plan was a response to a request in the "Joint Housing Delivery Plan for Scotland".

**The Convener:** Is it fair to say that part of the Government's approach has been to pioneer such innovative approaches in order to leverage in money that is additional to what the Government can provide?

**Margaret Burgess:** Our innovative schemes have been very much about levering in extra funding, but we are also aware that the industry and the housing sector have asked for action on things that they see as blocking the delivery of housing. That £50 million should help to unblock any sites that have been stymied because of problems with infrastructure and a lack of finance.

**The Convener:** You mentioned the report of the Commission on Housing and Wellbeing. One of the biggest challenges for the Government is to bring about the transfer of funding from housing subsidies to tenants through housing benefit to bricks and mortar, so that there is more investment in meeting the need for housing supply. Do you have any views on how the Government can address that in the coming years?

**Margaret Burgess:** We welcomed that report because it identified our direction of travel and the fact that good-quality housing is fundamental to people's health and wellbeing. That is why we have set it as such a priority. As part of that, we set an ambitious target that is greater than the target that the Commission on Housing and Wellbeing's report set. The commission said that we should increase the building rate to 9,000 affordable homes a year but we have set a target of 50,000 over five years, which exceeds the commission's target.

We must make sure that we can meet that target, and to do that we have increased the level of subsidy, which you mentioned. That idea, too, came out of the joint delivery plan, which proposed that the working group should be reconvened to look at the subsidy to ensure that it was sufficient to allow housing associations and local authorities to deliver social housing. The subsidy is about social housing; other affordable housing initiatives do not get the same subsidy, although they get our support in other ways. The subsidy is very much about getting a grant to registered social landlords and local authorities so that they can build social housing.

**The Convener:** Housing benefit is a subsidy, but the Scottish Government has no control over it.

**Margaret Burgess:** Housing benefit is reserved to the United Kingdom Government and is entirely separate. It enables people to pay their rent.

**The Convener:** I am trying to get at the point that the report made, which is that as much money is spent on housing benefit as is currently spent on investment; therefore, if there was some way of transferring the money across from one to the other, you would be able to do far more for the housing supply.

**Margaret Burgess:** If housing benefit came under the powers of the Scottish Parliament, we could do more with how it is used and targeted but there will always be people who require assistance with their rent. It would not be right to say that we could take all the housing benefit money and put it into building houses, because there will always be people on low incomes who require assistance with their rent and it is right that such assistance is

provided for them. Although we cannot control that, we have mitigated what we can in relation to the bedroom tax to ensure that people can remain in their homes and afford the rent. At the same time, we have increased the subsidy to build houses.

**The Convener:** The Scottish Government published its five-year “Joint Housing Delivery Plan for Scotland” in June 2015. Can you update the committee on the progress that has been made following the publication of the delivery plan?

**Margaret Burgess:** Good progress has been made. The plan identified 34 actions, 16 of which related to the areas that I have been talking about—delivery, subsidy and increasing supply—but not all of the 34 actions are being led by the Scottish Government. The plan has been co-produced with the sector.

I have already spoken about the need to look again at the subsidy and increase it to ensure that we can meet our commitments. That has been done. The infrastructure loan fund came out of recommendations that were made in the joint delivery plan, the current review of the planning system came from stakeholders’ contributions to that plan and there are other strands that are being taken forward. The Scottish Federation of Housing Associations is taking forward a strand on financing by collaborating with other housing associations to finance on a bigger scale.

The overall group meets quarterly, and the sub-groups meet as required. We had an interim progress report in November 2015 and the final report, when it is produced, will go to ministers, COSLA and the committee or its successor.

**Mike MacKenzie (Highlands and Islands) (SNP):** The convener has covered a lot of the territory that I intended to touch on. With the committee’s indulgence I will ad lib and think on my feet.

Minister, I was at the rural housing conference in Birnam last Friday, where you launched the £25 million rural housing fund. I know that you had to leave fairly quickly, but I was able to stay and see how warmly received that was across the rural housing sector. Thank you for that.

The Shelter report “Affordable Housing Need in Scotland” suggested that there is a need to build 12,000 houses per annum. I know that the Scottish Government has given a commitment to build 10,000 houses per annum. Do you think that, over the next session, the Scottish Government could perhaps build more than 50,000 homes and meet the 12,000 per annum target that was suggested by Shelter?

**Margaret Burgess:** We have said that we will look very carefully at both reports that have been mentioned, because they are substantial pieces of work that will help to inform how we go forward. The target of 50,000 homes that we have set is bold, credible and achievable, and it is backed by more than £3 billion of investment.

However, that is not the end of it. Our current target is 30,000 houses, but we have exceeded that and we are now talking about building at least 50,000 homes over the lifetime of the next Parliament. We never stop working, and our officials are continually looking at other ways to increase the supply. In addition to the 50,000 affordable homes target, there is the help-to-buy scheme. We are also looking at the private rented sector and mid-market rented homes. All those schemes are on-going and are in addition to the 50,000 affordable homes that we have committed to. The target that we have set is at least 50,000 homes, but, as I have said, help to buy and other schemes will add to that figure.

I think that what we are doing is the right approach. We have considered how we can finance our proposal, which goes further than the recommendation in the Commission on Housing and Wellbeing’s report even if it does not go as far as Shelter recommended in its report on affordable housing. I also think that the sector is behind our setting the 50,000 target. It recognises that, even with the finances that we are putting on the table, it will be a challenge to get the delivery off the ground, but we are confident that that can be done and that we can exceed our target.

09:45

**Mike MacKenzie:** The big challenge since the credit crunch has been a financial one—that of providing funding for housing. What progress has been made in developing innovative funding mechanisms? We know that the Government has supported the Falkirk Council pension fund investment. Could that model be replicated? Is the Government exploring other innovative funding mechanisms?

**Margaret Burgess:** I will address your point about the Falkirk Council pension fund, but I will also talk about the range of innovative measures that the Government has proposed. We have a number of schemes up and running and we are considering a number for the future.

We are at the forefront of innovative financing approaches in housing. We get different types of funding from the UK Government—it is not all grant funding; some of it is loan funding—and we have to look at how we can best use that funding to deliver affordable homes. We have already delivered more than 1,000 homes through the

national housing trust, and we anticipate that that scheme will provide 2,000 homes as it goes forward.

The Cabinet Secretary for Social Justice, Communities and Pensioners' Rights recently launched the Local Affordable Rented Housing Trust, which will offer homes at mid-market rent. That is backed up with loan finance from the Scottish Government, and we expect to attract the same amount from the private sector.

Our charitable bond scheme is the first such scheme to be launched by any Government or public sector body in the UK. As well as providing affordable homes, it will release money for the people and communities fund for regeneration projects in local communities and for the building of houses for social rent. That is very good as well.

We support pension fund investment, and we encourage pension funds to consider investing in affordable housing. We provided enabling support for the Falkirk Council pension fund scheme. Such schemes cannot just happen overnight, because they are very complex to put together and a lot of work is involved in getting any scheme off the ground.

We hope that the Falkirk scheme will be a model for other pension schemes to look at, but, ultimately, it is the trustees of pension schemes who make such decisions. We want to make it attractive for pension schemes to invest in affordable housing, but it is the trustees who determine how to invest the money in their scheme. I think that that is right—Governments should not dictate that—but we can show how attractive it can be to invest locally in affordable housing.

**Mike MacKenzie:** I was very pleased when you announced, a month or so ago, that the benchmark subsidy rates—essentially, the housing association grant—had been increased by between £12,000 and £14,000. Can you say a bit more about that increase? I think that the total subsidy is about £70,000 per house. Why did you feel that that increase was necessary?

**Margaret Burgess:** That increase was proposed in the "Joint Housing Delivery Plan for Scotland". We listened to stakeholders, who said that they did not know whether they could continue to build and develop houses at the existing subsidy level, which they felt needed to be looked at again. The subsidy group met and recommended to me that the increase should be up to £14,000 per house.

The subsidy level varies. I think that it is £70,000 in urban areas for a three-person equivalent home and that the figure is higher in rural areas. There is also a higher benchmark for greener homes that are built to an even higher

energy efficiency or green standard. The subsidy is less for mid-market rent properties, and it is also less for local authorities. They will still have the same increase but the subsidy is less because they are not reliant on the private sector for their borrowing, as RSLs are.

