

GLASGOW AIRPORT RAIL LINK BILL COMMITTEE

Tuesday 3 October 2006

Session 2

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GLASGOW AIRPORT RAIL LINK BILL COMMITTEE **11th Meeting 2006, Session 2**

CONVENER

*Margaret Jamieson (Kilmarnock and Loudoun) (Lab)

DEPUTY CONVENER

*Marlyn Glen (North East Scotland) (Lab)

COMMITTEE MEMBERS

*Mr Andrew Arbuckle (Mid Scotland and Fife) (LD)

*Michael Matheson (Central Scotland) (SNP)

Mr Brian Monteith (Mid Scotland and Fife) (Ind)

*attended

THE FOLLOWING GAVE EVIDENCE:

John Halliday (Strathclyde Partnership for Transport)

Charles Hoskins (Strathclyde Partnership for Transport)

Tavish Scott (Minister for Transport)

Damian Sharp (Transport Scotland)

CLERK TO THE COMMITTEE

David Cullum

LOCATION

Committee Room 4

Scottish Parliament

Glasgow Airport Rail Link Bill Committee

Tuesday 3 October 2006

[THE CONVENER *opened the meeting at 11:02*]

Glasgow Airport Rail Link Bill: Consideration Stage

The Convener (Margaret Jamieson): I welcome members, members of the public and the Minister for Transport to the 11th meeting of the Glasgow Airport Rail Link Bill Committee, which is dealing with the bill at consideration stage. This morning we have received apologies from Brian Monteith.

The first panel of witnesses consists of the minister and his officials, who will give oral evidence on any outstanding issues. The promoter, Strathclyde partnership for transport, will then have an opportunity to give further evidence. The final item on our agenda is consideration in private of our draft report.

I formally welcome the Minister for Transport, Tavish Scott. He is accompanied by Ian Mylroi, who is head of rail projects at Transport Scotland, and by Damian Sharp, who is head of major projects at Transport Scotland. The minister has indicated that he does not wish to make an opening statement, so we will move straight to questions.

Marlyn Glen (North East Scotland) (Lab): My first question relates to the connections between the Glasgow crossrail project and GARL. Given that the interim results for crossrail are not due until March 2007, I invite you to comment on the potential for the construction of crossrail to complement the construction of GARL, should the bill be enacted.

The Minister for Transport (Tavish Scott): As I have said previously, there is nothing in the bill that would hinder the crossrail project, and vice versa. Each project is based on a separate assessment. GARL has been through the process, has been presented to the committee and is being properly considered by Parliament. It has passed the continuing assessments that Transport Scotland makes of its business case and of whether it offers value for money as a project.

I cannot add to what I have said about crossrail on numerous occasions. As recently as last week, there was another debate on the subject. My

comments during that debate are a matter of public record. The important point is that promoting a rail link to Glasgow airport will not prevent any future tie-up with a crossrail project. It is for the strategic projects review to consider the crossrail proposals and for ministers of the day to decide whether to take them forward. If ministers at that time wish it, the projects would and could work together.

Marlyn Glen: So, it could happen. If you do not mind, I will press on with my questions so that we can get more about this matter on the record.

What plans, if any, are there for both schemes to become operational around the same time?

Tavish Scott: There are no such plans, because the Glasgow crossrail project has not gone through the strategic projects review or completed the assessment to which Marlyn Glen rightly referred earlier. There is no Government commitment to build the project. It will be for a future Government to decide whether to make such a commitment, based on the evidence that will emerge after the strategic projects review.

Marlyn Glen: I realise that this is a difficult question, but what would be the implications on the business case for GARL if the schemes began to operate at the same time?

Tavish Scott: That question is impossible for me to answer now. No transport minister could answer a question about the business case for a project that has not gone through the process that we expect to be—and, indeed, is—carried out on every capital transport project. I am afraid that I cannot help the committee with a hypothetical business case.

Marlyn Glen: In your written evidence, you indicate that at the moment SPT would model any proposal for linking Glasgow airport to Glasgow Queen Street station. Would there be any opportunity to incorporate crossrail into GARL or its construction if that would prove beneficial?

Tavish Scott: The committee is assessing the GARL project, and we are here this morning as part of that on-going assessment process. No project of the kind that Marlyn Glen described has gone through the various levels of required scrutiny, the business-case analysis or the Scottish Executive's gateway process. We have to deal with what is in front of us, so I cannot readily be drawn on a project that is very much at the planning stage and has not gone through the process that I have just set out. It would be inappropriate of me to start guessing. That is all it would be: huge amounts of guesswork about how all the interactions might happen. The strategic projects review will assess from a rail perspective whether the design and implementation of the project that Marlyn Glen outlined in her question

are appropriate. However, as I have said, when the process is complete, it will be a matter for ministers of the day to decide on.

Marlyn Glen: One matter of concern—for me, at least—is the way in which the connections between portfolios do not always spring to mind when one looks at policies. However, I imagine that joined-up thinking is very important in the transport portfolio; after all, if we aim for connectivity in the railway system, we should also have it in policy. Should not the committee delay consideration of the bill until modelling of the crossrail proposal is complete?

Tavish Scott: The committee should not do that because the GARL project would not in that case happen as quickly. If the committee decides to delay, the bill will not be passed before the parliamentary session ends next April, which means that the project will not move forward during this session of Parliament, which will be a very bad thing for us all. Under the partnership agreement, we are committed to delivering the GARL project, but not Glasgow crossrail. I was put in my post to deliver the partnership agreement commitments on transport, so I plan to do so.

