



Official Report
Aithisg Oifigeil

DRAFT

Transport Committee

Comataidh na Còmhdhail

Wednesday 9 September 2026

Session 7



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TRANSPORT COMMITTEE
4th Meeting 2026, Session 7

CONVENER

*Willie Rennie (Fife North East) (LD)

DEPUTY CONVENER

*Lloyd Melville (Angus South) (SNP)

COMMITTEE MEMBERS

*Iris Duane (Glasgow) (Green)

*Zen Ghani (Glasgow Cathcart and Pollok) (SNP)

*Donald MacKinnon (Na h-Eileanan an Iar) (Lab)

*Graham Simpson (Central Scot and Lothians West) (Reform)

*Collette Stevenson (East Kilbride) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Mary Docherty (Transport Scotland)

Stephen Flynn (Cabinet Secretary for Economy, Tourism and Transport)

Chris Wilcock (Transport Scotland)

LOCATION

The Alexander Fleming Room (CR3)

Scottish Parliament

Transport Committee

Wednesday 9 September 2026

[The Convener opened the meeting at 09:15]

Programme for Government

The Convener (Willie Rennie): Good morning, and welcome to the fourth meeting in 2026 of the Transport Committee. We have received no apologies. The first item on our agenda is an evidence session on the Scottish Government's programme for government, which was published last week.

I welcome the Cabinet Secretary for Economy, Tourism and Transport, Stephen Flynn, who is joined by officials from Transport Scotland: Fiona Brown, director of strategy, performance and analysis; Mary Docherty, director of bus, concessionary and active travel; and Chris Wilcock, director of ferries.

The cabinet secretary will say a few words to open the evidence session.

The Cabinet Secretary for Economy, Tourism and Transport (Stephen Flynn): Good morning. I congratulate committee members on their appointments to such a prestigious committee, which I am sure will hold my feet to the fire during the coming months and, hopefully, years.

The past few months have been an interesting period for me as an individual, because I have had to make a fairly significant transition between Parliaments and make time to try to scrutinise everything that has been going on under the bonnet in transport at the Scottish Government in order to deliver on the commitments that we made to the Scottish people at the election.

Throughout that time, I have been very fortunate to be ably supported by wonderful colleagues and officials in Transport Scotland and across the various agencies that are associated with the transport sector. I have also had the opportunity to go out and speak to the public across Scotland and hear their concerns directly, which was incredibly important.

The first place I went to was Uist, in the Western Isles, because I was very conscious of the obvious and clear challenges that communities face there. I did not stop there. I have been up to Fort William, down to the A83, to Cairnryan, and on the A75 and the A77. I also drive the A96 regularly.

I have had the good fortune of speaking with stakeholders right across Scotland. However, the

most important stakeholders I have spoken to are members of the public who are directly impacted by the various schemes that they want to see improved, which I am sure we will touch on today.

I am conscious that this is the first opportunity that we have had to engage with each other, and I want it to be a bit of a scene setter, because I want to be as constructive as I possibly can with all of you. Having come from another Parliament and having previously sat on a committee, I recognise how important committees are to the good processes that a Parliament has, and their role in holding the Government to account.

The Convener: Thank you very much. We all have lots of questions—I think that Lloyd Melville has enough questions to occupy the whole two and a half hours.

Stephen Flynn: That does not surprise me.

The Convener: We would like concise questions and answers, so that everybody gets an opportunity to ask their questions. We know that you will be back, at a future session, so we do not have to cover absolutely everything today, but we will try to cover a wide range of areas.

I will start off. What is wrong with Transport Scotland?

Stephen Flynn: What are you implying, Mr Rennie? Are you alluding to the fact that it is our intention to bring Transport Scotland back into Government?

The Convener: Yes.

Stephen Flynn: The reality is that, considering public sector reform as a whole, we all recognise that the public sector landscape is cluttered. That was spoken about in great depth during the course of the election.

In that context, it is important that we deliver on our manifesto commitment—which the public voted us in on—to bring Transport Scotland in-house. That work has begun. Transport Scotland now sits within the director general economy's remit, and I expect that the work will be completed roughly by the turn of the financial year.

What I am about to say is not a criticism of anyone, so please do not take it that way. It is important that we look across all our organisations to ensure that we have direct accountability in Government, and that sits with ministers. It is important that we are able to deliver the schemes that we want to deliver within the timeframes that we would like, but also that we streamline all our approaches in the context of wider public sector reform. Taking all those things together, it feels necessary to bring Transport Scotland in-house, and that is exactly what we will do.

The Convener: Therefore, there is nothing wrong with Transport Scotland in itself or in the way that it operates and functions.

Stephen Flynn: I do not seek to criticise—you would not expect me to, and I do not feel the need to.

This has been a bit of an education for me over the past few months—you will forgive me in that regard. I have been wonderfully supported by Alison Irvine, who unfortunately cannot be here today, and by people such as Mary Docherty, who has done an absolutely phenomenal job. We were able to work with bus operators to get the £2 fare cap over the line within the 100-days commitment. I feel as though I spoke to Chris Wilcock on an almost daily basis about the situation in the Cemer shipyard a few weeks ago, and Fiona Brown is never too far away.

The team has been wonderful in supporting me over the past months, and I am incredibly proud of the work they have done. That is not to say that we should not seek, as part of the wider public sector reform work, to ensure that there is direct accountability with ministers, which bringing TS back in-house does. I think that all parties would welcome that.

The Convener: This is no personal slight to those in the room. This is uncomfortable questioning, but it is important, when you are making what is apparently such a significant change, that we understand the reasons behind it. Will there be job losses? Will money be saved? Is that part of the motivation?

Stephen Flynn: That is not part of my motivation. The Government's motivation in this regard is to ensure that we can get on and deliver the commitments that we made to the public. It is worth re-emphasising that we had an election just a few months ago and that this was a key part of our manifesto. It featured in the prospectus that we put to the Scottish people, who returned us to office on the premise of our bringing Transport Scotland back in-house. Forgive me for being a little old-fashioned, but I think that it is probably time that we got on and met the expectations of the promises that we made to the public.

The Convener: I am not sure that I heard about that issue much on doorsteps in north-east Fife—

Stephen Flynn: You need to chap more doors, then.

The Convener: —but I take the point that it was in the manifesto. Let me turn the question the other way round: if you are making a change—change involves costs and effort—what are the tangible benefits of bringing Transport Scotland in-house?

You have talked about streamlining and accountability. We assume that you were accountable for the whole transport system anyway—we certainly blamed you for it, so we assume that you are accountable for it. Let me give you some examples. The structure of the transport system has been criticised for a lack of transparency, and the predecessor committee was very critical of the information that it was provided with at different moments, so will the system be more open as a result of this change?

Stephen Flynn: I have sought to do this in my time in Parliament up to now, and I extend this commitment to almost all members of the committee: if members seek transparency in relation to certain issues, all they have to do is come to speak to me, and I will make sure that my officials are in a position to sit down with them and have those discussions. If you do not feel that you are getting accurate answers to the issues that concern you, I give you a personal commitment that I will ensure that that happens, Mr Rennie.