The figure was not produced by the Government but by the group that met to decide what the sector would require if it was to continue to build houses. We are aware that we have set a target, but we do not build the houses—we need the sector to do it and to work with us. On that basis, we felt that the recommendation was right and proper and that the group's arguments for increasing the subsidy were sound.

**Mike MacKenzie:** Thank you. That is a helpful clarification.

The recently announced private rented sector rental income guarantee scheme is intended to provide thousands of additional homes in the build-to-rent sector. Homes for Scotland mentioned an aspiration of some of their members—big developers—to build to rent rather than build to sell, which seems to be a welcome development. How will you ensure that the rent charged by those private sector providers is not unduly high, especially given that the Scottish Government is going to underwrite such schemes?

**Margaret Burgess:** We are in the early stages of the process. The idea came from Homes for Scotland—the house building industry felt that this is a way forward.

We funded Homes for Scotland to appoint a private rented sector champion to go out into the sector and ask the market and the developers what they felt would assist them to build in the sector, if there was a need for that. I think that this week, through its market engagement, Homes for Scotland has started to look at what the scheme will look like and what kind of rental-income guarantee the Scottish Government would be prepared to back up.

A business plan is obviously required, which will indicate the amount of rental income that Homes for Scotland anticipates taking into account. There are always voids in turnover. The Scottish Government will have to assess any risk to the Government, and we have been clear that we need to build consideration of rent increases into that. The market sets the rent in the private sector, as we know. The more houses that we get in the sector, the more that will help with rent levels. When we are making the guarantee, any rent increases will have to be agreed at the outset within the business model that is produced.

I do not want to pre-empt what the scheme might come up with, because that is under



discussion. For example, I could say that it will be the consumer price index plus 1 per cent or whatever, but that would have to be agreed.

There would not be a guarantee forever; the Scottish Government would be willing to keep that guarantee in place for a certain length of time. During that period, any increases in rent would have to match what was agreed at the outset. We will ensure that any risk that the Government takes is well thought out and planned. Before we make that guarantee, all the plans will be independently assessed as well.

**Mike MacKenzie:** That is reassuring. Since the low point in 2008, the number of new homes of all tenures has gradually increased. However, that has been subject to fluctuations. The planning system is under review because there were complaints that some bigger housing developments were held up unduly. In the April to June 2015 quarter, the number of new build homes was down compared with the same quarter in 2014. Were those planning delays the reason for that drop or is there some other reason for those new starts being down over that period?

**Margaret Burgess:** We will always get fluctuations in a quarter or a period. That is the way it is. There is no significant reason for the particular fluctuation over the period that you mention. Our social housing statistics increased by 10 per cent in that year.

It is about looking at the overall picture. Since 2007, Scotland has done better in house building in all tenures per head of population than any other country in the UK. An example of that is that we have built 41,000 houses more per head in Scotland than have been built in England. That is a town the size of Paisley.

It is significant that we are building houses and increasing our house building, but we know that it is still not enough. We are not pretending that that is great and saying that you should give us a pat on the back; we are simply saying that the facts are that, since 2007, we have built that many more houses per head of population. We are outperforming the rest of the UK in difficult times.

**Mike MacKenzie:** I assume that you have made a slip of the tongue, minister, in saying that we have built 41,000 more houses per head.

**Margaret Burgess:** I am sorry. It is per head of population. If we compare ourselves with the UK house building, we see that we have built 41,000 houses more than England has.

**Mike MacKenzie:** That is a very interesting statistic. Will you write to the committee with those comparisons with the other UK countries or England?

**Margaret Burgess:** Yes, we can do that.

#### **Alex Johnstone (North East Scotland) (Con):**

I advise you, minister, that you should be very careful of using the comparison with Paisley. George Adam will get very excited and will want all the houses to be built there.

I will ask about some of the figures in the budget. Within the overall budget heading of £690 million, there is a clear statement that a significant amount more will be spent on affordable housing. Will you clarify the amount that you expect to be spent on affordable housing during 2016-17?

**Margaret Burgess:** I think that the total figure for affordable housing is £570,000. [*Interruption.*] It is £570 million—I get my thousands and millions mixed up—for affordable housing, out of the budget of £690 million.

**Alex Johnstone:** How much has that element of the budget increased within the overall budget heading?

**Margaret Burgess:** The significant increase under the overall budget heading is the one in grant funding. We have talked about the financial transactions funding, which can be used only for loans and equity and cannot be used to build social housing, for example. We have increased the grant funding that is available to build social housing from £256.5 million in 2015-16 to £365 million in 2016-17.

**Alex Johnstone:** Would it be right to say that the help-to-buy scheme is the main scheme that has been reduced in scale within the overall budget?

**Margaret Burgess:** The funding that is available for the help-to-buy scheme has been reduced because the financial transactions funding that we get from the UK Government for loans and equity share has been reduced. We have changed the criteria for the help-to-buy scheme so that, with the £195 million we have set aside over the next three years, we will still be able to help about the same number of people to buy a new-build home.

**Alex Johnstone:** How many people do you expect to help with the scheme?

**Margaret Burgess:** We expect to help around 7,500 from the £195 million that we have announced.

**Alex Johnstone:** Given the objectives of that scheme, is that an adequate level of support, or is there greater need than the Government is able to satisfy?

**Margaret Burgess:** We are trying to assist the same number of people with less money coming from the UK. We have adapted the scheme to do that. At the same time, we are assisting other

people on to the housing market through our open market shared equity schemes and our new supply shared equity schemes. We have other schemes to assist people on to the housing market. We can fund those only from the financial transaction money, and housing gets around three quarters of all the financial transaction money that comes to the Scottish Government. Am I correct in saying that?

**Caroline Dicks:** Yes.

10:00

**Margaret Burgess:** We get about three quarters of that funding—that is what is spent on housing. I think that we are doing well with what money we are getting; we are putting the financial transaction money to good use.

**The Convener:** Have you finished on help to buy, Alex?

**Alex Johnstone:** Yes.

**The Convener:** I want to ask a supplementary, if that is okay.

Can you give an assurance that you will keep the operation of the help-to-buy scheme under review so that people whom you are seeking to help into home ownership are not disadvantaged? Specifically, I am thinking of cases where a house builder has taken longer to build homes than was previously envisaged and where there is a clock ticking as regards the deposits that people may have placed with the builder. I would like it to be ensured that they are not disadvantaged in any way.

**Margaret Burgess:** We constantly keep the scheme under review—it is reviewed regularly. I may ask Caroline Dicks to say a bit more about that. We will look into it, but the financial transaction money has to be used within the year in which we get it, which gives rise to some difficulties. We are aware of that, and we are working with the industry. I do not know whether Caroline wishes to say more about how and how often the scheme is reviewed.

**Caroline Dicks:** We have a group that considers how the scheme is operating, and we monitor its progress. Organisations such as Homes for Scotland are represented on the group, as are mortgage providers, through the Council of Mortgage Lenders. We review what is happening in practice and we consider whether adjustments need to be made to ensure that the scheme remains a success.

**The Convener:** What about people who might be disadvantaged through no fault of their own? Notwithstanding the perfectly reasonable point that the minister has just made about the money

having to be used within the financial year, a concern has been expressed by some of my constituents that, if the builder is taking longer to build, people who have signed up to the scheme may lose their deposit. What are you doing to address that point?

**Caroline Dicks:** We have agents around the country who manage the scheme on behalf of the Scottish Government. They are the first point of contact for people who are purchasing through the scheme. If such issues are cropping up, we would speak to the agents to ensure that they are addressed. If individuals have issues, they should get in touch with the agents who are managing the scheme. They will feed those back to us directly so that we can consider them.

**Alex Johnstone:** We have touched on the rural housing fund that you have announced a couple of times already. Could we have some details about how it would work in practice?

**Margaret Burgess:** Again, that was a scheme that was built up. It came out of a rural housing conference. The subject was discussed—we appreciate that the issues in rural areas are different from those in urban areas. The scheme is more flexible and it is a mixture: it is mainly grant, but there is also a loan element in the scheme as well. It will allow up to £10,000 of feasibility funding to assess how a project and development plans can be put together.

The rural housing fund differs from other Scottish Government schemes in that it will be open to applications not from individuals but from community groups and trusts, as long as they are legal entities. The groups can include mainstream groups such as housing associations and local authorities in rural areas, and it will be open to landowners, community trusts, small housing trusts and co-operatives—a range of groups that other schemes are not open to. That involves recognising the differences.