The Convener: I appreciate that your job is to pursue partnership agreement commitments, but have you, by not promoting the crossrail project at the same time as GARL, missed an opportunity for connectivity in the west of Scotland?

Tavish Scott: The Government has taken a decision about the rail projects that it wishes to pursue. Some of them are before a variety of parliamentary committees and others, having concluded the parliamentary processes, are now formal projects that are being managed and progressed by Transport Scotland.

Arguments could be made every day of the week about other projects, not just in rail but in other forms of public transport. However, that is not where we are. We have a national transport strategy, which will be published later in the autumn. The strategic projects review, which is being taken forward now and will conclude through 2007 and 2008, will provide an opportunity for further consideration of projects that can come together to deliver improved connections.

I argue that the investments that we are making now will strongly improve rail connections throughout the country, as illustrated by what the Milngavie to Larkhall line has achieved already and by the projections for the Airdrie to Bathgate link and the Edinburgh airport rail link. Could we do more? Yes, but the projects have to stack up. I repeat the point that I have made a number of times in Parliament in members' business debates and in the preliminary stage debate on the bill: the Glasgow crossrail project has to stack up and go

through the processes. I know that that is frustrating to people who argue strongly that it should happen now, but it cannot happen until the business case has been tested appropriately through the mechanisms by which we expect all our capital projects to be assessed.

The Convener: Of course all the connections depend on our having the service in the first place, but we will not go there now.

Michael Matheson (Central Scotland) (SNP): I want to stick with the theme of connectivity. We heard evidence yesterday from SPT that the operating hours of Glasgow Central station could limit the number of flight passengers to and from Glasgow airport that GARL could capture. SPT said that extending the opening hours of Glasgow Central by about an hour could capture another 10 per cent or so of the market; the numbers that it could capture would increase from 84 to almost 95 per cent of those travelling to and from Glasgow airport. As part of the strategic review of rail, would you support the idea of longer opening for stations such as Glasgow Central, which would allow GARL to increase its patronage levels?

Tavish Scott: I am sure that if representatives of Network Rail were here they would argue that the balance in such an equation is about how to maintain the railway. We and Network Rail could provide much evidence to assist in the calculation. Physical maintenance of the track, including the track in the station to which Michael Matheson referred, has to be maintained against a planned maintenance programme and other eventualities. If we reduced by an hour the maintenance hours at night, when most of the work is carried out, that would have an impact on the infrastructure.

I hope that SPT was clear about the issue when it gave evidence. It is, of course, possible to say, as has been illustrated, that the station could be opened for an hour longer, but that would have implications for how we maintain the track on which we depend for the services.

Michael Matheson: In all fairness, the SPT witnesses did highlight the cost implications, which would have to be borne by GARL. That clearly has implications for modelling the financing of GARL. Will the strategic review of rail consider such issues and report later on whether Glasgow Central should open for longer?

Tavish Scott: I will look carefully at the evidence from SPT because I will have to be very clear about what it said. I am interested in its perspective.

The strategic assessment of our rail infrastructure includes the trade-off between how we maintain adequately and safely the physical infrastructure of the rail network while broadening the availability of later-running trains. That is a fair

question and a key part of the assessment of how we can get more out of the infrastructure, given the considerable amount of taxpayers' money that we invest in it.

11:15

Michael Matheson: I am sure that the frequency that the promoter proposes will be the minimum frequency and that, after the strategic review of rail, it will increase.

Tavish Scott: I am not sure that I follow the logic of your argument.

Michael Matheson: I am saying that I presume that after the strategic rail review one would expect the minimum frequency that the promoter proposes for GARL to be at least maintained, if not increased.

Tavish Scott: The business plan is as it is in front of the committee, in terms of the frequency between the airport and Glasgow Central. That is the business plan on which the numbers have been crunched and we continue to go through that process. The frequency that has been set is what we expect of the service. As to whether it can improve on that frequency, I suspect that that would be a matter for judgment calls when we are well into the service and can assess how it is operating and what track and paths are available between the airport and Glasgow Central. Obviously, the service must merge with existing services in the west of Scotland.

The Convener: I understand that the table 1 calculations in the minister's written submission are based on a period of 60 years, but the patronage assumptions with which we were provided are only until 2030. Why is there that discrepancy?

Tavish Scott: Let me see whether Damian Sharp can help you with that.

Damian Sharp (Transport Scotland): It is the convention in 60-year appraisals that it is assumed that patronage in the 30th year will continue at that level for years 31 to 60. Because it is difficult to forecast far into the future, there comes a point at which we say, "Okay, we'll get to there," and then we assume that patronage continues at that level for the remaining period.

The Convener: Okay, that clarifies that point. Can you explain why GARL will contribute a substantially higher benefit in terms of the present value of transport benefits compared with the main line?

Tavish Scott: It is simply a better project in terms of calculating benefit. The number crunch came up with the statistical outcome to which you refer. I do not know whether Damian Sharp wants to add something on the reasons behind that.

Damian Sharp: Principally, GARL as a whole, added to the work on the main line, is a better project because many passengers want to go to the airport and if we do not provide the link to the airport, they will not travel. The other factor is that we will have to make changes to the main line to allow the trains to turn round, which will increase the main line's costs.