However, on your wider point, which you just referred back to, about the motivation for bringing things in-house, doing so does not have to mean that there is inherent criticism of something; it can come from a starting point of trying to make things better and ensuring that the line of sight, accountability and delivery sit with the ministerial direction that I seek to give.

The Convener: I understand that, but a lot of us are wondering what that is all about, because it is branded as public service reform, but it seems like just a name change. We want to understand whether it comes with a change of character. Let me give you another example: there has often been criticism that the processes, particularly in relation to rail development, seem to be taking for ever. They are overly bureaucratic, and we never get to a decision point. Nobody ever says no, and nobody is ever clear about it. Is that going to change?

Stephen Flynn: I have been a politician for a long time. There are certain things that I have contacted the Government about that I wish could have been done. I am sure that, given your distinguished long service across two parliamentary sessions, you will have done likewise.

The Convener: Charm will not get you anywhere.

Stephen Flynn: It will. *[Laughter.]* I will keep trying; I have been told to be nice. I am joking.

I guess that we all get frustrated when it feels as though things are just pushed into the long grass. Some of it comes down to the fact that, often, it can be politically uncomfortable to make decisions. It

is sometimes about the length of time that it takes to reach decisions, because of the various steps that officials need to go through before they can offer clear, tangible advice for ministers to respond to.

My point is that, when TS comes in-house, there will be a direct line of ministerial responsibility—there is no hiding away from that. After that has happened, I expect that I will be able to offer you the clarity that you seek at committee meetings about any concerns with individual projects. I am sure that we will come on to that over the next couple of hours.

The Convener: All that sounds great—it sounds positive, open, transparent, swift, and lacking in bureaucracy. However, the most important thing is that I do not know how long you will be the cabinet secretary responsible for transport—I am not predicting your demise.

Stephen Flynn: I am trying to be nice to you, and that is how you respond. *[Laughter.]*

The Convener: When you are no longer in post, the big question is about whether those characteristics will remain. I am struggling to understand that.

Stephen Flynn: I say that on the basis of the culture that I have worked in under the First Minister. He has been clear with me and everyone—rightly so—that we must be as open as we possibly can be with parliamentarians. I was heartened to hear that, and I expected nothing less. Having been a member of the United Kingdom Parliament, particularly in opposition, I was sometimes incredibly frustrated with a lack of clarity from Government. I do not want to be a part of that; I want to see it change. I am happy to be as open and transparent as I possibly can be with you. It is a cultural issue, convener.

The Convener: To summarise, there will be no job losses and no massive savings. It is about accountability and streamlining, and we will see a change of character through your leadership.

Stephen Flynn: I would not seek to accept the premise of everything that you have said, on the basis that, when things are brought together, there is natural attrition—that happens in every organisation. The motivation for the change was not about job cuts or making savings but about delivery for the public.

The Convener: That is not quite a no. Are you saying that there will be job cuts as a by-product of the change?

Stephen Flynn: I am saying that, at this stage, it would be remiss of me to state that there would or would not be job cuts. I am trying to be as clear as I can be, bearing in mind everything that I have

just said, but the work has only just got under way. Inevitably, there will be a conflict between some people's current roles and the roles that exist within the Government. We will need to respond to that accordingly as part of the wider PSR piece. You know the principles that exist in Government when it comes to such issues.

The Convener: We look forward to the new dawn with the structure.

Stephen Flynn: It has already begun, convener.

The Convener: Thank you for answering my questions on that. We will move on to the railways.

Collette Stevenson (East Kilbride) (SNP): I extend a warm welcome to the cabinet secretary and his officials. The programme for government commits only to supporting progress on the Clyde metro. What precisely will the Scottish Government deliver during this parliamentary session? What funding has been allocated to the project? When will communities such as East Kilbride see a defined route, a business case and a deliverable timetable?

09:30

Stephen Flynn: I was just double checking a point with my official, convener, to make sure that I am as open and transparent with the committee as I can possibly be.

The Glasgow city region deal has a crucial role to play. If I recall correctly, the Clyde metro is one of three projects across Scotland of a similar scale and size that we are seeking to deliver. It is perhaps attracting significant levels of public attention, and rightly so.

Through the city region deal, we are committed to working with partners to progress the project. I am not going to sit here and say that there is a blank cheque when it comes to such matters, because it would be very silly of me to do so; however, through the structures that exist—the officials and the city region deal—we will make sure that there is full communication and partnership working in order to make progress. I imagine that this will be exciting to many people in the local area.

Collette Stevenson: You are saying that the project will ultimately come down to the city region deal, but can you confirm whether East Kilbride remains in the first phase of the Clyde metro development? Can you identify any specific work that will be completed by 2031?

Stephen Flynn: We are maybe jumping a bit ahead of where things are in respect of delivery and the impact that it would have on East Kilbride directly. I can certainly seek to ensure that the partners that are involved give you such clarity as

soon as possible. I would not want us to get ahead of ourselves in respect of East Kilbride's involvement in that context.

Collette Stevenson: You touched on the partners. Who is ultimately accountable for delivering the Clyde metro? Is it the Scottish Government, Transport Scotland or Strathclyde Partnership for Transport? Are there any others involved?

Stephen Flynn: I will be pretty candid—I think that we all have a responsibility to deliver big infrastructure projects. I do not think that it is for one individual to outline exactly what they want to happen, particularly when we are talking about something of such a scale. The cross-partnership working that exists in the region will be absolutely crucial to delivery.

Collette Stevenson: I will move on to electrification. As you probably know, we have two fantastic new railway stations in East Kilbride, and work is under way on the electrification of the line. There has been quite a lot of disruption for passengers due to the electrification, and the replacement trains are not due to arrive until the 2030s. What improvements will there be at East Kilbride and Hairmyres for passengers?

Stephen Flynn: That is a helpful question, because we have made progress over the past few weeks with the procurement process for the trains. I think that everyone who has been on the train service in the area would acknowledge that the trains are not necessarily to the standard that we would hope them to be. That work is very much under way. I am conscious that the ScotRail fleet is older than it should be and than we want it to be. That is why we are procuring new trains in the west and are seeking to refurbish the class 222s, I believe it is, in the north-east, so that customers get the quality of journey that they deserve for the money that they are putting in.

We proactively nationalised the ScotRail service. We are seeing the benefits from doing that and have been able to make some pretty swift decisions on peak fares and other things, which have been welcomed by the public. What comes next is making sure that the fleet is to the standard that people expect. We are very much committed to the timelines that we have already outlined.

Zen Ghani (Glasgow Cathcart and Pollok) (SNP): I thank the cabinet secretary and his officials for coming today. I will pick up from where Collette Stevenson ended her questions on railways. Is there a timeline for completing the electrification of Scotland's railway system?

Stephen Flynn: For the whole of Scotland?

Zen Ghani: Yes—the whole of Scotland.

Stephen Flynn: I will be candid that I do not have that timeline in my head. The electrification of the entire network is a hotly debated issue in my part of the world. If I recall correctly, we are still using diesel trains because of the significant challenges that exist in electrifying the railways on the various bridges that exist on the route across the east coast. That situation will not and cannot be resolved without making significant investment in public infrastructure, which would take an incredibly long time to deliver. Therefore, I do not have a definitive date in my head as to when that work would conclude.