I know that some rural groups are considering ways to form consortia—again, they can do so as long as the consortium is a legal entity. They are applying to the scheme and building up their projects. We are keen to see that. If that can develop, it will be looked at. It is about flexibility.

**Alex Johnstone:** Are you able to say at this stage that, if someone puts together a group with the objective of building houses in a rural area, you would give them consideration and look at their structure to see whether they are suitable?

**Margaret Burgess:** An application by any legal entity that is putting together proposals to increase the supply of housing in rural areas will be looked at. They can also apply for funding to have their proposals' feasibility examined.

**Alex Johnstone:** Can you speculate on how many units can be built through the scheme?

**Margaret Burgess:** Our estimate, over the three-year scheme, is of about 500 affordable houses in rural Scotland.

**Alex Johnstone:** Do you mean per year?

**Margaret Burgess:** No—I mean over the three-year scheme.

**Clare Adamson (Central Scotland) (SNP):** Good morning, minister. I would like to move on and ask some questions about homelessness. In 2014, the Scottish Housing Regulator produced its report, "Housing Options in Scotland: A thematic inquiry", and recommended publication of enhanced guidance for local authorities. When will that be published?

**Margaret Burgess:** I said in my opening remarks that the guidance will be published after today's committee meeting. It will be on the Scottish Government's website today.

**Clare Adamson:** I am sorry. Thank you, minister. Obviously people have been protected by the current homelessness legislation in the interim two-year period, but given that the regulator said that enhanced guidance from the Government is necessary, are you concerned that some people may have missed out on the protection that they deserve?

**Margaret Burgess:** There was anecdotal evidence of that, which was why the homelessness prevention and strategy group was already considering guidance prior to the regulator's report. In some ways, that is what delayed the guidance because we waited to take account of the regulator's recommendations in order to incorporate them in the guidance. We also had to feed back to the regulator, and we did wide consultation about the guidance.

I do not think that people have been disadvantaged. The guidance will clarify the link between homelessness and the housing options approach and it will make it clear when homelessness applications should go ahead. Statistics currently show that about 45 per cent of people who approach their local authority for housing options go on to make a homelessness application, and the remainder stay where they are or are housed in other ways. Our statistics are improving a lot and I think that the guidance will help.

The issue was to do with recording. There was a suggestion that people were not being offered the homelessness route, but they may well have had their housing needs dealt with through another route and had a satisfactory outcome without going down the homelessness route. However, we accept that there must be clarity. If the

homelessness route is the option, that has to be clear, and how that decision has been arrived at must also be clear. The guidance will help considerably.

**Clare Adamson:** That leads well to my next question, which is about the statistics. You just said that people may use different routes to fulfil their housing requirements, but are you concerned that there has been a 21 per cent drop in housing options approaches to local authorities compared with a year ago?

**Margaret Burgess:** We are always reviewing the statistics to see whether there have been any inconsistencies in recording, and whether that is why we see variations in the figures—we look at that very closely. The PREVENT1 data that we collect are showing better information. It is very early days yet, but data are showing that 45 per cent of those who present for housing options are going down the homelessness route, 39 per cent have a positive outcome, and others are housed in other ways. Many are able to stay in their homes because of the interventions of the housing options team. For example, mediation or help for a young person may help them to stay in their current accommodation.

Those are the kind of statistics that we can gather now: they give us a clear picture. What I am clear about is that anybody who is homeless, or who presents as homeless, should get all the available services and the support that goes along with them. That is absolutely key to anything we do on homelessness.

**Clare Adamson:** Recent statistics show that use of temporary accommodation by some local authorities, including Glasgow City Council, has increased. What are your thoughts about those statistics?

**Margaret Burgess:** Temporary accommodation is always on the agenda at the homelessness prevention and strategy group. Shelter made this point eloquently at a recent meeting that I attended: temporary accommodation is part of the process, part of the homelessness route and part of getting people settled into permanent accommodation. That is for a number of reasons, including people's support needs. I frequently have constituents—you may, too—come to my surgery and say that they want to stay in temporary accommodation until they are housed in a particular area. With the best will in the world, houses might not be available for some time in that area, which could keep them in temporary accommodation longer than we would wish. That may not look good in the records, but will suit that particular family.

I wrote to all local authorities about temporary accommodation, particularly about the use of bed

and breakfast accommodation for families, and was really encouraged by the responses. Glasgow City Council plans to reduce the number of people in temporary accommodation and the length of time for which they are there. Local authorities across the country have similar initiatives; some have invited us to come and see what they are doing. I visited South Ayrshire Council, which has reduced what were quite high levels of people in bed and breakfast accommodation, resulting in there being no families with children in temporary accommodation.

There is a lot of good work going on; it is about having the will and working with other agencies locally. Of course, we want to see fewer people in temporary accommodation, and we also want to make sure that temporary accommodation is of a good standard. Most of it is, and some of it is well-managed accommodation that is run by local authorities. We just need to be clear when we are talking about temporary accommodation what is actually being talked about.

**Clare Adamson:** It is very welcome to hear of that interaction between you and the local authorities. Given that dialogue, do you support Shelter's call for guidance on minimum standards for households in temporary accommodation?

**Margaret Burgess:** That has been discussed for some time with Shelter; we have looked into it seriously and closely. One thing that should be absolutely obvious in temporary accommodation is the standard of homes that are used for families. As the convener knows, the Housing (Scotland) Bill was changed to make sure that accommodation for pregnant women and children in families was of a suitable standard—wind and watertight. Things that should be obvious are not always so obvious.

In talking to local authorities, we created a group to look at what would be ideal in temporary accommodation. Local authorities have to change furniture and other things, so the group looked at how often they do that, the costs and so on; all that work is still on-going. However, there have been no calls for minimum standards other than Shelter's, and what I have said—as have the group and the Convention of Scottish Local Authorities—is this: if there is evidence that families have been put up in unsuitable accommodation, we want to know about it. The councils have said: "Tell us about it, and we'll look into it." If there is evidence that temporary accommodation is of a poor standard, we need to see it.

**Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP):** I would like to turn to issues relating to older people and the health and social care agenda. One of the actions in the joint delivery plan is to work to improve communication

between housing and the new national integration bodies at strategic level. What progress has been made?

10:15

**Margaret Burgess:** A considerable amount of progress has been made on that over the past two years. First, I accept that although it is, for successful integration of health and social care, obvious that housing should be up there at the table and that it should be got right—because it will provide the houses to make sure that people can stay in their community in housing that is suitable to their needs—that was not so clear cut in the integrated teams across the country. We have worked very hard, and the Scottish Government has funded positions in the integration joint boards to liaise with the teams in order to raise the profile of housing within them and to make sure that housing is considered both at strategic and local planning levels. That is being worked on as we go. Every integration joint board has to produce a housing contribution statement—that is absolutely a requirement.

We want housing to play a full part, and not just pay lip service to it. We are working on that very closely. In some teams across the country, it is working very well. In others, it has been a bit slower in getting there, but officials are working very hard. As we say in any area where we feel that something is not working: we need to know about that because we might need to intervene to work with that particular integration joint board to ensure that it recognises the value of having housing at the table. That should be the priority when we are talking about keeping people in the community in their own houses. To me, that is pretty obvious.

**Adam Ingram:** It is a no-brainer, as they say.

**Margaret Burgess:** Yes.

**Adam Ingram:** Are there still challenges, and are they localised and you address them where they arise?

**Margaret Burgess:** The challenges are very localised now. We are, where we find good practice, sharing that with others and getting that information out there. I do not think that, in any area, there is any deliberate practice of keeping housing away. It is about just getting things joined up and working together a bit better, and I think that that is now happening.

**Adam Ingram:** Good. Another action in the joint delivery plan is to:

"increase housing options for older people by diversifying tenures and creating realistic and attractive alternatives".

What is that likely to mean in practice, and how will decisions on the affordable housing supply budget take that action into account?

**Margaret Burgess:** I will park that and come back to how the affordable housing supply budget helps with older people. On the housing options approach, a point that emerged from the joint housing plan that is being taken forward is that, sometimes, the problem is not about supply, or even about another house. As with housing and other issues across the board, it is about looking at the individual, their family, their circumstances and what realistic options there are for that person. It may well be that someone wants to downsize to another place but does not know how to go about it—or it may just be about getting provision right for that person. Do they have what they need in order to stay where they are: are adaptations or whatever required?