The Convener: The figures that you have supplied seem to suggest that doubling passenger numbers through GARL equates to almost a quadrupling of the benefits. That does not seem to work out.

Damian Sharp: Two main factors drive that. One is that although GARL passengers will travel further and save more time, they will pay more in fares, so there is a kind of pro rata increase on top of the doubling of passenger numbers. In addition, there will be a greater proportion of business users and the value of time for such users is greater—according to economic modelling—than the value of the time of leisure users. Therefore, it is the number of passengers multiplied by the fact that they will go further, multiplied by the fact that there will be a greater proportion of business users that drives the quadrupling rather than a straight doubling.

The Convener: I do not think that that makes it any clearer, but we will look at the figures again.

Mr Andrew Arbuckle (Mid Scotland and Fife) (LD): With regard to funding, can you update the committee on where we are with the gateway review?

Tavish Scott: Damian Sharp will say when the most recent gateway review was.

Damian Sharp: The GARL project has not been through an Office of Government Commerce gateway review. It is due to go through one after preparation of the draft final business case, which will be in the next couple of months.

Mr Arbuckle: When will the review be available?

Damian Sharp: We expect that some results from the gateway review will be available before Christmas. It is not normal to publish gateway reviews in their entirety because they depend on people providing open and honest warts-and-all accounts. Their publication tends to inhibit witnesses' willingness to speak openly, so it is not normal for full gateway review project reports to be released.

The Convener: If the committee says that the bill can proceed, it is due to be considered by the Parliament on 29 November. Are you saying that the business case will not be approved by then?

Tavish Scott: The project is no different from any of the other capital transport projects. It has to go through a succession of tests and analyses to ensure that we are satisfied that it is robust. That is why we were able to put the numbers in the public domain.

The position is no different from the position on 16 March, when I made my statement to Parliament on public transport projects. If there was any question, as the process continued, that the project was not stacking up in the way in which I reported to Parliament on 16 March, I would have to come back either to the Finance Committee or to Parliament in some appropriate manner and made that clear.

It would be wrong to suggest that GARL is different from any other capital transport project. The gateway review process is there to provide a constant check on—and assessment of—the robustness of the whole case. We have the same process in place for all our projects.

The Convener: Forgive me for going back—I apologise to Andrew Arbuckle for cutting in—but I was under the impression that there was a monthly review mechanism.

Tavish Scott: There is.

The Convener: Is that continuing?

Damian Sharp: There is a four-weekly review between my team and SPT and there is also a quarterly review: those reviews continue, but the Office of Government Commerce gateway reviews happen much less frequently. I reinforce the point that it is normal not to have such a review before the end of parliamentary consideration. The equivalent gateway review for the Edinburgh tram project took place last week. That is a perfectly normal place for it to appear in the cycle because the gateway is about authority to move to procurement. Clearly, there can be no such authority if Parliament has not approved the bill.

The Convener: So, there have been no hiccups with the monthly reviews, which have taken place since the minister provided information to Parliament in March.

Damian Sharp: There have been no significant changes. A variety of detailed issues have been raised and addressed and we have moved on, but there has been nothing to cause me to advise the minister that he needs to come back to tell Parliament that something significant has changed.

Tavish Scott: If I may say so, convener, I expect there to be hiccups. I would be worried if Damian Sharp's team was not throwing up lots of issues and problems because that would suggest to me that the process was not robust. However, Damian's central point is absolutely right—nothing

has happened that would require me to come back to this committee, the Finance Committee or Parliament in relation to the project.

Mr Arbuckle: Yesterday, we heard that the discussions with BAA have been completed and that it will deliver the part of the journey between the station and the airport. Were the Scottish Executive or Transport Scotland involved in those negotiations? Were any other issues raised or any other deals made with BAA?

Tavish Scott: I can honestly say that those negotiations have not been far from the front of my mind for many months, never mind just yesterday. The committee can take it that we and Transport Scotland have been heavily involved in ensuring that the negotiations come to fruition. I place on the record my appreciation of all the work that has been done both within and outwith the organisation to bring the negotiations to a successful conclusion.

You are correct about BAA's provision of a pedestrian link from the station to the terminal building, with all its costs borne by BAA. There has also been negotiation on movement of the airport fuel facility and of tenants that will be affected by the project, so there has been agreement with BAA on three important elements of the project. I am sure that members will appreciate that some of the details are between the commercial parties, but the agreement nevertheless moves the project forward. For me, it was fundamental that there be an agreement in place on our commercial and contractual relationship with BAA.

Mr Arbuckle: Why were the Scottish Executive or Transport Scotland involved in discussions with BAA, while discussions with other individuals or organisations on other financial deals or settlements were left to the promoter? Why is BAA different?

Tavish Scott: BAA is not unique. Transport Scotland is involved in a range of commercial negotiations to ensure that the project moves ahead. The hiccups that we mentioned are the kind of thing that we have dealt with month to month. It is crucial that Transport Scotland knows exactly what is going on and that it brings to bear its commercial weight in solving problems. I assure Mr Arbuckle that we have resolved the issues from a financial perspective as well as in respect of the aim of driving forward the project. It is important that we do so and that we use Transport Scotland to do that.

The Convener: It is interesting that you are in a position this morning to give us more information than SPT was yesterday. You talked about the deal including the resiting of the fuel farm, which was obviously of considerable interest to the committee in terms of the public purse being used

to do that, and about tenants who will have to be relocated elsewhere on BAA land. Do I take it that that includes Happitots Day Nurseries, which continues to object to the bill?