However, progress is being made in relation to electrification, and Fife provides a positive example of the work that has been undertaken. I would certainly like to get to a position over this parliamentary session and—I assume—parliamentary sessions to come of being able to commit to the improvements in infrastructure that will allow us to provide the service that the public require while reducing our emissions, because we have a responsibility to do that.

Zen Ghani: Are there plans to further expand electrification in the central belt and Glasgow and improve the network with regard to its availability for the public?

Stephen Flynn: I have had communication from some MSPs about their ideas for the city and region that you are talking about. There are technical challenges in relation to those ideas, and there are cost challenges, too. However, if there are specific proposals that you or other members have a particular interest in and would like to bring forward, I give you a commitment that we will take those proposals away and look at them in a bit more detail.

Zen Ghani: Great—thanks for that. I will move on to Great British railways, which has been talked about a lot recently. Do you have an update on discussions with the United Kingdom Government about the memorandum of understanding? How have discussions with the new Government and your UK counterpart been in general?

Stephen Flynn: One of the early conversations that I had was in Westminster with Lord Hendy, who is taking the Railways Bill through the House of Lords for the UK Government. I was incredibly heartened by the positive language that he used in respect to Scotland's rail network, which is a testament to the work that officials have done over many years to improve standards. There is always work to do on punctuality and reliability, but that was a nice thing to hear.

However, I have some concerns about the MOU and what the partnership will look like going forward. We have not yet been able to make a decision because we do not know what the

corporate structure of GBR will be, and it would be remiss of us to move into that space without knowing that.

What has become apparent during the parliamentary process in Westminster is that, until such point as you are regarded as being part of GBR passenger services, there is not necessarily a guarantee that you will be able to access the benefits of that. That becomes an issue if you go into a partnership, because you would want that to be on an equal basis—you would want it to be 50:50—but it looks as though the legislation, as drafted, would prevent us from having the benefits unless we accepted a proposal whereby we do not have majority ownership and there is a 51:49 scenario.

I am reluctant to say that that is my preferred outcome at the moment. It is important that the United Kingdom Government responds to the concerns that I have expressed to it in writing, and I have no doubt that it will. When it does so, the UK Government must be cognisant of the fact that the Prime Minister himself has been very clear with the public about pushing power out of Westminster.

I would like to see Scotland's rail entirely in Scotland's hands. That would be the starting point for the conversation that I want to have, but if the UK Government is not willing to do that at this juncture, it needs to be willing to accept a 50:50 partnership for the reasons that I have outlined.

Zen Ghani: Do you have any additional concerns about GBR, if the UK Government continues to push for that current status? Is there any likelihood that that will change, or is anything likely to be done to make the situation easier?

Stephen Flynn: I do have other concerns. I do not want the committee to get the impression that there has not been a lot of really positive working going on, because there has been. Forgive me for focusing on the negatives a bit, but it is important to highlight what the Scottish Government's current issues are.

I will read from the letter that I sent to Heidi Alexander:

"There is now no scenario in which Scotland would have a fully integrated rail body from GBR access date, and therefore no way in which Scottish passenger services could be brought within the definition of GBR passenger services",

which of course impacts our ability to have the access benefits that GBR is meant to provide for customers. That can change only if the UK Government is willing to be more flexible with its legislation, and I would certainly encourage it to be so. I have set that out in a very detailed letter to the secretary of state, and I look forward to an early response.

Convener, to go back to your earlier point about how open and transparent I want to be with the Parliament, I hope that that gives you an insight into the discussions that I am having with the UK Government on what is an incredibly important issue for Scotland's railways.

Zen Ghani: The issue of railways and improving services across the country regularly comes up on the doors.

I will move on to ask about national smart ticketing. Do you envisage that changing the status of the national smart ticketing advisory board will help to speed up the delivery? You have already said publicly that smart ticketing will be delivered by 2031.

Stephen Flynn: It will be delivered by 2031. It is important that we look at whether that can happen, which is why we have outlined the steps that we are seeking to take.

Let me reassure the committee that, having spent six and a half years living half the week in London, I find it moderately frustrating, to say the least, that, at the moment, passengers cannot move freely between different forms of transport and different companies that offer that transport—whether that transport is in public ownership, as is the case in Edinburgh and with our rail networks, or in the private sector—and use one card, with the total cost being accrued.

We can and must do better in that regard. I am keen for that change to happen, because it would be transformative for how our transport system is delivered, and it would ensure that it is financially sustainable into the future. It opens up a multitude of doors in relation to ticketing across Scotland and how we charge for journeys.

09:45

The Convener: Why has that not happened already? Why did the task force—the group that you had—make no progress for years?

Stephen Flynn: If I may be so brash as to say this, I do not know, because I was not here. What I can give—

The Convener: Honestly, you cannot say that.

Stephen Flynn: No—I can say that.

The Convener: You cannot say that.

Stephen Flynn: I can say that.

The Convener: One Government has been in power for 19 years.

Stephen Flynn: Yes, but, convener—

The Convener: You have responsibility for the decisions that predecessors took as well.

Stephen Flynn: Yes.

The Convener: You cannot just say that you do not know. You must know.

Stephen Flynn: You have asked me to be candid with you. I am not as familiar with the work undertaken by the national smart ticketing advisory board as I perhaps will be in the coming months, and as my predecessors were, as they were in post for many years, but I can give you a commitment to ensuring that the outcome that I want to be delivered will be delivered. That is where my focus lies.

I appreciate that there will be many instances where people rightly seek to delve into the detail of what has happened over the course of many years, but I will be transparent with you about being accountable for the actions that I take in this post.

The Convener: Can any of your colleagues give any insight as to why that work has not progressed?

Mary Docherty (Transport Scotland): The national smart ticketing advisory board is purely that: it is an advisory body. It comprises experts from across the industry, as well as transport operators. It involves a hugely technical piece of work, which we should not underestimate. It is examining the difference between smart ticketing and smart payment.

We are considering the art of the possible. I am a member of that board, representing the concessionary travel scheme. A significant amount of research has been undertaken, and a standards and technology advisory report—or STAR—was produced, outlining the route map as we go forward to deliver on smart and integrated ticketing payment across the country.

The Convener: Will that be by 2031?

Stephen Flynn: It will be before that.

The Convener: Before 2031?

Stephen Flynn: Absolutely.

Lloyd Melville (Angus South) (SNP): I want to touch on two points: new stations and services on our railways. On the first point, can you give us an update on progress on a new Winchburgh station? It was in the budget for 2026-27, in which the Scottish Government made a commitment, saying:

“working with partners, we will ensure a new station at Winchburgh is delivered.”

However, that was not in the programme for government. What is happening there?

Stephen Flynn: There is a scenario where we cannot have an exhaustive list in the PFG of what the Government is seeking to do. As I am sure

members will understand, that is for very obvious reasons; otherwise, it would run to quite a number of pages.

The commitment to Winchburgh stands. A significant amount of work has been undertaken to date, and I am awaiting advice from officials in respect of the next stages. Local members have asked me a number of questions on the matter in the chamber, which is right and proper. As soon as I can outline the next steps to them, I will do so.