There are a number of initiatives—I think that the SFHA is leading one on equity share. Many older people find it difficult to sell their home in order that they can move to another one, so the policy is about assisting them to do that if that is what they want. If it is not, it is about supporting them and making sure that they know the options that are there for them if they stay in their own home.

I am very keen not to see people being isolated in their own homes. We need to ensure that all the services that the person needs are there around them. That is what we are talking about in relation to options—options in tenure but also options on what else is available and whether the person has a good quality of life in the house that they are in.

**Adam Ingram:** So, the policy is about a whole package of services and support.

**Margaret Burgess:** In terms of the overall housing supply budget, the majority—I think it would be fair to say about 90 per cent—of houses built in the social sector are built to varying-needs standard, so that they can, without too much work, be adapted and made suitable for people's changing circumstances, in terms of disability or age.

Local authorities determine how houses are built. For example, houses with wheelchair access are funded from the affordable housing supply budget, as are houses for people with disabilities. Very often, local authorities purpose-build houses for specific families who have complex care needs.

**Adam Ingram:** On adaptations, a number of pilots are being conducted. How are they progressing, particularly the help to adapt pilot?

**Margaret Burgess:** The adapting for change pilot scheme came out of the group that looked at

adaptations and how they operate in practice. As you know, RSLs get £10 million funding directly from the Scottish Government to make adaptations.

Local authorities' funding for the social rented sector comes out of their housing revenue accounts. For owner-occupiers, it comes through the scheme of assistance. The group recommended that we should look at that and ask whether funding should follow tenure or the individual. It is doing so in a number of areas. Five groups are due to report at the end of 2016; their findings will inform how we progress.

The group is looking at a range of matters, some of which are quite innovative, such as telecare and better liaison with integrated teams in local authorities to speed up adaptations. For example, is it easier to have the occupational therapist attached to the care and repair team? Once the group reports, we will decide how we go forward with adaptations.

The help to adapt pilot was set up as an equity loan scheme for people over 60 who want to look ahead at whether, if they stay where they are, there is assistance for them to adapt their houses in ways that will let them remain there. It is an equity release scheme that can release up to £30,000 but it is not designed to replace the crisis scheme of assistance, which applies when something is absolutely essential. The pilot is about people looking to the future and we worked with some older people's groups to develop it. It is early days but we are already learning before anything is rolled out. The scheme is intended to be another option for owner-occupiers who want to stay in their own homes but who might not have the capital to do so.

**Adam Ingram:** Will we get reports on the pilots as they happen?

**Margaret Burgess:** Reports will come to the committee on the help to adapt scheme and how it has operated, whether there were any drawbacks, whether there are any lessons to be learned, and how we can make changes to it to make sure that it meets our intentions.

**Adam Ingram:** Thank you, minister.

**David Stewart (Highlands and Islands) (Lab):** Good morning, minister. Why has the planned consultation on energy efficiency standards for the private sector been delayed?

**Margaret Burgess:** The consultation was delayed mainly because of uncertainty over what was happening with the UK Government's announcements about changes to the energy company obligation and the green deal. We had to stop our green deal cash-back scheme. For that reason, and because of uncertainty among some

of the installers and some parts of the industry that we would like to be part of our consultation, it was felt that we needed to wait until there was a bit more certainty before we consulted. We are determined to consult on it and we have clearly said that we will do so.

**David Stewart:** Have you set a timescale for that?

**Margaret Burgess:** A timescale has not been set. The issue is being looked at as part of Scotland's energy efficiency programme. We also have a number of on-going strands on energy efficiency, climate change and fuel poverty. They will certainly be looked at early in the next parliamentary session.

**David Stewart:** We are talking about a potential change to housing standards, which are fully devolved. As a hypothetical example, you could in the future change housing standards policy to require triple glazing.

**Margaret Burgess:** When we were looking at the issue, I do not think that it was specifically about changing housing standards. New-build properties are now built to an energy efficiency level that is sufficiently high to meet standards. I think that most are built to standard C or above, or possibly standard B or above, but I can certainly check that for you. The consultation is more about getting existing properties up to a particular standard.

To do that we need to have some kind of incentive for the owners. We need to look at loan schemes and how we can help people to recognise the importance of energy efficiency for themselves, for climate change and for the fabric of their building. Not everybody will be able to fund that work on their own so the consultation is primarily about how we can help. New houses are not the main problem; it is the existing properties. It is about people who own their home and us telling them that standards need to be raised.

**David Stewart:** I understand that and agree with your comments. I am merely flagging up that there has clearly been a problem as the Government has not met climate change targets for the past few years and housing is a major area. Higher standards for insulation or increased glazing for a new build will reduce carbon emissions and help to meet targets. Is that also something that you would look at?

**Margaret Burgess:** We are always looking at the energy efficiency of new-build homes and any changes that we can make to the standards. The last changes to the standards, which were made in October 2015, provide for highly energy efficient properties. However, people throughout the sector tell us that getting existing properties up to

standard is the main problem because there is a huge number of them.

**David Stewart:** Again, I do not disagree with that. I merely make the point that you can fight two battles at the same time. You can set higher standards for new properties and deal with existing home owners.

**Margaret Burgess:** We are doing that. We set higher standards last year and the bar was also raised a few years before. We have given an additional financial incentive to raise standards in social housing through a subsidy, and we are encouraging private landlords to increase their standards through our home energy efficiency programmes and the Energy Saving Trust.

**David Stewart:** You might well have personal experience of this. A few years ago, a housing fair was set up just outside Inverness by the Highland Housing Alliance that included several properties developed to a top-class standard. I had the privilege of being given a tour around houses that had high levels of insulation, triple glazing and, in effect, no heating systems because they were so efficient.

That could be a model for the future that would set a great target for new housing standards and help us to achieve our climate change targets; it is a model that I am interested in on both fronts. I do not know whether you have experience of that project, minister, but what is your view?

**Margaret Burgess:** I might not have seen that particular one but I have seen projects of a similar nature that have energy efficiency levels that are way above standard. However, we need to look at the balance. If a new property was for sale, the energy efficiency measures would impact on the price. For social housing and affordable housing, the cost would impact on how many houses we could deliver. I am not saying that we are against such projects, but we want to build as many houses as we can, to as high an energy efficiency standard as we can, to help reduce carbon emissions and people's fuel bills. As technologies develop, such projects will become cheaper and standards will improve every year.

10:30

**David Stewart:** Just for completeness, the example that I gave included affordable housing; it was not just the expensive end of new build.

The Government has announced that energy efficient buildings would be a national infrastructure priority. That is all well and good but, to use an Americanism, where's the beef? What does that announcement mean in practice, and what has been achieved since June 2015?

**Margaret Burgess:** Some of it involves what we have just been talking about. It is all part of the same package. Scotland's energy efficiency programme is a move on from the home energy efficiency programme Scotland that currently operates. It integrates non-domestic and domestic properties to make them energy efficient.

Since June, we have had a meeting of all the stakeholders and experts across Scotland about how to take the programme forward. The key point is that, as we take it forward, we will have pilot schemes. The cabinet secretary recently announced that, as part of the £103 million that has been set aside this year for energy efficiency, there is a pilot scheme in local authorities for schemes that integrate domestic and non-domestic energy efficiency across a particular area. It involves a close examination of how we can deliver affordable finance to businesses to enable them to carry out the work. We are aware that some people cannot afford to do the work, and we need to ensure that we can still support the programme at that level.

I think that the next meeting of the group will take place tomorrow. The work is at an extremely early stage. The programme is of a huge magnitude and we need to think carefully about how we get it right. However, the commitment has been made and the pilots start this year.

**David Stewart:** But is there beef? Is there a budget? Are there enhancements in planning? What practical outcomes are you expecting?

**Margaret Burgess:** The programme is not specifically about housing; it is about bringing together the budgets that relate to housing and some of the budgets in the energy portfolio. That work is on-going in the Government.

John Swinney was clear that there is a budget for the work in the current financial year. However, how we take forward Scotland's energy efficiency programme will be included as we go into the forthcoming financial years. That has been a clear commitment on the part of the Government, and that commitment remains. It is a multi-year funding package—we are talking about 10 or 15 years. It is all in progress. However, we need to get the pilots going so that we can see what will work. Further, there is a huge public awareness element, which involves the consultation on the energy efficiency of homes. We want to encourage people to recognise the benefits of energy efficiency. That is all part of this huge programme. There are bits in place already, and other bits will come along.