Tavish Scott: Damian—do we know about that specific company?

Damian Sharp: We know that the agreement that has been reached with BAA is that it undertakes to manage the relocation. BAA cannot speak for Happitots on whether it will continue to object to the bill.

The Convener: And the fuel farm?

Tavish Scott: That situation is resolved.

In fairness to SPT, it might not have been in a position yesterday to give the committee the full details—I received them only last night. It is possible that the final elements were not fully resolved in a form that could be put in the public domain until this morning. I would not hold that against SPT.

The Convener: Okay. Where is funding of the agreement being borne?

Tavish Scott: There are still some issues to conclude so that all parties are comfortable with the figures. The heads of an agreement exist, and the financial arrangements are in place. It is a question of ensuring only that the parties are comfortable with how that is put in the public domain.

The Convener: I look forward to receiving that information.

Mr Arbuckle: The promoter said yesterday that the Executive and Transport Scotland had been pushing it to consider other sources of funding. Have any other sources been identified, such as European funds or anything of that ilk?

Tavish Scott: Damian Sharp may be able to answer that. I think that we were looking at trans-European network system funding.

Damian Sharp: Yes—SPT has made an application for TENS funding, and we wait to see how that will go.

Mr Arbuckle: Can you give us more details on the amounts that are involved and when we are likely to hear the outcome?

Damian Sharp: I do not have that information with me, but we can provide further information if that would be helpful.

11:30

Mr Arbuckle: Finally, can you update us on where you are with the business case for the project? The last information that we received from the promoter was that the on-going work continues

to demonstrate value for money. Is that still the case?

Tavish Scott: Yes, that is still the case. I do not think that I can add to the points that we discussed a little earlier in our evidence. I reiterate the fallback position, which is that if there were any significant issues that should appropriately be presented to Parliament, that would happen. The on-going assessments, such as we described earlier, are satisfactory.

Marlyn Glen: Let us look at EARL and GARL together. What sensitivity or modelling work has been undertaken to confirm the minister's assumption that the impact of EARL on the business case for GARL would be minimal?

Tavish Scott: There has been modelling of the kind that has been described. I am trying to find the name of the organisation that carried it out, which I am sure would be helpful to the committee, but I cannot find it in the papers that I have in front of me. We will furnish the committee with the information about the modelling that has been done. Some of the modelling of the patronage for the airport rail links refers to the Department for Transport's white paper on the expansion of aviation in the United Kingdom, which includes a breakdown of the numbers at Edinburgh and Glasgow. We can provide that information in writing.

Marlyn Glen: Okay. That would be helpful. You might not be able to answer my next question, but perhaps you can. The evidence that was given to the Edinburgh Airport Rail Link Bill Committee stressed the benefits of a direct rail link to the airport in attracting patronage. Are you concerned that direct EARL services may attract patronage from the west of Scotland and away from GARL, given that only a single train journey will be required to get to Edinburgh airport?

Tavish Scott: That is an interesting question. Some choice will be made in a marketplace where there are two airports that are relatively close together. People's choices will depend on where they stay and on the destination to which they are travelling. For example, if they are flying to Dubai, they can do that only from Glasgow, from where Emirates runs a successful service to Dubai. People not just from the west of Scotland but from the east and the north will travel to Glasgow airport to access that service. It is important to consider the destinations that are available from each airport.

There are services to London—to Heathrow, Gatwick and Stansted—from both Glasgow and Edinburgh airports. I suspect that the modelling reflects the fact that geography will have something to do with which airport people choose. In other words, where people live or work will

influence their choice of airport, as it does at the moment. The modelling makes it clear, however, that the impact on the Glasgow airport rail link of the Edinburgh airport rail link will be limited because of the differences between the international destinations that are available from each airport, which are important in that assessment.

Marlyn Glen: I understand that there are various factors to take into account, but the committee is concerned because EARL will be a direct rail link and it will not be necessary for passengers to change trains. From the minister's evidence, access time appears to have considerable influence over people's choice of airport. Given the need to change trains at Paisley, how will the access time to Glasgow airport compare with the access time to Edinburgh airport for passengers travelling from the central belt or the west of Scotland?

Tavish Scott: It is necessary to look at the timetabling and structure of the whole rail service in Scotland to determine how someone would access either Glasgow airport or Edinburgh airport. The advantage of EARL is that it will be possible to access Edinburgh airport via a direct service from Aberdeen, although, as Marlyn Glen knows, the train stops at stations all the way down. However, I reiterate the point that the modelling that has been done has illustrated that EARL will have a limited impact on GARL's business case. It is important to assess that in terms of both the different destinations that are available from the airports and the expected rise in the number of passengers who will use both airports. If we are clear about that, we can find the justification for the investment in heavy rail links to our airports. We must find ways to move people out of their cars and on to rail in order to achieve the other objectives that we have for this kind of project.

Michael Matheson: I want to move on to the issue of monitoring noise from the line, which concerned a number of local residents who lodged objections.

The promoter intends to monitor noise for around five years. However, we noted that, in the Waverley proposals, noise is to be monitored for the lifetime of the project. Perhaps this is a question for your Transport Scotland colleagues, minister, but I am interested to know what Transport Scotland thinks might be a reasonable period of time for noise monitoring to be conducted after the GARL line becomes active.

Tavish Scott: I would like to think that we have a fairly consistent approach to this matter. Perhaps you could enlighten us, Damian.