Lloyd Melville: Do you expect to see movement on that in this year's budget?

Stephen Flynn: Do you mean in the current year's budget?

Lloyd Melville: I mean next year's.

Stephen Flynn: That will be dependent on the advice that I receive from officials.

Lloyd Melville: When do you expect to get that advice?

Stephen Flynn: I expect to get it imminently. That is what I said to Parliament when I was asked questions on the issue previously by two of the local members, including the constituency MSP for the area, Pauline Stafford.

Our commitment to deliver the station is cast iron. It is in the manifesto, and we will seek to do it. As soon as I have the ability to update members on the next steps, I will.

Lloyd Melville: Okay—that is pretty clear.

I want to ask about Sunday services, which are hit and miss, particularly in certain small communities. For instance, the frequency of rail services in Monifieth, in my constituency, has massively increased during the past eight years, which is good, but there are still no services on a Sunday. I appreciate that there will be staffing issues, and that that is a matter for ScotRail, but does the Government have any expectation as to when Sunday services might become the norm for small communities?

Stephen Flynn: You were right to touch on the fact that this is not simple. We want services to run on a Sunday, and therefore they are going to run. The issue will require significant engagement between ScotRail and its staff and the unions. We have had a significant upturn in the number of Sunday services, which is welcome, and the announcements on passenger numbers that have been made during recent weeks and months reflect that.

I would like to get to a position in which people are served based on their expectations, and I know that colleagues in ScotRail have the same desire, because that would benefit us all. It would benefit users, and the company would benefit from the

additional revenue that it can secure. To build on my point about the increase in Sunday services, we had our busiest Sunday in the not-too-distant past, which is a reflection of the changes that have been made to date and the progress that is to come.

Lloyd Melville: I appreciate that. However, I am aware that discussions took place between my predecessor, Graeme Dey, and ScotRail for a period of years, and there has still been no progress for that community—my constituents in Monifieth—who have been asking for Sunday services for a long time. Do you not have a timeline for when the discussions are likely to conclude? Are the discussions between ScotRail, the Government and the unions ongoing?

Stephen Flynn: It is not for me to get into the middle of the discussions that ScotRail has with its staff. It is right and proper that it seeks to do that through the proper channels.

I go back to my previous point, which is that we have seen significant progress to date. We have recently had our busiest Sundays, based on passenger numbers. We want to see more people on the railways, and we will do everything that we can to facilitate that.

We have to be realistic, because the plans involve individuals, their contracts and the ability to ensure that we staff trains. We are also doing so in a way that ensures that the public purse is being protected. There are many considerations, but I am pleased by the progress that has been made, and I hope that we can build on it in the months to come.

Lloyd Melville: I will follow up on that in writing, I am sure.

Stephen Flynn: I am sure that you will.

The Convener: If members will forgive me, I am going to jump forward to talk about ferries, and we will come back to buses later.

Cabinet secretary, you will have seen the report on the BBC this morning about a faulty valve that led to the release of uncontrolled gas on the Glen Sannox. That incident happened last year. In the spirit of transparency and openness, why are we only finding out now?

Stephen Flynn: First, it is important for me to outline that I have heard directly from the communities in the Western Isles, and I am not happy with the way that ferry services were in the past. I know that a variety of issues impact individual ferries. I get a list of them, and they come into my inbox far too frequently, because of the age of the fleet.

On the specific issue to which you refer, I would want to ensure that you have the full response that

you deserve, and I will make sure that that is provided to you.

The Convener: Have you been given a briefing on it?

Stephen Flynn: Do you mean in relation to the news story this morning?

The Convener: Yes.

Stephen Flynn: No—unless I have missed it.

The Convener: You are just finding out today about an incident that happened last year. Were you not given a briefing over the summer that the incident had happened?

Stephen Flynn: Well, I was not here last year.

The Convener: Were you not briefed over the summer?

Stephen Flynn: As part of the wide array of information that is shared with me in respect of ferry issues, it may well have been the case that, over the summer, something that happened prior to my entering Parliament and taking on a Government position was conveyed to me. I would not want to mislead the committee. However, the specific news story to which you are referring is one that I would have to go and familiarise myself with. I was not listening to or watching the BBC this morning.

The Convener: Last year, when 82 passengers were on the boat, there was an incident potentially threatening their safety, but that was not brought to your attention. It was on the very new ship that has been built, the MV Glen Sannox.

Stephen Flynn: I do not want to convey to the committee something that would suggest that I have a level of detail that I can apprise you of.

The Convener: This is significant. It involved flammable gas.

Stephen Flynn: Yes. I hear what you are saying.

The Convener: We are talking about significant volumes of flammable gas and 82 passengers on a boat that was built at Ferguson's, which has been troubled for some time. That was not brought to your attention; you found out about it only this morning. In fact, you have not seen the news this morning and so, even now, you are not familiar with it.

Stephen Flynn: I did not see the news because I was FaceTiming my kids, but that is a different matter. I will make sure that, subsequent to this committee meeting, you get the information that you deserve in that regard.

The Convener: Do you understand our concerns?

Stephen Flynn: I do understand your concerns, convener.

The Convener: You gave a commitment at the beginning about transparency and openness. On the news today, we discover information about an incident that happened last year. We are only just finding out now that there was a risk to 82 passengers on one of the newest boats in the fleet. Surely that is unacceptable and cannot happen again.

Stephen Flynn: If there is a situation that poses a threat to the public and I am the minister with responsibility—I am speculating here, because I need to go and look at the detail in a little bit more depth—I will ensure that the public and the committee are fully aware of that.

The Convener: I am sorry to emphasise this, but it was described as a “critical failure”. There were problems identified with the valves previously and that was not passed to CalMac. There has obviously been a communication issue in relation to the new boat.

Stephen Flynn: Yes—evidently.

The Convener: I wonder whether Chris Wilcock can help us with this.

Chris Wilcock (Transport Scotland): I do not have the full details of that in front of me just now.

I have seen the report. CalMac handles a lot of things very much in an operational space. As the cabinet secretary has said, I would want to get you an explanation. I understand the language that was used in that report. However, I would be cautious and I would want to see more detail from CalMac on the risk and threat and how that has been articulated, to see what space that was in.

The report points out that CalMac has noted that procedural lessons have been learned from the incident. I do not want to underplay the committee’s concerns, but I want to fully understand the detail and have that explanation submitted.

The Convener: Your title is director of ferries, but you cannot give us a full explanation as to what happened and how it will be resolved.

Stephen Flynn: Let me be as candid as to say that I share your frustration in this regard. I give you a commitment that I will make sure that you are apprised in relation to your concerns subsequent to this committee meeting.

The Convener: Okay.

10:00

Graham Simpson (Central Scotland and Lothians West) (Reform): The report this

morning said that enough methane gas was released to fill a four-bedroom house. That is a lot of gas. Methane is a by-product of liquefied natural gas. The Glen Sannox was designed to run on diesel and LNG, and we knew all along that methane was a by-product. Methane is a greenhouse gas, so it is not very green, but the ferry was designed that way.

My concern—I think that it is also the convener’s concern—is that the Scottish Government does not appear to have been told about the incident.