**David Stewart:** I want to talk about fuel poverty, which is a terrible curse in Scotland. As you know, the Scottish house condition survey 2014 found that a third of Scottish households were in fuel

poverty, which is a terrible statistic. How is the Government's new fuel poverty strategy progressing? What targets do you have for the reduction of that terrible statistic?

**Margaret Burgess:** We all agree that fuel poverty is regrettable. Since 2009, we have spent more than £500 million on fuel poverty and energy efficiency measures and 71 per cent of properties are now band C or above. However, some energy efficient properties are still deemed to be in fuel poverty because of the way in which we define fuel poverty.

We have a fuel poverty strategy group, which is a short-term working group. It will report back to the Scottish Government on a range of issues and will also feed in to the Scottish fuel poverty forum and the rural fuel poverty task force. Those groups are examining a range of issues, such as the cost of fuel in rural areas, the question of why we have spent money on making houses energy efficient but people are still in fuel poverty, and hard-to-heat and hard-to-treat houses. All those elements of fuel poverty are being addressed, and that work will define the strategy. Our target is to eradicate fuel poverty as far as is reasonably practicable by November 2016. When the groups come together they will inform Government thinking as we set the strategy for the future.

**David Stewart:** You touched on the rural fuel poverty task force and I would be interested to know when that reports.

I am particularly concerned, as I am sure is Mike MacKenzie, about fuel poverty in the Highlands and Islands, particularly in the Western Isles. There are some obvious reasons for that, including the more acute weather patterns, poorer insulation in homes and the relative income disparity, which is why structural funds are in place.

The other big issue that I have had a lot of personal experience with is the lack of access to a mains gas supply. It can be very difficult to make a connection. In a previous life, I tried very hard to get the village of Ardersier connected to mains gas after a public meeting supporting it. However, the cost for the first customer is the whole cost of the infrastructure, which runs to millions of pounds, before the project can go ahead. Although I tried hard to get Fort George and Inverness airport connected as a sort of loss leader so that we could do the next stage, it was just not possible in the end.

Do you have any thoughts about connection to mains gas, which is a very efficient heating source and would contribute to reducing fuel poverty?

**Margaret Burgess:** I appreciate the issues that rural communities face and I have visited some of those communities to discuss those, as has

Fergus Ewing, who has been very vociferous with the UK Government about the difficulties that are faced by rural areas as a result of some UK Government plans.

When we were talking about SEEP, I should have said that it will also look at how we can design schemes that are better suited to Scotland, and at rural communities using the new powers that are coming to the Scottish Parliament. The very reason that we set up the rural fuel poverty task force was to consider those specific issues. The task force is chaired independently by Di Alexander, who will report back on the issues, which may very well include off-mains gas, the price of fuel—that is a huge issue because fuel is more expensive in rural areas—and the condition and age of properties. That feedback will form part of the overall strategy for Scotland.

**The Convener:** There are no further questions. Minister, do you have any further points to make?

**Margaret Burgess:** No, I have covered everything.

**The Convener:** I thank the minister and her officials for their comprehensive evidence this morning. This is likely to be the minister's final appearance before the committee in the current session of the Scottish Parliament.

**Margaret Burgess:** Why am I smiling?  
[Laughter.]

**The Convener:** On behalf of all my colleagues, I put on the record our appreciation of your work as the Minister for Housing and Welfare. Your achievements in the portfolio have been significant. I beg the indulgence of members in mentioning one or two of those achievements. Building 30,000 affordable homes, two thirds of which are for social rent, taking ground-breaking legislation through Parliament and on to the statute book, the significant reduction in the number of families being placed in temporary bed and breakfast accommodation—much of which has been of poor quality—together with the designation of improving the energy efficiency of buildings as a national infrastructure priority, which could well be a game changer in the future, is an impressive legacy for any housing minister. It will have a lasting positive impact on the lives of tenants and homeowners across the country. We wish you every success for the future, minister.

**Margaret Burgess:** Thank you.

10:39

*Meeting suspended.*

10:42

*On resuming—*

## **Forth Replacement Crossing**

**The Convener:** Item 2 is to take evidence from the Forth replacement crossing project team on progress and development in relation to the new Forth replacement crossing. I welcome David Climie, project director, and Lawrence Shackman, project manager of the Forth replacement crossing team in Transport Scotland. I invite David Climie to make a short opening statement.

**David Climie (Transport Scotland):** It is five and a half months since our last appearance before the committee in mid-September of last year. During that time, we encountered spells of remarkably good and remarkably bad weather, and the unexpected closure of the Forth road bridge. The effects of those events have been well documented in the media. Notwithstanding those factors, the FRC project has continued to make highly visible progress. The project budget has been further reduced to a new outturn range of £1.325 billion to £1.35 billion. I am sure that the committee will recall that, at the time of the financial memorandum to the Forth Crossing Bill in November 2009, the expected cost range was £1.73 billion to £2.34 billion. At the time of the award of the principal contract in April 2011, it had reduced to £1.45 billion to £1.6 billion.

During 2015, the site workforce averaged 1,191 people with a peak of 1,287 last November. To date on the project, over 10,000 site inductions have been carried out as the works have progressed through their various phases and different skills have been required. The site team has risen to the challenges of the past few months and, through their efforts and the effective management of equipment and resources by the contractor—the Forth crossing bridge constructors—the principal contract for the Queensferry crossing and approach roads continues to be on target to open to traffic by the end of 2016.

10:45

I will focus on the progress on the principal contract. On the south side, the old B800 bridge on the South Queensferry to Kirkliston road has been demolished, with closures of the main A90 from Saturday evening through to early Monday morning over two weekends last October. That allowed progress to be made on the new southbound public transport link, such that southbound traffic could be diverted on to it before Christmas, with northbound traffic being rerouted on to the old southbound carriageway at the same time. That created working space for the



construction of the northbound public transport link to the B800 and the final tie-ins of the new mainline road alignment.

On the Queensferry crossing, all three towers have been completed, with just the remaining climbing jump forms to be removed. The first deck unit was lifted into place at the north tower on 7 September—just before our last appearance before the committee—at the south tower on 28 September and at the centre tower on 16 October. Since early September, we have lifted 43 deck units—14 units each at the north and centre towers and 15 units at the south tower. FCBC, the contractor, used every available opportunity to lift deck units, and on three occasions we lifted two deck units in a single day. In the marine yard at Rosyth, all 110 steel deck units have been delivered and 57 of them have had the concrete deck cast on to them and been fitted out with internal walkways and the initial mechanical and electrical works. The final two piers, S1 and S2, which will support the deck fan on the south side of the south tower, will be ready just before the deck units reach them.

On the viaducts, installation of the concrete deck on the south approach viaduct is progressing northwards from the south abutment. The centre section of the first two spans is completed and the side cantilevers are in progress. On the north side, the preparations for the launch of the 222m-long north viaduct approach structure, which weighs nearly 6,000 tonnes, were completed in January. They included the installation of more than 47 miles of strand for the king post and the pulling jacks. The launch commenced on 5 February and should be completed within two or three days.

On the north side roadworks, the Ferrytoll viaduct is structurally complete. Work on the bridges to carry the northbound M90 across the new Ferrytoll junction has been completed and traffic has been running on the new alignment since November. Southbound traffic will be moved on to the same alignment later this week, and there will be road closures on the existing Ferrytoll roundabout over the weekend of 12 and 13 March to allow demolition of the existing bridge. That will allow the construction of the new southbound carriageway and the second half of the new bridges for the Ferrytoll gyratory. Significant work has also been undertaken on Hope Street in Inverkeithing and King Malcolm Drive in Rosyth.

The closure of the Forth road bridge in December, although obviously disruptive to many land-based activities, provided an opportunity for FCBC to carry out some work on the roads both north and south of the bridge during the daytime, which otherwise would have had to be carried out at night. That reduced potential disturbance to local residents.

We held our annual update briefings at the end of January, with specific sessions for elected representatives, media and wider stakeholders. We also held six sessions for the general public. They were well attended, and a lot of positive feedback on the progress of the projects was received.