Damian Sharp: I would expect that, once the line is operational and it has been established

what the noise levels are and what compensation might be made, GARL will be subject to the same noise monitoring as the rest of the network, which it will be a part of.

Michael Matheson: So would you expect noise to be monitored for the lifetime of GARL?

Damian Sharp: I would expect GARL to be subject to the same sort of monitoring that happens on the rest of the network. Although I am not an expert on this subject, I understand that that monitoring is not continuous but is done throughout the lifetime of the lines.

Michael Matheson: Noise on the Waverley line will be monitored for its lifetime. Would you expect, for the sake of consistency, that the same approach would be taken by the promoter of the GARL line?

Damian Sharp: The proposal to monitor noise for the lifetime of the Borders railway was not discussed with Transport Scotland before it was made to the Parliament. It is not a matter of consistency, as far as we are concerned, because we were never consulted on that matter.

Michael Matheson: Is the five-year period of constant monitoring—over and above the on-going monitoring that is conducted throughout the network—a reasonable timescale?

Damian Sharp: Yes. By that point, we should be clear about what the noise level is and any variation should be clear by then.

Michael Matheson: And, thereafter, the monitoring will be carried out as it is in the rest of the network.

Damian Sharp: Yes.

Michael Matheson: How often is that monitoring undertaken?

Damian Sharp: I cannot tell you off the top of my head.

Michael Matheson: If you could give us that information at some point, that would be helpful, particularly to those who have lodged objections about the noise that might be associated with the line.

Tavish Scott: I can assure Michael Matheson that Transport Scotland and I have received representations from colleagues of different political persuasions and, more important, from different geographical locations about the noise that a particular railway might make. Relevant mechanisms are in place. We will furnish the committee with details of how such matters are dealt with.

The Convener: It would be helpful if the further information that has been offered could be

supplied by the end of this week, because we have a report to prepare.

Tavish Scott: We will do our level best.

The Convener: We would be interested to know whether, in dealing with the bill, you and Transport Scotland have learned any lessons about the process, particularly regarding the negotiations, the objector process and the resourcing of the bill by the promoter.

Tavish Scott: That is a good question. To be honest, it is a tough question to answer today. We can reflect on the question in other ways at a certain stage in the process. The only observation that I would make at this point is that, before entering politics, I was involved in commercial negotiations and I know the reality of such a process. In creating Transport Scotland, we wanted to establish a structure that would be accountable to Parliament and would be able to conduct such commercial negotiations properly on behalf of the taxpayer. I am clear that we have achieved a successful negotiation in relation to this bill. We will want to apply some of the lessons that we have learned from this process when Governments take forward a range of other projects. I will find a way to pass on some of those lessons to colleagues in due course.

The Convener: It would be helpful to us to have your views on the process of using the assessor. We would like to know your thoughts on that as that was the first time that the Parliament had used that process.

Tavish Scott: I would be happy to reflect on that. I should say that, this afternoon, I am giving evidence to the Local Government and Transport Committee on the Transport and Works (Scotland) Bill. Obviously, the process is being reconsidered by Parliament at this time.

The Convener: Do you think that anything can be learned by Network Rail and/or Transport Scotland from all the on-going negotiations?

Tavish Scott: That is a fair question to ask, but I would ask you to let us reflect on it as I simply cannot give a fair or analytical answer off the top of my head. I am sure that Malcolm Reed, the chief executive of Transport Scotland, would want to reflect on lessons that might have been learned from this bill and a number of others that we have handled and are handling before giving an answer to Parliament in an appropriate way in due course.

The Convener: I am sure that, when we get that answer, best-value principles will have been applied to ensure that the public purse is being looked after.

I thank our witnesses for their evidence. We will take a short break before item 2.

11:42

Meeting suspended.

11:46

On resuming—

The Convener: We recommence the meeting. I welcome John Halliday, who is assistant chief executive of transport and strategy for Strathclyde partnership for transport; Charles Hoskins, who is the director of major projects for Strathclyde partnership for transport; Paul Irvine, who is a partner in John Kennedy & Co; Neil Halket, who is associate director at Faber Maunsell; Dani Fiumicelli, who is the technical director of environmental noise and vibration at Faber Maunsell; and Brian Cuthbert, who is principal consultant at Faber Maunsell.

I thank you, gentlemen, for coming back to the committee today. We have some questions for you. We have just heard evidence from the minister and I ask Mr Halliday to tell us what has changed in the past 24 hours in the agreement that has been reached with BAA.

John Halliday (Strathclyde Partnership for Transport): Yesterday morning—the agreement was signed at 10 o'clock yesterday—we had not sorted out all the issues of commercial confidentiality in the sense that we did not have an agreed position on them. Since then, I have spoken with BAA and we now have an agreed position on the degree to which we can release information. That was also conveyed fairly late on—by 5 o'clock last night—to Transport Scotland. I apologise to the committee for any inconvenience that that has caused. There are clearly commercially confidential issues within the agreement, but I am perfectly happy to answer any questions on it.

The Convener: I think that it was signed earlier than 10 am, because we got a fax at 9.46 am yesterday indicating that BAA's objection had been withdrawn. Will you provide us with information, as far as commercial confidentiality allows, about the impact on Happitots Day Nurseries and how that issue will be progressed? Happitots remains an individual objector.