Stephen Flynn: Mr Simpson, you are drawing a conclusion that might not reflect the reality of the situation. I apologise for not watching the news this morning—that is very much on me—but I will make sure that you get the full details.

Graham Simpson: You said that you did not know about the incident, and Mr Wilcock did not know about it. I assume, therefore, that the Government was not informed, as neither of you knew about it.

Stephen Flynn: I have told the committee what I can in relation to that situation at the moment. I will seek to ensure that you have the full details that you very much deserve subsequent to the meeting’s conclusion.

The Convener: I have to say that this is not a good start. There has been significant commentary on the incident from a number of organisations, and the only people who are not commenting are those in the Scottish Government. We, and passengers, deserve better than that. I hope that this is not the start of the way that things will be. I hope that the approach will be different in future.

Graham Simpson: Another incident that was reported in *The Herald* involved a 40-year-old ferry, the Loch Linnhe, running aground. It did not have a journey plan, although it should have done, and it ran aground and needed significant repairs. In fact, it should have been written off. One shipyard that was asked to give a price said, “We’re not going to touch this. We don’t want to know—it’s too risky.” Despite the ferry being valued at just over £200,000 at the time, CalMac or Caledonian Maritime Assets Ltd—I do not know which one—decided to go ahead with a £1 million repair job on the ferry. Were you aware of that?

Stephen Flynn: Yes. I have read the same news story that you have.

Graham Simpson: Have you been briefed about it?

Stephen Flynn: It will have been part of the various correspondence that came into my inbox in recent months.

Graham Simpson: You have not really been briefed about it. You might have received an email, but you have not been briefed.

The Convener: Can you tell us more about it?

Stephen Flynn: I think that Mr Simpson has given a fairly rounded view of what is in the public domain.

Graham Simpson: Blimey. I am not here to inform people, but there we go.

Donald MacKinnon (Na h-Eileanan an Iar) (Lab): I thank the cabinet secretary and his officials for joining us. I share the concerns that have been raised about lines of communication between CalMac and the Government. I think that the committee would appreciate further information on that—we look forward to receiving that in writing afterwards.

I will pick up on some points on the Sound of Harris service. Cabinet secretary, you were in the chamber yesterday when I went into a bit of detail on the situation regarding the MV Loch Portain. Do you have any reflections on what has happened over the summer? The situation began in the spring, when the vessel was out of action being re-engined. It then came back into service, only to be pulled off again. It now looks as though some pretty significant further works need to be carried out on the vessel, and it will not be returning soon, certainly not until after the summer timetable has concluded in October. Can you give us any information on that, please?

Stephen Flynn: I listened closely to the points that you rightly raised in the chamber. I go back to my initial reflections to the convener in relation to ferries. The situation is profoundly disappointing. I sat down with your constituents and had multiple conversations with them, and with the business community, because I thought that that was the right and proper thing for me to do. I am incredibly disappointed and frustrated that they have not had the service that they deserve. The lack of certainty has had an impact, whether that is on someone who is trying to access the national health service, on a business that is trying to ensure that its customers can come across and are not making cancellations, or on those in the community who simply want to move from A to B.

Ultimately, the situation can be resolved only by improving reliability. That requires regular maintenance, and a renewed programme has been taken forward in that regard. Issues will always arise in relation to when maintenance works are undertaken and how that impacts one of the many places that are served by the ferry services, and it is important that CalMac meets communities regularly to try to mitigate the direct impact. However, reliability issues will ultimately

be resolved by ensuring that we have new vessels on stream.

You will be familiar with the fact that about a third of the fleet will be renewed over the coming period. We have four Islay-class vessels on the horizon. Those are desperately needed and will have an enormously positive impact on the services that your constituents receive.

We have the small vessel replacement programme, with seven vessels going through that—I imagine that we might get into some detail in respect of all those.

Ultimately, you rightly make the point that reliability has not been provided. As a result of the massive capital investment that has been put into securing and building new vessels, that can and will change over the coming period.

We have had the benefit of the MV Glen Sannox operating out of Stornoway to provide resilience support. I was a bit surprised earlier in the summer when I saw criticism of the Glen Sannox providing resilience, given that when I met folk fae Barra, they were absolutely delighted at the service that they had received. It is important to have resilience. We also have the MV Alfred on contract.

I am trying to make the point that I recognise your concerns and that our response to those, and to the communities' justified concerns, is to provide significant capital investment that will turn the situation around. That is to be welcomed.

Donald MacKinnon: Thank you for that response. You have talked about the wider issues—we have seen a lot of disruption across the network, and you recognise that you do not want islanders having to deal with those situations.

However, I asked a specific question about the Sound of Harris route and the situation with the MV Loch Portain. That vessel is a key part of our infrastructure—it links the Western Isles north to south. It is important for visitors and for businesses that operate across the islands. It was taken out of service in the spring for months to be re-engined, it then came back into service, but it is now out again for a prolonged period. Something major has clearly happened. Have you been in discussion with CalMac about that particular issue, and do you have any updates that you can share with us?

Stephen Flynn: Chris Wilcock, do you want to give specific details on that particular vessel?

Chris Wilcock: You are correct, Mr MacKinnon, that the vessel was re-engined earlier in the year. CalMac could give you a better explanation of the technical detail, but my understanding is that the vessel had some vibration issues when she returned to service—I am sure that that has been

relayed to you by CalMac. You will be well aware that the Sound of Harris is a particularly challenging route, as there are only two vehicle-carrying vessels—that and the Loch Bhrusda—that can cover the route effectively.

Earlier this week, I spoke to Councillor Robertson and reflected on the fact that CalMac is also considering whether there are other vessels that it could bring to the service, albeit potentially ones that would be significantly tidally restricted. Part of phase 2 of the small vessel replacement programme is very much about building at least two vessels for the Sound of Harris and the Sound of Barra in order to bring additional resilience for those routes.

Although it is not ideal, particularly for the communities in Berneray and Leverburgh, the ability of the Glen Sannox to provide the Lochmaddy to Tarbert service and sustained connectivity across the period has demonstrated the success of having that resilience vessel. However, that is not without challenges for the people there.

CalMac has still to give a formal timetable for when the Loch Portain will come back into service. These things are always detailed and it takes a long time to get to the bottom of them, but I know that it is a priority for CalMac to get that service back up and running. In the meantime, we are ensuring that there are alternatives for that vital link.

Donald MacKinnon: Thank you for that answer, Mr Wilcock. You touched on procurement and phase 2 of the small vessel replacement programme. Back in March, the cabinet secretary's predecessor, Fiona Hyslop, indicated that the Government was minded to make a direct award of those two vessels to Ferguson's. However, there were a lot of caveats, with more work to be done in considering the practicalities and more discussions to be had with the regulatory bodies. Do you have any updates on the small vessel replacement programme and on those discussions?

Stephen Flynn: On the issue that I think that you are talking about, I would go a bit further than saying that there are a couple of technical issues. There are very significant legal matters involved that relate to the UK Government's subsidy control regime and the Competition and Markets Authority, and the importance of those matters should not be diminished. The announcement of the direct award to Ferguson's of the two small vessels and the two research vessels—the marine vessel and the research vessel—was made prior to my coming into post by my predecessors, Kate Forbes and Fiona Hyslop.