It is important to remember that, when the FRC project was first considered in early 2007, a 10-year timescale was considered extremely challenging for a project of this size and complexity. There is now just under 10 months to go until the end of 2016 and, having overcome all the challenges of project scoping and development, the parliamentary bill process and procurement of the four FRC contracts, having successfully delivered the first three of those contracts and while continuing to make progress on the principal contract, we are still focused on achieving the original target date for opening to traffic and expect to do so to a significantly reduced budget.

**The Convener:** Thank you very much.

**Alex Johnstone:** We have heard rumours about timescales and they have been denied by Transport Scotland. The first thing that I would do is give you the opportunity to talk about the speculation on the opening date and ask when you anticipate the grand opening taking place.

**David Climie:** Thank you for that. In the times that I have come to the committee, it is interesting that on two occasions I have been asked whether the press speculation about finishing early is true. I think that this is the third time that I have been asked whether the press speculation about finishing late is true. That is probably a good assessment of where the project actually is.

There will always be speculation, but we are absolutely focused on the target date of having traffic on the bridge by the end of this year, no matter what happens. Whether there is bad weather, an event such as the Forth road bridge closure or any other unexpected events, the complete focus is always on getting traffic on the bridge at the end of this year.

There will always be that speculation, but we address it when it comes along and try to ensure that we present factual information so that people can base their assessment on the facts. Anyone who drives over the Forth road bridge regularly can see the progress for themselves—the bridge is there and progress is being made literally every day. Probably the best thing that I can say is that people should not just listen to what I say but should look at the progress out there.

**Alex Johnstone:** You said in your opening remarks that you have experienced periods of good and bad weather since you last appeared

before the committee. Have those periods had the effect of cancelling each other out, or is there any negative or positive effect overall?

**David Climie:** Overall, I would have to say that the bad has outweighed the good over the period. September and October were exceptionally good and we got off to a great start with deck lifting in that period. November and December were pretty horrible. Since we came back to work in 2016, it has been an interesting pattern of weather, in that we have had two very good weeks followed by two very bad weeks, followed by two good weeks and two bad weeks. I think that it was reported yesterday that it has been the wettest winter in Scotland since records began. Typically, in Scotland, when there is wet weather at this time of year it also means that it is windy, and we certainly experienced windy weather over that period. People will recall the various storms that took place.

However, having said that, the crucial point is that, whenever we have had a lull in the weather, FCBC has made tremendous progress on the deck lifting, which is really the key activity at the moment. The key to success is ensuring that we take the opportunity, whenever it arises, to make progress and lift deck units. It is particularly important that, on three occasions, two deck units have been lifted in a day, which we did not expect to happen this early in the lifting.

Also, we are now able to lift deck units on a 24-hour basis. We have lifted some deck units at night, now that we have got into a very good routine and everyone knows exactly what they are doing. We are taking every opportunity that we get. Have we made as much progress as I would have liked to have made over the winter? No, we have not, but it is still doable.

**Alex Johnstone:** I think that you told us in a previous appearance that, at the point before the centre tower is connected to the other parts of the bridge, it will be the largest free-standing cantilever on the planet. Does that require to be scheduled at a period when you expect better weather, or is it not subject to weather risk?

**David Climie:** That particular item is not subject to weather risk. The temporary works were designed to allow for the worst weather conditions that could be experienced. That particular element of the programme is not sensitive to the particular time of year—it was designed for the worst-case scenario. As things are going to map out, we should reach that point at the best time of year. To a degree, these things even out. The recent storms have come while the cantilevers have been relatively small, so it has been relatively easy to ride through those storms. No damage or issues have arisen out of the storms. Fundamentally, the time of year does not make a difference.

**Alex Johnstone:** Are you confident that there is sufficient contingency time in the project programme to allow the bridge to open on time, particularly if you are affected by poor weather conditions?

**David Climie:** I would always like to have more contingency. I worked for a contractor for 27 years before I came into this role and you always want more contingency. We have enough contingency. I am still confident that we can have traffic on the bridge by the end of December. I cannot control the weather.

**Alex Johnstone:** It would be nice to have the eyes of the world on the new bridge in December.

**David Climie:** Absolutely.

**Alex Johnstone:** Can you highlight any key events that are due to occur in the next six months that would be of interest to the committee?

**David Climie:** Certainly. Again, perhaps I can work from south to north. I think that members have a plan of the scheme, which they may find helpful. Basically, I will run through the things that will happen before completion, because obviously people will want to know what they are seeing and what they should be seeing. On the south side of the project, working from the B800 bridge area, a retaining wall is being constructed there that we call ESQ11. That is on the site of the old B800 bridge and is required to retain some existing strategic utilities that are in that area.

The north-bound public transport link from the A90 up to the B800 will be completed and the tie-ins to the new mainline road will also be completed in that area. On the south main line itself, the road surfacing is already in progress and that will be completed all the way round to the south Queensferry gyratory and to the south abutment of the Queensferry crossing. Also, the overhead sign and intelligent transport systems gantries will be installed in that area, so those will be highly visible.

We will continue to install the deck concrete on the south approach viaduct—we are working south to north, all the way out to pier S3. Once the deck is installed, a mechanical and electrical fit-out of the bridge inside the boxes will follow. Obviously, that will not be visible to people.

The tower jump forms will be removed, and piers S1 and S2 will be completed, which will complete the final piers on the project. The temporary top section of the caisson at pier S1 must be removed in advance of the fan from the south tower building out to pier S1 and the deck unit being placed on top of that pier. A similar process will follow with the temporary cofferdam at pier S2 being removed. Basically, the temporary

structures on the Forth will progressively start to be removed during the year.

Deck concreting and fit-out of the remaining deck sections on the marine yard will be completed, and the lifting of deck sections will continue through to completion. The last section to be lifted will be the closure section at the south approach viaduct where that meets the south fan between piers S2 and S3.

All the launching equipment will be removed from the north approach viaduct, and the deck concreting will continue in that area. The closure unit to the fan on the north side of the north tower will be the first one to be erected and will link the bridge to the shore. There will again be access to mechanical and electrical equipment inside the boxes, which will be installed progressively from the north abutment. By late spring time, we should have in place the first connection from the north abutment all the way out to the north tower.

As the deck closures are lifted, we will have access to the installation of the deck waterproofing; the vehicle restraints systems; the wind shielding, which is obviously important; the final road surfacing; and, as one of the last things to be installed, the expansion joints at either end of the bridge, which have to accommodate about plus or minus a metre and a half of movement, so they are some of the largest expansion joints ever installed on a bridge of this type.

On the road network to the north of the bridge, the new southbound carriageway will be constructed and the second half of the bridge, which is at the Ferrytoll gyratory, will be built. The final layout of the Ferrytoll gyratory and the local connections in that area will also be completed.

A large amount of work is to be done with 10 months to do it in.

**Alex Johnstone:** It is ambitious, but you feel that it can be achieved.

**David Climie:** Indeed.

**David Stewart:** I acknowledge all the great work that you and your staff have done in achieving this huge engineering challenge, and we certainly wish you well in meeting your targets.

I have a question that may appear to be leftfield, although that is not my intention. Do you have a specific whistleblowing policy for your contractors and your direct employees?

**David Climie:** We do not have a policy as such, but I would absolutely encourage any members of the workforce who have any concerns about any issue on the project to come forward. The client team is based on the project partly for that reason. We are co-located with the contractor on the project, and I have an open-door policy. The

workforce knows exactly where I am and where my team is. We have a visible client team on the project that is out there in all parts of the project at all times. I am always happy for anyone who has the slightest concern about any issue related to the project to talk to us.

I must emphasise that Michael Martin, the FCBC project director, has a similar approach. In January, as part of our annual get-back-to-work sessions, he personally went round and talked to small groups of workers in every project area to ensure that he got out his message that, if there was something that he should know about, he wanted to know about it.

We also have an anonymous safety observation report—SOR—system. People can make suggestions or mention good or bad practice that they see. The comments are analysed and followed up as part of the normal process.

**David Stewart:** I totally accept your intentions and views on that issue. This is not a reference to what you are doing, but my general point is that it is sometimes easy for the chief executive or managing director to have a strong principle and philosophy of issues such as whistleblowing when the reality is that those at the entry level do not have a clue about what the policy is and are very concerned and sometimes frightened about making clear their concerns. How do you communicate that you have a strong, positive message on whistleblowing to those who are at the front line in building the new bridge?

**David Climie:** We certainly raise the matter in all our site inductions. We make it clear that we have an open style and that there are ways of contacting various people on the project. That message is reinforced initially when people come on to the project.