John Halliday: The agreement that we have struck with BAA is significant in that it ensures that we will take all the tenants' interests into account. The bill has a direct impact on Happitots Day Nurseries and it is central to our project that we have a solution to that. The agreement that we have with BAA is to the effect that another location will be sought out within the airport and that it will manage the transfer of tenants within the airport. That is a crucial stage in the agreement because we have been working on the basis that, although we are the promoter, it is important to have

activities sitting with the people who can best manage them. We believe that that is the appropriate mechanism by which we can manage the Happitots nursery change and that a solution is contained in the agreement. Happitots is a tenant of BAA, and the direct impact on it is through the route that the alignment takes through the airport.

The Convener: We turn to the fuel farm, which was of considerable concern in that there was an assumption that BAA would get a new for just about knackered, never mind old, fuel farm from the public purse. What is the position on that, as far as you are able to say?

John Halliday: Resolving the problem of the location of the fuel farm is crucial to the project. I am sure that that is not lost on any members of the bill committee. The rail line goes right through the middle of the existing fuel farm. The project has had to balance the competing interests of the operation of the railway versus the operation of the airport and we have taken that on board. What that means for the project is that we have given a commitment that the fuel farm will be relocated first, so that before the old fuel farm is decommissioned, a new fuel farm will be commissioned and up and running.

The fact is that building the rail link effectively requires doing away with the fuel farm, so the agreement states that a new fuel farm will be provided. It is an old for old, or an old for new. I reflect back to your earlier questioning about Buncfield. It is a given that if a new fuel farm of the capacity of the existing fuel farm were to be built, it is right and proper that the project should foot the bill for any new requirements that are levered in through new legislation. In effect, what the GARL project is saying is, "We will give you back what you had before, so that you can operate again."

The Convener: So are you saying that the public purse will pay?

John Halliday: Yes. The rail alignment as it is will go through the fuel farm. Because of that, there is an obligation on the project to foot the bill for any impacts that the alignment has—just as there is an obligation on the project where the alignment goes through other land. For example, in the industrial estate there is a process by which we will acquire land and compensate for its loss. In this instance, the fuel farm is intrinsic to the operation of the airport. If we have to take the fuel farm—which we will have to do—we will have to rebuild it elsewhere. Because the line has to run through the fuel farm, the cost of rebuilding should be borne by the project.

The Convener: What does the agreement cover, particularly in relation to the fuel farm? What must BAA do to be part of it?

John Halliday: BAA is totally committed to the management of that transfer; indeed, it is taking some element of risk in that. Its partnership to the project is a total commitment to ensuring that the fuel farm is delivered quickly. The agreement as signed is on the working assumption that the fuel farm will be one of the earliest tasks, once we have approval. According to the agreement, BAA will manage that for us. It will take a degree of the risk involved and ensure that a new fuel farm is commissioned and the old one decommissioned.

The Convener: And then you just pay the bill?

John Halliday: No. In the agreement, we have a process of open-book accounting and scrutiny. There will be transparency in the use of the public purse. If there is a disagreement, there will be a process we can go through to resolve it. That will allow us to be totally satisfied that the procurement process aligns with all public sector procurement advice.

The Convener: Will that ensure best value?

John Halliday: It will indeed. We operate under the principle of best value and BAA has accepted that it should do so too.

The Convener: You mentioned a risk to BAA. What is that risk?

John Halliday: A new facility will be put on a new area of ground, and the plot numbers are identified in the bill. In any project, construction carries an element of risk. For example, more expensive work might be required on the new fuel farm, and there might be delays. We have therefore levered into the agreement an element of risk that BAA will pick up.

The Convener: Is the risk involved in resiting the fuel farm greater than the risk that was anticipated for the redevelopment of Glasgow airport?

John Halliday: No, not really. Assessing risks is a natural part of project development, and resiting the fuel farm has always been an element of that. It is a normal part of any project to develop risk assessments for all elements of the project, so that you are as aware as you can be that you will be able to manage those risks, and to manage them out wherever possible.

Mr Arbuckle: Has the agreement with BAA altered either the timescale or the overall budget of the project?

John Halliday: If anything, it has improved the timescales. It has had no effect on costs. In the agreement that we struck yesterday, the key thing is that we will now be able to bring work forward, if that is possible, when we have confirmation of funding. We will therefore be able to get on and do the work as quickly as possible.

The fuel farm is on what we call the “critical path”. If there is any delay on an item on the critical path, the project overall will be delayed. Because the fuel farm is a sensitive issue, and because of all the permissions and approvals that are required for it, all the work on it will be done very early on.

Mr Arbuckle: In response to an earlier question, the minister said that he had been following the negotiations involving Transport Scotland and BAA. I asked whether involvement with one organisation was unusual. You are the promoter; did that make life more difficult for you, or was it helpful? Are there lessons to be learned on where Transport Scotland should get involved in such projects and where it should not?

John Halliday: Funding for large projects is complex. Other projects might be funded by banks, but Transport Scotland—the executive agency that has been set up—has started off very much on the right foot. It has helped us through this project and I would like to thank its officers on the record. They helped us through complex negotiations. Having Transport Scotland as a central funder has helped in the delivery of this project.

Mr Arbuckle: Transport Scotland as a funder and negotiator?

John Halliday: We negotiated with BAA through the agreement, and Transport Scotland had to agree to the issues of risk and liability. We have had to keep Transport Scotland fully apprised of the project so that it understands all the issues. We have talked about the gateway process, part of which is about fiscal probity and the procurement process. At all the appropriate stages of the gateway process, Transport Scotland must understand fully what has happened and what has been agreed.