As, I am sure, you will appreciate, we are working at significant pace to get to the point at which we will be able to fulfil the commitment that has been made, not just to the Parliament but to the workforce at Ferguson's. It is incredibly important to me and the Government that we do that. When we stepped in to save Ferguson's many years ago, we did so to ensure that it would have a sustainable and viable commercial future, and it is in our shared interest to see that realised.

As soon as I am able to announce progress, I will do so. Next week, I will give an update in the chamber on the two Ferguson awards, in response to the justified concerns of parliamentarians over the summer about the announcement that was made at the yard, which was deeply regrettable but essential to ensuring the yard's future. I will ensure that the committee is appropriately apprised of developments as they take shape.

Donald MacKinnon: Thank you for that response. I look forward to hearing that statement next week and hope that there will be some information that answers my question.

10:15

The Convener: The tone today is strikingly different from what it was in March, when Kate Forbes said that it was a "watershed moment" and that

"Now is the time to invest further in Scottish shipbuilding and bolster confidence in the future of Ferguson Marine."

She said that Ferguson's would

"become a competitive, thriving business which extends the long history of world class commercial shipbuilding on the River Clyde."

Now, a third of the staff at Ferguson's have been cut, and you are emphasising the legal challenges, which were stated earlier in the year, but it was very much in the small print. Today, you are emphasising that small print. What exactly has changed between then and now, other than the fact that we have had an election?

Stephen Flynn: Nothing has changed. I apologise for not using the words "watershed" and "competitive, thriving business". I share—

The Convener: Will the award definitely be made?

Stephen Flynn: I share Kate Forbes's expectations. I was seeking to make a simple point to Donald MacKinnon in emphasising the importance of the Scottish Government complying with the subsidy control principles that are set in stone, in statute, by the UK Government. That is all that we are seeking to do.

The Convener: You are saying that there will definitely be a direct award.

Stephen Flynn: We must ensure that we comply with the UK Government's subsidy control principles—

The Convener: That is not an answer to my question.

Stephen Flynn: I am very confident that we will be able to do so.

The Convener: You are confident.

Stephen Flynn: We cannot circumvent that process.

The Convener: I am not asking you to do that.

Stephen Flynn: That process is arduous, and officials are working at pace on it. I am looking forward to updating the Parliament next week on the wider issues at Ferguson's.

The Convener: It was convenient that all the rhetoric before the election was exaggerated, but it is now understated. We are not seeing any real investment in Ferguson's. I think that only 4 per cent of the total investment that you were going to make in Ferguson's has been awarded. Why is that?

Stephen Flynn: I think that you are drawing a little too much attention to the fact that I did not say a couple of words that Kate Forbes said earlier this year. I share the same ambition and direction that she and Fiona Hyslop set out to the Parliament. There has been no change at all in that regard. All that I am seeking to do is to be candid with the committee about the legal obstacles that we must overcome in order to deliver that, which is exactly what we are going to do.

The Convener: Will the award definitely be made?

Stephen Flynn: We will ensure that the vessels that we have said will be given as a direct award to Ferguson's will be delivered within the subsidy control principles that the UK Government has set out. I want that to happen—I have been clear about that. In future, I will ensure that I use the terms "watershed moment" and "competitive, thriving business", if that will satisfy you.

Graham Simpson: The Government has known about the legal issues for years, which is why it did not make direct awards. Ministers knew that there were legal hurdles, and those still exist. Was it premature for Kate Forbes to make the announcement that she made, knowing that you might not be able to make a direct award?

Stephen Flynn: No. Perhaps you are not suggesting that we do not do this—although I find what has been said a little bizarre—but we must adhere to the law as set out by the UK Government. That is what we are seeking to do in order to deliver those vessels and ensure that

Ferguson's has the thriving commercial future that we want to see. That is in our interest, because we own the yard. We nationalised it and we need and want it to be successful, but it can be successful only if we give it the tools to be so. That is what we will do.

However, we have to go beyond that. We need Ferguson's and the shipyard to deliver those vessels on time and on budget to show the market that they can do that. That is how to draw in the commercial activity that will make Ferguson's thrive in the way that the nationalised airport at Prestwick is thriving.

The Convener: Why has only 4 per cent of the £14 million that was committed for investment in the yard been awarded?

Stephen Flynn: That money is required for modernising the yard in order to deliver the vessels. It is important that those things happen in tandem, which is exactly what we are seeking to do.

Graham Simpson: Everybody wants the yard to succeed. Everybody—

Stephen Flynn: I am sorry, Mr Simpson, but I do not accept that premise, because individuals in this Parliament, including many of your former colleagues, would go to any end to criticise the yard and the Government's investment in it. Many politicians over many years questioned the fact that the Government sought to save the yard and protect the community in Inverclyde. We will not apologise for doing so—

Graham Simpson: I do not know any—

Stephen Flynn: We need to ensure that the yard has a thriving future, and we want that to take shape. That is why the announcement was made, and we will get on and do that within the principles of the law set out by the UK Government.

Graham Simpson: It is quite obvious that the yard needs to win business, so a direct award from the Government would help it. That is clear. However, you have been clear today that you cannot promise that because of the Subsidy Control Act 2022. That is where we are, is it not?

Stephen Flynn: As a member of the Government, I cannot sit here and say that we will circumvent the UK Government's subsidy control laws. That would be absurd.

Graham Simpson: Okay.

The Convener: We have covered that point.

Donald MacKinnon: Sticking with procurement, I want to touch on the replacement for the MV Lord of the Isles. A different approach was taken to that and it has gone out to competitive tender. Ferguson's was excluded from

the bidding process. Is the process for replacement for the Lord of the Isles going to plan? Are you still on course to award a tender early next year?

Stephen Flynn: As I understand it from the information that has been shared with me, everything is still on track in that regard.

Donald MacKinnon: Linked to that, is there any update on the upgrades to the pier at Gairsay and Lochboisdale harbour? Are you maintaining your commitment to those improvements?

Stephen Flynn: The commitments that we have made for various infrastructure improvements in the Western Isles stand. If any concerns are being raised by anyone in the local community in relation to that, I am quite happy to address those. There is regular—weekly or even daily—communication between the reps on the islands, which I welcome. I have been privy to some of that. We will make sure that that continues over the period ahead.

Donald MacKinnon: Thanks. You will, no doubt, have been made aware through representations in correspondence from the island communities of the frustrations around the islands business resilience fund. During the election campaign, the First Minister made a commitment to a £10 million fund to be delivered within 20 days of the Government forming. That changed to a 100-day commitment and a £3 million fund in the current financial year, with the remainder of the £7 million to be available over the rest of the current session of Parliament. That is very different from what the First Minister said when he was in the Western Isles during the election campaign. Do you understand why island businesses are angry and frustrated about the change in position?

Stephen Flynn: I can outline to you very clearly that the £10 million that was promised will be delivered. We are taking—

Donald MacKinnon: I am not questioning that.

Stephen Flynn: Good. We are taking a phased approach to ensure that we properly get the resilience that is required from the fund, because that is its purpose. It builds on the previous iteration of that financial support.