As I said, we have regular briefings where people go out to speak to the workforce; we also have what we call senior management safety tours. On those tours, we go round the site and talk to the workforce directly. It is not just a case of our getting feedback and statistics; we go out to the various project areas and talk to the workforce to hear whether they have concerns and, if so, what those concerns are. That includes concerns about what is going on, how we are doing things and whether there are things that we could do better. Very often, the people who are doing the work are the best people to tell you how it should be done. We are keen to get that feedback and have that interaction with the workforce.

11:00

**David Stewart:** Thank you. That is very useful and you have been very open.

You will be well aware of the press reports in which a whistleblower said that, in November, tonnes of concrete were thrown—to use the term loosely—into the Forth and that there was a video recording of that. Clearly, if those reports are true, that is very serious. First, what is your assessment of the validity of that allegation? I have not seen the video, but it was mentioned in the press.

**David Climie:** When such an allegation is made, we take it very seriously. What was disappointing about it as far as we were concerned was that the event was alleged to have happened in November but it was not publicised until between Christmas and the new year, and that was the first time that we were made aware of it. It becomes much more difficult to investigate something that is alleged to have happened about two months previously. If someone who had a genuine concern had told us at the time, it would have been much easier to investigate it.

Having said that, an incident clearly did happen and something that should not have been discharged into the Forth was discharged. The incident was investigated in great detail and we worked with Marine Scotland and Scottish Natural Heritage, which are part of our environmental liaison group, to make sure that we investigated it thoroughly.

The conclusions that we came to were that there had been a discharge into the Forth because there had been a mechanical breakdown of some equipment, but the quantities involved were far, far less than—in fact, they were minuscule compared with—the allegations that were made in the press. I think that the press talked about 345 tonnes. That is the amount of concrete that is carried on two of our main concrete barges, with six mixers on each. It would have taken about a day and a half to discharge that into the Forth. Clearly, that would have been spotted.

When a concrete pour is completed, some residue of concrete remains in the line, and an item called an air cuff seals the line when it is disconnected. What appears to have happened in this case is that the air cuff failed and some of the residue in the line leaked out into the Forth. To put the matter in context, the leak was about 0.4m<sup>3</sup>, which is less than 1 tonne of concrete. It was not the 350 tonnes that was claimed in the press.

We take such things very seriously. We followed up on the incident and made sure that we gave toolbox talks to the teams involved. However, in any such incident, time is of the essence. If something happens, it should be reported immediately, because we are then far more able to do something about it on the spot.

**David Stewart:** In your analysis, there is no suggestion that there was laziness on behalf of a

contractor who wanted to get rid of some spare concrete. It was a mechanical failure.

**David Climie:** It was an equipment failure. We have plenty of places to dispose of concrete if we need to do so.

**David Stewart:** Have you had any formal note from a member of the public, a contractor or an employee about specific circumstances around the incident?

**David Climie:** None whatsoever.

**David Stewart:** Have you seen the video of the incident?

**David Climie:** The video was made available to us by the press who reported the incident, so I have seen it. It is clear that something was discharged. However, what is shown in the video, which lasts about a minute, is certainly in line with what we believe we have found, which is that there was a small discharge rather than continual pumping for many hours.

**David Stewart:** To satisfy our curiosity, could you forward the video to the committee clerks?

**David Climie:** I am sure that we can do that.

**David Stewart:** Thank you. In general, have you changed your monitoring of contractors' compliance with environmental requirements?

**David Climie:** We have not changed our monitoring at all. As I said, we have regular inspections of such things. We have inspectors out on the project at all times, and the placing of concrete is one of the key areas that we focus on. To date, we have placed over 170,000 cubic metres of concrete in the project, and we seem to have had just that one incident.

We are tight about what we report in terms of environmental incidents. We produce non-conformance reports if such things happen, and they even cover things such as dropping a few drops of hydraulic oil into the water if a cable is broken. The project is monitored extremely closely.

**David Stewart:** You mentioned that you have an environmental group that includes SNH and Marine Scotland. I was going to touch on that. What was the conclusion of SNH and Marine Scotland about the tonne of concrete that went into the Forth?

**David Climie:** I think that they agreed with us that a quantity that small would not have a significant impact on the environment of the Forth. One tonne of concrete in that volume of water would disaggregate very quickly, so there would be no impact on the Forth. They were also satisfied that we had taken all the necessary precautions to ensure that such an event could not

happen again. I think that they agreed with the findings of our report. There was certainly no evidence that there was anything like the vast quantities that were talked about.

**David Stewart:** I take it that there was no further action. I take your point that 1 tonne is not a lot in the great scheme of things. However, if such a thing was done illegally by a contractor, there would potentially be offence grounds, presumably under the Civic Government (Scotland) Act 1982 or various environmental regulations.

**David Climie:** Absolutely. There would be a different set of conditions altogether if it was seen to be a deliberate act. If there is an equipment breakdown and something happens, people do their best at the time, but such things can happen. If there was any suggestion of a deliberate act, for example, there would be a whole different set of investigations.

**David Stewart:** Thank you. You have been very clear on that.

**Adam Ingram:** Media reports have told us that there was strike action in December and February by some staff who were working for sub-contractors. What impact has that had on project progress?

**David Climie:** There were two separate and different incidents, so I will cover them separately.

In December, there was an issue with some of the workforce who were hired directly by the contractor, FCBC. When they received their payslips for December, their holiday pay was not what they expected. That was partly because the regulations for calculating holiday pay changed during 2015. Previously, holiday pay was straightforward in that the holiday pay for a week was a fiftieth of a person's annual salary. That was easily calculated and everyone got the same.

The new regulations that came into force say that overtime, bonuses and shift allowances, for example, must be taken into account in calculating holiday pay. On projects such as the Forth replacement crossing project, there are many different shift patterns and people work very differently. The calculation is based on a 12-week average period. If people have taken holidays over a 12-week period, it has to move back in time. Fundamentally, every individual therefore has a different calculation, and no two individuals who work shifts with bonus systems and so on will be paid the same. That was not very well understood and perhaps not very well communicated.

It was agreed that a complete breakdown would be provided for each individual to show how the holiday pay had been calculated and that, if there were any discrepancies, they would be resolved.

Also, as a goodwill payment before Christmas, FCBC paid out an advance to all of its workforce to ensure that people did not have a shortfall if they had expected something that they did not get over the Christmas period.

FCBC is still working to resolve the matter, but I believe that it will be resolved amicably. If there is still a discrepancy anywhere and anyone has a specific concern, I think that FCBC has offered to pay for an independent assessor. That happened one afternoon just before Christmas, in the marine yard in particular, and it did not have any significant impact on progress.

The second incident, which was in February, was to do with a nationwide issue with a mobile crane supplier. We have nine of its cranes on the project. The cranes at the towers and the deck-lifting gantries are not affected. The nine cranes that we used were replaced on the site for the period when industrial action was going to take place, so there was minimal effect on the project from that action, too.

**Adam Ingram:** In general terms, have those disputes been atypical of the project as a whole? Do you expect any more disputes as we get near to the completion date?

**David Climie:** There are always risks towards the end of a project, when people have been employed on it for a significant time. If there is other work to go to, they can move on to those other jobs. It will depend on the situation as we move through the year, and on whether there is other work for the labour to go to. That will feed into whether the process is smooth.

We have worked well over 10 million man hours on the project, and we have a tremendous workforce on the site. It has worked through some difficult conditions over the past six months or so, and its dedication to and pride in the project are very clear. If you go out and talk to people in the workforce, they will say that it is their bridge and their project, and there is a tremendous commitment to achieving what we need to achieve on it. I am confident that we should not have such issues.

**Adam Ingram:** Okay. Thank you.

**Mike MacKenzie:** Thank you, convener. I just want to place on record my appreciation for the fantastic job that the whole team has done—everyone involved. My previous business life gives me a deep appreciation of the outstanding job that has been carried out so far, which I am sure will continue.

In your opening statement, you mentioned that the unfortunate closure of the Forth road bridge had some benefits, in that it allowed some work to be done that might otherwise have required road

closures in future months. For clarity, can you identify what those works were?

**David Climie:** Certainly, yes. The fact that the A90 was closed immediately to the north and south of the bridge presented us with an opportunity because, instead of 70,000 vehicles a day passing over there, there was nothing at all. That meant that we were able to install the temporary cross-overs between the carriageways, which need to be used for traffic management. We were able to install some of the foundations for the ITS gantries that will be installed, and we were able to remove a redundant gantry over the existing A90 on the north side of the bridge.