12:00

The Convener: I seek further clarification on that. The minister said that Transport Scotland was “heavily involved” in the negotiations. Does that mean round the table, or what?

John Halliday: In a significant number of instances, the agreements lever in liabilities and financial consequences. It was totally appropriate for Transport Scotland to understand the consequences of all the elements of the agreements that we struck. SPT was the architect of the agreements and we negotiated the terms. Some elements clearly have a knock-on impact, on programming times, for example. As we have said, the early completion of works is a key matter for the project because, as with any project, slippage will increase costs. Transport Scotland had to be an integral part of the process. We

advised it of the agreements as they were struck, which allowed the body to reflect on the liabilities and to be fully aware of them.

The Convener: My understanding is that being “heavily involved” is not just about having knowledge or understanding of an issue, but about being much closer to the negotiations. You are saying that that is not what happened.

John Halliday: I will give an example of the process. About three or four weeks ago, SPT and BAA spent a weekend thrashing out the detail of an agreement. We were in a room from 9 o'clock in the morning until after midnight, which is not something that I want to repeat in my professional life, as it was a difficult process. Transport Scotland was not represented in the room, but after we had reached agreement on certain points, it was important for me to report back to Transport Scotland to give it the details and ensure that the funding liabilities and risks were understood fully, so that we could move on to the next stage of the negotiations. I make it clear that the relationship with Transport Scotland was close. As we went through the agreements, it was totally aware of the situation.

The Convener: I will not labour the point, but we will ask the minister for an explanation of what he meant by “heavily involved”. Obviously, he will read the *Official Report* of the meeting.

I want to return to the issue of Happitots. Who will pay for the relocation, the fitting out of the new premises and all the rest of it?

John Halliday: The relocation is subject to the project and the impact of the alignment, but the project will pick up the costs of relocation.

The Convener: By “the project”, do you mean SPT and the public purse?

Charles Hoskins (Strathclyde Partnership for Transport): I can clarify that. The land and compensation costs in the estimate of expense include those for the Happitots nursery, as well as those for all the other businesses that will be disturbed. The project will pay for the compensation to Happitots—if that means relocation, the project will pay for that. The project has a direct impact on the nursery and must therefore deal with that.

The Convener: I am becoming confused, because I cannot see what you managed to obtain from BAA.

Michael Matheson: Perhaps it would be easier if the witnesses could tell us exactly what BAA will pay for.

John Halliday: BAA will pay for the walkway—

Michael Matheson: Construction of the walkway?

John Halliday: Construction and management. BAA is engaged in the co-operation that the GARL project requires and will deal with technical issues and manage on-airport construction activities through the partnership that will be established if the bill receives royal assent—as I hope it will. BAA will manage and assume some risk on the fuel farm and it will manage the whole issue of tenant relocation. That is a significant element of project risk, which BAA is well placed to manage. We will also be in the driving seat, but BAA will provide significant on-airport expertise.

Michael Matheson: What will be BAA's financial contribution?

John Halliday: You pressed me yesterday on that. The issue is commercially sensitive, so in deference to BAA and if it is acceptable to the committee I would be happy to provide you with a note on the matter after the meeting.

Michael Matheson: It would be helpful if we had the information.

The Convener: There might be a difficulty if Mr Halliday provides the information in writing, in that the figure would have to be disclosed if it was requested under freedom of information legislation. Mr Halliday must decide whether or not to disclose the information.

John Halliday: On reflection, there is a complex web of elements and it would be misleading of me to pluck a figure out of the air. I have global figures but it would be misleading of me to use them. If the committee asks for detail I can provide it. I understand that freedom of information legislation applies, but given that I am taking part in a parliamentary process I can give the committee the information, if I am pressed for it.

Michael Matheson: Okay. On the costs associated with the BAA negotiations, the promoter said in the estimate of funding and expenses statement that the "grand total" would be £160 million. The committee expressed concern about that figure, because we heard differently from the minister at the preliminary stage. Was the cost of relocating the fuel farm included in the estimate?

Charles Hoskins: Yes.

Michael Matheson: What was it?

Charles Hoskins: I cannot give you the figure off the top of my head.

Michael Matheson: Can you provide that information?

Charles Hoskins: Yes.

Michael Matheson: What is the estimated cost to the public purse of relocating the fuel farm at Glasgow airport?

Charles Hoskins: Sorry, is that the same question—

Michael Matheson: No. You have negotiated with BAA and come to an agreement. Given that the public purse will have to pick up the cost, I presume that you have access to some kind of financial analysis of how much the cost might be. I want to know what the cost to the public purse will be and what was the original estimate.

John Halliday: We have an analysis of the cost and if the committee is content we can provide it.

Michael Matheson: Both figures?

John Halliday: Yes.

Michael Matheson: By the end of the week?

John Halliday: Yes.

Michael Matheson: That would be helpful.

On a different matter, I asked the minister about the cost of extending operating hours at Glasgow Central station. In the oral and written evidence that Mr Hoskins gave us yesterday, there was a clear implication that extended hours would increase by almost 10 per cent the number of passengers from Glasgow airport, but that at this stage the GARL project would probably have to bear the cost. The minister was quite surprised to hear that. What stage have you reached in your discussions with Transport Scotland on the matter?