I sat down with the businesses in Uist and I have had them explain to me in person the challenge that they face. We have responded to that with a multimillion pound package that we hope will provide them with the resilience support that they require. Ultimately, however, what they require is the new vessels to be on stream. Over the next six to eight months or so, we will have a number of positive announcements in that regard. I think that that will be welcomed by the business community because it goes to the heart of this issue. I refer you to my previous comments in that respect.

Donald MacKinnon: Are you telling us that what the Government is doing now is consistent with the election pledge?

Stephen Flynn: The Government made a commitment to deliver £10 million of resilience support to the isles, and that is exactly what we are doing, but, importantly, what we are doing goes far beyond any resilience fund. I am sure that you and I would agree that we do not want to be in a situation where there needs to be a resilience fund.

Donald MacKinnon: Of course.

Stephen Flynn: It is a reflection of the challenges that have been faced. However, we have a vessel that is due to come on stream over the course of the next six weeks to two months; we have another vessel from Ferguson's, the MV Glen Rosa, that is due in November; and we have two more vessels that are due to come on stream early in the new year. That, on top of the small vessel replacement programme, will transform reliability in the isles. That is where the focus of folk and businesses on the isles will be, because that will provide them with the long-term resilience that they desperately deserve.

Donald MacKinnon: I disagree that that is what was actually committed to in the election campaign.

Stephen Flynn: But you recognise that people and businesses will be happy—

Donald MacKinnon: I recognise that they will be happy with the new vessels that are coming on stream, but I do not recognise that what was committed to during the election campaign is what is being delivered now. There was supposed to be a £10 million fund that was going to be available immediately. That is what people were told, but that is not what has happened, but we will leave that there just now.

I want to touch on governance. We have heard about governance in some of the discussion around public service reform, and statements have been made about changes in the governance approach to CalMac and CMAL. Can you give us any reflections on that and where discussions are up to?

Stephen Flynn: Obviously, previous committees undertook significant work in that space, and we had project Neptune, which was very much part of my early summer reading.

It is important that we recognise that there is TS, which is in effect the sponsor for the ferry networks, CalMac, which is the operator, and CMAL, which does the procurement aspect. Although we recognise the necessity for public service reform, it is also important, based on the work that has been done in the past, that we fully

apprise ourselves of the options for what comes next. That work is at an early stage, and there are no definitive conclusions at this juncture as to what that will look like.

If you were to model a system right now for the governance, procurement and operation of the ferry services, would you choose what is there at the moment? You probably would not, so it is important that we seek to reform that. For me, what needs to be at the heart of that is deliverability and ensuring that we secure the confidence of the island communities, because they are the ones who rely on these vessels the most. The governance structure needs to deliver for them.

Various views have been expressed to me by representatives from the island communities in relation to how that works at the moment. This is the start of a process in which their views will be central.

Donald MacKinnon: On that point, I think that what many islanders would say has been missing from the current process is their voice and their ability to feed into that governance structure. At the moment, we still have a CMAL board with no island representation on it. Local accountability and some level of democratic representation from the communities that are served by the ferry network will be absolutely crucial. Do you recognise that?

Stephen Flynn: Yes. I think that we have a shared aspiration on that, and I do not feel any pushback from anyone in that regard, and I would not expect any.

I am amazed at the work that Chris Wilcock undertakes in relation to his communication with partners in the delivery of services and the personal interaction that exists between him and others with people in the island communities. That should be a starting point for what we go on to create, and I am happy to work closely with him in that regard.

I go back to my previous comment: if we were to design something, I am not sure that we would design it in the way that it currently exists. We can do better, and that is our intention.

10:30

Donald MacKinnon: My final question is on timescales. When should we expect to have an idea of the direction of travel? What timeframes are you working to?

Stephen Flynn: A lot of work has already been undertaken, both by the predecessor committee and through project Neptune, and early discussions are under way about what the proposal looks like and whether it is deliverable. That will ultimately depend on the options that

come to me, but we want to move at pace on public sector reform, and it is part of that process. I will hopefully be in a position, the next time that I attend the committee, to give you a full update on timelines.

Donald MacKinnon: I look forward to it.

That is everything from me just now, convener.

Graham Simpson: Before we move on to buses, I will go back over some of the ground that we have covered already, because I have some questions—if that is okay, convener.

I will start by going back to Mr MacKinnon's questions on ferries and the move to a single ferries body. Cabinet secretary, you said in the programme for government that that would be for the Clyde and Western Isles ferry routes. Why not for the northern isles as well?

Stephen Flynn: With regard to the northern isles, we currently have two new vessels out there, and we have a very positive service—I am familiar with it, because it shifts out from Aberdeen.

At this moment in time, I am pretty comfortable with the structure there. We are obviously looking to secure a new operator, and that process is under way. That is the right thing to do—as the committee will know, it is a competitive process. I am not sensing an immediate urgency to address that from folk in the local community, but if you know different, Mr Simpson, please let me know.

Graham Simpson: No, I do not know any different—it was just a genuine question.

Stephen Flynn: And a genuine answer.

Graham Simpson: Good. You said that you have been reading through project Neptune—good for you. Which of the international models that were mentioned are you most attracted to? I will remind you: Canada—in particular British Columbia—Norway, New Zealand and Australia were mentioned, but there are different models out there, so you could pick from any one of those.

Stephen Flynn: We could, yes.

Graham Simpson: Or you might not like any of them.

Stephen Flynn: Look, Mr Simpson—how can I phrase this without just repeating what I said to Mr MacKinnon? The situation as it stands is not one that we would organically seek to create. I am very open to the ongoing internal dialogue that is taking place, and will continue to take place, in relation to what the final outcome could and should look like. I will not offer a preference at this stage, because I am not going to pre-empt that work.

Graham Simpson: Were you attracted to any of them? I have looked at the various models—I

actually spoke to the people at BC Ferries in Canada; there is an interesting model there. Maybe you should get on the phone or arrange a Teams call with people around the world.

Stephen Flynn: Okay.

Graham Simpson: You never know—you might come up with something better than what we have.

Stephen Flynn: I am always keen to look at international comparators, and I will certainly heed your advice, Mr Simpson.

Graham Simpson: Thank you—I am here to help.

To go back to the start, the convener was asking about the plans for Transport Scotland and bringing it in house. Transport Scotland is a Government body and is answerable to you. I was not clear from your answers to the convener what the difference would be. Those taking on its role in-house would still be accountable to you. Whoever remains employed there, including the three people with you today, I hope, would still be accountable to you.

Stephen Flynn: We should not be flippant about people's jobs. That is not helpful, appropriate or necessary, quite frankly.

I appreciate that we have a significant amount of time at our disposal, but I am not sure that it is best served by my simply repeating the answers that I gave to the convener to you.

Graham Simpson: I am not clear what the difference is. It is a Government body. The only difference is that you are saying that will be in-house.

Stephen Flynn: Mr Simpson, I cannot help you with your lack of clarity; that is a matter for you. I am comfortable with the answers that I gave to the convener earlier, and I see no need simply to repeat them for the sake of filling time.

Graham Simpson: It is not a case of filling time. You are here to provide clarity. You keep using that word.