Each of those items is fairly small in itself, but the closures meant that we were able to do the work in the daytime—in normal working hours—which is a more effective way of doing it than having lane closures at night and having to work in a fairly tight environment. It is a much safer way to do it, for one thing, and it is also more efficient. Obviously, it had the additional key benefit that we were not working at night, with the potential impact that would have on local residents. We tried to find as much of a silver lining as we could in the disruption caused by the closure of the Forth road bridge.

**Mike MacKenzie:** Were those rate determining steps? Would they help the progress of the overall job, or would they not really be significant in that respect?

**David Climie:** I do not think that they were particularly significant in that respect. They were certainly nice-to-haves, and made the work easier, but I do not think that they made a significant impact in themselves.

**Mike MacKenzie:** Were Transport Scotland and FCBC staff able to assist the Forth road bridge team in dealing with the engineering challenges that they faced? That team did an outstanding job as well. I think that Scotland is getting a bit of a name for excellence in bridge work. Were you able to provide any assistance to the Forth road bridge team?

**David Climie:** We were. There were probably two aspects to that assistance. The first was that, in the employer's delivery team, we have Jacobs Arup to support us, and some members of Arup were involved in checking the design of the fix that has been put in place for the Forth road bridge. Two of our engineers were working with the Fairhurst team and the FRB team, developing both a temporary fix and the permanent solution. That was challenging work in a challenging timescale, and they did very well.

From a more practical side, FCBC has a lot of marine equipment in the Forth and, to put the fix in place, the FRB team needed equipment to be

transferred to the base of the north tower. FCBC was able to utilise its marine logistics to move equipment, scaffolding, lighting and so on. A large cherry picker was also moved out there. That meant that there was no need to waste time bringing in extra equipment, because we had equipment that could be used.

We are installing a lot of structural monitoring on the new crossing, and we were able to use some of the technicians for that to supplement the existing team on the Forth road bridge when installing the structural monitoring equipment that is required to make sure that the fixes were working and to identify exactly where the loads were going. Overall, there was good collaboration between the two teams to try and make things happen as quickly as possible.

**Mike MacKenzie:** That sounds like a very good story.

I very much hope the weather is kind to us all over the coming months, and to yourselves most of all. When frustrated about the weather, I used to console myself that the weather accountant ultimately has to balance his books. I think that he is due for an audit shortly, so I hope that we will get some more favourable weather.

Thank you very much indeed.

**The Convener:** I want to ask about community engagement. You have a clear commitment and strategy for engaging with the communities that are most affected by the development of the Forth replacement crossing. Can you provide the committee with an update on any new issues of concern that have been raised by local residents or businesses during the past six months?

**Lawrence Shackman (Transport Scotland):** In general terms, engagement with communities remains at a very good level. We get good feedback and co-operation from all the local community groups, as well as the local authorities. We have continued to have regular community forums. We had a meeting with the north and south community forums in the past couple of weeks.

11:15

The number of issues that are raised at those meetings remains low and, although we have some complaints, they are along the same lines as those that have been discussed previously at this committee. We are continuing to deal with those issues and we are trying to eliminate them as quickly as possible. I am talking about issues such as mud on footpaths and on the road. At this time of year, it is difficult to deal with that, and a lot of it is attributable to the gritting of the roads for winter maintenance.

The community engagement continues to go from strength to strength. We have had a huge amount of engagement with the public through the contact and education centre. David Climie mentioned the update briefings that we had at the beginning of the year. We are keeping the contact and education centre open every Saturday right the way through to the end of the project and supplementing that with update briefings at the end of each month on Fridays and Saturdays.

The 10,000th pupil visited the contact and education centre back in October and Keith Brown came along to celebrate that event. Well over 12,000 children and young people have now visited the project and overall, more than 42,000 people have been involved in some sort of activity in relation to the project such as an educational activity, a presentation, or a visit to the site.

**The Convener:** Do you foresee a need to continue with that community engagement—perhaps not at the same level—once the bridge is fully operational? For example, would you consider continuing with the community forums?

**Lawrence Shackman:** Post-completion of the Queensferry crossing, there will certainly be a need to keep involving the local communities in the three bridges. To that end, there is the Forth bridges forum, which is a separate group that has been set up to look at how to develop the educational and tourism aspects of the three bridges. A few strands of work are being undertaken by that group to see how those aspects can be taken forward. One key fact is that the Forth rail bridge now has world heritage status, so we need a management plan around that activity. Also, who knows what will happen to the other two bridges in relation to possible world heritage status?

**David Climie:** It is certainly our intention that, through 2017, we will continue the same programme that we have been running up until now, particularly in terms of engagement with schools and so on. We will be able to tell them the whole story right through to completion and it is particularly important that we celebrate that and make sure that people know about the whole thing from start to finish.

**The Convener:** On public transport more generally, the A8/A89 corridor study, which was carried out to identify potential improvements in public transport access on that corridor and through Newbridge junction, has recently reported emerging findings. Can you outline those findings to the committee and explain how they may be taken forward?

**Lawrence Shackman:** Yes, the findings were discussed at the most recent public transport working group meeting on 25 January. We had a

lengthy presentation from the consultants who undertook that study and they came up with a series of potential options and estimates, which are very crude at this stage, as to how much those interventions might cost. The options were centred around trying to prioritise bus access, both east and westbound, through that corridor all the way from well to the west of Newbridge to the Maybury junction in the east.

Suffice it to say that we had the presentation and now quite a lot of consideration is needed from the relevant authorities—Transport Scotland, City of Edinburgh Council and West Lothian Council—in conjunction with the bus operators to make the best use of that study and to come up with a preferred option, bearing in mind that some of the options were fairly costly.

**The Convener:** What are the timelines for the next stage of the process?

**Lawrence Shackman:** The idea is to come back to the next meeting of the working group in six months' time—the early autumn—and try to make some headway on coming to a conclusion on the study.

**The Convener:** That is helpful.

**Clare Adamson:** Good morning. I have a timely question for modern apprenticeship week. Will you give us an update on the number of professional trainees and apprentices who are currently employed as part of the Forth road crossing project?

**David Climie:** Currently, we have 18 people who are undertaking professional training on the project. To date, 71 people have undertaken or completed such training. That gives us a current cumulative annual average—which is the figure that we track—of 34 compared to the minimum contractual requirement of 21.

We also bring people on to the project for work experience. Five students gained experience with us last summer. Our annual average on that is 25 compared to a target requirement of 10.

We currently have 12 continuing modern apprentices on the project. Eight of them are from Fife, the Lothians or Edinburgh and four are from elsewhere in central Scotland—Glasgow and Airdrie. They are enrolled at Edinburgh College, Carnegie College or Perth College. Five of them are civil engineering technicians, four are electricians, one is a welder and fabricator and two are business administrators. We also have two people who have completed their apprenticeships and have now moved into permanent roles with FCBC.

**Clare Adamson:** Thank you for the update. It is very welcome.

We recently had the Cabinet Secretary for Infrastructure, Investment and Cities in front of us to discuss the new procurement guidelines. A welcome element of those was some protections regarding blacklisting. In March 2013, a commitment was made to keep a watching brief on blacklisting. Have there been any issues regarding that in the past 12 months or so?

**David Climie:** There have been no issues of blacklisting on the project. I also regularly discuss the matter with Michael Martin, my equivalent in FCBC. The most recent discussion on that was a couple of days ago and he continues to reassure me that there has been and will be no blacklisting on the project.

**Clare Adamson:** That is very welcome.

**The Convener:** If members have no further questions, is there anything further that the witnesses would like to place on the record?

**David Climie:** I do not think so. You have given us a good opportunity, convener. Thank you.

**The Convener:** I thank you both for attending the committee meeting. This may well be the project team's last appearance before the committee in this parliamentary session. I thank you for your forbearance in fulfilling your commitment to keep the committee informed of the progress on this significant engineering project for Scotland. I am sure that I speak for the whole committee when I say that we have been highly impressed by the professionalism and expertise of everyone who is involved in the construction of the new crossing and related infrastructure. We have found the regular updates from the project team to be particularly helpful, and I hope that the relationship continues with our successor committee.

I move the meeting into private.

11:23

*Meeting continued in private until 12:23.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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