John Halliday: I picked up on your question to the minister, so it would be appropriate for me to provide clarity on the matter. Mr Hoskins might want to add to what I say.

The minister was correct to highlight that a balance must be struck between the operation and the maintenance of the railway. That is always a tension. Pressure is always put on organisations, such as SPT, that deliver public services to extend their hours and ensure that the service meets public needs. The inevitable consequence of operating any such system, however, is that it must be maintained. Hence Network Rail's view that sufficient time has to be built in for network maintenance. The minister's response was correct. I hope that I did not mislead the committee in any way yesterday by suggesting any other relationship.

The opening hours are based on the assumption that, if enacted, the bill will give the operator the power to operate the service to the airport. In that context, the response was, "Well, if that is the case, obviously the costs would have to be borne by the project." However, in the fullness of time, it would be accurate to say that all the services—if continued—will fall under the normal rail franchising regime. Over a period of time, one would expect arrangements to be put in place to

that effect. I appreciate that that answer may not be very clear, but my understanding is that, if the bill provides the wherewithal to operate the services, the project will have to bear the operating costs. I hope that that clarifies what I tried to say yesterday.

Michael Matheson: In part, it does. If the project was to push forward and the operator wanted to do that, I agree that it would have to pick up the bill. However, that seemed to surprise the minister.

John Halliday: The evidence was that, given that the network does not currently operate at those early hours of the morning, the project would have to assume that it would have to bear the costs if it wanted to operate that early. We tried to explain that the most likely scenario is that that will not be the case. We would not open Glasgow Central station only for the airport service; the whole network would require to be opened in order to get connectivity to other rail services. Painting the scenario as we did in our evidence may have led Mr Matheson to the interpretation that he has made. That was not our intention, however.

Michael Matheson: I fully understand the idea that other parts of the network would need to be opened up if the station were to open early. However, I am unclear about your discussions with Transport Scotland to ensure that that happens and your written evidence also does not make that clear. Surely it would be much more advantageous to the airport rail link for Glasgow Central station to be opened up an hour earlier. You could increase dramatically your passenger figures and, potentially, increase your capture of people who use the airport. I understand that you do not want to pick up the tab, but we are talking about a railway line that is of strategic importance. I am unclear about the discussion on issues such as whether the burden of costs should be shared with others outwith the project.

Charles Hoskins: The estimated increase in patronage is between 3 and 4 per cent.

Michael Matheson: Given the low level of patronage on the line in the first place, that is fairly reasonable.

Charles Hoskins: I take the point. I think that the member suggested a figure of 10 per cent, but it is between 3 and 4 per cent.

Michael Matheson: No. The figure related to the number of passengers who use the airport at any one time. The figure that you gave for your capture of people who use the airport showed an increase from about 84 to 95 per cent.

Charles Hoskins: It goes from 90.4 to 95.5 per cent; another 5 per cent of passengers would be captured if the line were to open one hour earlier in the morning.

Michael Matheson: I apologise for the mistake.

12:15

Charles Hoskins: The 5 per cent of passengers that the earlier opening has the potential to capture translates into the possibility of patronage on the trains to Glasgow increasing by 3 to 4 per cent above estimate. On that set of assumptions, I agree that the proposal has the potential to increase patronage on the airport rail link. Network Rail has made it clear that there are some difficulties with GARL eating into maintenance time, so it will not be an easy task. The minister mentioned that the matter deserves analysis in its own right across the network. When you pushed him on that point, he intimated that the strategic projects review will examine the opening hours of the railway network and the need for maintenance to ensure its safety. There is a difficult balance between the two.

We have tried to demonstrate that the GARL project can be a benefit. It is important that we demonstrate that, but we take the point that we, as a regional transport authority, also need to push the discussions with Transport Scotland and Network Rail.

The Convener: Mr Halliday, is there anything else that you want to say? I am conscious that today is your final opportunity to put things on the record because this is your final appearance before the committee.

John Halliday: There is just one point that I want to make. There has been concern about the crossrail project and connectivity. I will give my view on the way in which strategic projects are developed. As a strategic authority, we have a raft of strategies in play at any one time. However, it is unusual for two such large and important projects—GARL and crossrail—to come along at more or less the same time. In that context, choices have to be made. We made choices in favour of GARL, but we are committed to the crossrail project and we expect to take it forward. As I said, it is unusual to have the juxtaposition of two such important projects at the same time, but we are clear that GARL will stand on its own. The case for GARL is there.

The integration of the railway network is one of its features. If we do something on the west side of Glasgow, it will have an effect in Edinburgh. The different parts of the network are integrally linked, so the solutions that we find to problems that arise in projects are also interlinked.

A number of other projects have been proposed. We are interested in the Hyndland to Gartnavel project, which is another project in the Glasgow conurbation. That would cost a similar amount—tens or hundreds of millions of pounds. We are faced with questions of strategic choice.

This is purely anecdotal, but the experience of delivery of such projects suggests that projects of about £200 million to £300 million can be managed and are successful. They are big projects—make no mistake about that—but nonetheless they are doable and the risks can be properly managed. That is the context for SPT as it develops its strategies. There are many projects, and crossrail will undoubtedly be the next one.

The Convener: Some of us are involved in other strategic choices that Strathclyde partnership for transport is going to make, but at the moment we are considering only GARL.

I thank Mr Halliday and all the other witnesses who have been before us today and at our previous meetings. Thank you for your evidence.

12:19

Meeting continued in private until 12:31.

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