Stephen Flynn: I am content—

Graham Simpson: I do not think that your answers are clear.

Stephen Flynn: Mr Simpson, that is your perspective.

Graham Simpson: That is not my problem. You are here to help us.

Stephen Flynn: I am comfortable with the answers that I gave to the convener.

The Convener: I am sure that we will return to this when any legislation is forthcoming.

Do you have any more questions?

Graham Simpson: Yes, I have some more. Collette Stevenson asked about the Clyde metro. The programme for government refers to

“supporting progress on the Clyde Metro proposals”.

Again, I am not sure what that really means. All we have at the moment on the Clyde metro, as Collette Stevenson knows—and as she will be as frustrated about, as I have been over the years—is a map with some squiggly lines on it. That is it. What does “supporting progress” mean in practice?

Stephen Flynn: The phrase “supporting progress” is pretty easy to interpret. I do not think that I need build on my earlier answer to Collette Stevenson.

Graham Simpson: Does that mean that the Government is helping to firm up what the proposals will be? Does it mean that it will be putting money on the table?

Stephen Flynn: Mr Simpson, we are going round in circles a wee bit here. I have already outlined our willingness to work in partnership with all those involved. The Glasgow city region cabinet has a key role to play, and the city region deal partnership is well established. I am not sure what further comment you are seeking from me on the matter.

Graham Simpson: I just need some clarity, frankly. The project has been going on for years. I appreciate that you have not been in post for long and that you may not be as familiar with it, or as frustrated by it, as we are. It simply needs to get moving.

Stephen Flynn: It is safe to say that I am frustrated—but perhaps about other things.

The answers that I have given to the convener on Transport Scotland and to Collette on the Clyde metro stand. I am not sure that either of our time is best served simply by repeating my answers.

The Convener: Graham, do you any other questions? I am conscious of time, and we still have a lot of topics to cover. Would you mind if I move on to buses now? Is that okay?

Graham Simpson: Yes, you can do that.

The Convener: I will bring in Iris Duane.

Iris Duane (Glasgow) (Green): Thank you for your time this morning, cabinet secretary. I am sure you have been working quite a lot on buses recently, especially given last week's announcement of the £2 bus fare cap. I will dig into that a little bit.

Will you take us through some of your thinking on implementing the cap? Why did you decide to

start the pilot in the Strathclyde region, and why did you choose that timeline for its expansion? I am sure that all committee members welcome the these steps to reduce the cost of living burden on our constituents, but we remain cautious about the proposed timescale.

Stephen Flynn: I would not presume that all members are supportive, given what some of their parties have said over the piece. We chose that area because we wanted to take on the very complex challenge of the SPT area—I am jesting somewhat.

The reality is that there is now a £2 bus fare cap in place across 60 per cent of Scotland's land mass, covering 50 per cent of the population. Bus usage in the SPT area is fairly extensive but it is not where we want it to be, so the ability to expand into such a populous area, where we know that bus usage is high, was the driving force behind the decision. We will now seek to deliver on our commitment to the rest of Scotland to go further with that. However, before I go further, I want to thank operators for the manner in which they approached discussions in recent months, and officials for the unbelievable work that they did behind the scenes to make this possible—to do as you have said, which was to deliver for people during a cost of living crisis. The significant reduction in fares that people are going to experience in the SPT area—pretty much the entire west of Scotland—which builds on the Highlands and Islands scheme, is excellent. It is what we committed to deliver, and I am very proud that we have done that.

Iris Duane: That is fantastic to hear, but there are further considerations when we look at the policy as a whole. Was consideration given to how it would fit around other modes of transport? For example, my region is Glasgow, and we have inner-city trains, so we now have a situation where we have a publicly owned train network in ScotRail that is being somewhat undermined by subsidies given to private corporations for the £2 bus fare cap, so can you walk us through that, too?

Stephen Flynn: Before I do so, are you implying that there is an issue that I should seek to resolve in relation to the £2 bus fare cap?

Iris Duane: I am not particularly implying that but just trying to see whether there are more efficient ways for us all to help the system work for our constituents. The buses continue to be privately owned by corporations in Glasgow and the Strathclyde region, and those are now receiving public subsidy. There might be other models of bus transportation, such as franchising or, potentially, renationalising, that could be done over this parliamentary term and could make more efficient use of public funds.

Stephen Flynn: Okay, but that takes time.

Iris Duane: Yes, of course.

Stephen Flynn: I have seen some commentary on the £2 bus fare cap that surprised me somewhat, because the suggestion was that we should not have proceeded until SPT was able to fully develop and, potentially, proceed with its franchising plans. That would take a considerable time, which is not acceptable. I and the Government want to get in and make sure that people have real support now, when they need it. I am a bit surprised by some of the commentary, and it is important that we do not try to pretend in relation to this situation, because private operators run the bus services, and, ultimately, in order to deliver the fare cap, we have to work in partnership with them. I am not going to shy away from that, and I think that it is a good thing that we have done this.

Your question, which is perfectly reasonable, was about behaviour changes that might come about as a result of people choosing to use buses rather than trains. I will be candid that I am not entirely convinced that we will see swathes of changes in how people choose to get into Glasgow or to one of the many communities that are served by the rail network. I assure you that we will monitor that, because we need to ensure the financial viability of those rail services, given that, as you alluded to, we made the correct decision to nationalise.

The Convener: Cabinet secretary, we might have some technical issues with broadcasting, so I will pause the proceedings. We will take a five minute break, if that is okay, and come back at 10 to 11.

10:44

Meeting suspended.

10:49

On resuming—

The Convener: I apologise for that interruption. We will go back to Iris Duane's questions.

Iris Duane: I will pick up where we left off. To be clear, cabinet secretary, I am not suggesting that we do not all want to bring down bus fares. However, that cannot be the end of the story. We briefly touched on franchising, and you mentioned SPT. Last week, we took evidence on franchising, and there was a variety of views at that meeting, but there is definitely a direction of travel going that way. Would franchising provide a more reliable future for our bus services? Alternatively, as I mentioned, could there potentially be

renationalisation in addition to the significant amount of public subsidies that we already offer?

Stephen Flynn: Just to make sure that I am hearing you correctly, do you want me to discuss nationalisation, franchising or municipal ownership?

Iris Duane: It would be helpful if you could start with franchising—nationalisation is much further down the line.

Stephen Flynn: Yes, nationalisation would be a much wider conversation, which would come with a fair degree of complexity, given that the bus network is owned by companies. I am not sure that they would necessarily welcome someone simply coming in and buying their companies or seeking to do so.

To go back to franchising—it is important that we get our language right when we discuss this—several representations have been made to me in good faith, by members of the committee as well as by campaign groups, about the panel that exists as part of the franchising process, which was put in place through previous legislation. I am listening carefully to those arguments. We need to recognise that the process was put in place for a reason, which was to provide certainty for the viability of services going forward. However, I also recognise that the panel is considered to be an additional barrier by many who want change. I am certainly giving those arguments active consideration, as I should.

On the wider discussion about franchising, the Government has put money on the table—£4 million—thanks to a budget agreement on franchising. We did that because we support giving local councils the opportunity to pursue franchising. SPT has taken up that offer, but it is the only transport partnership that has done so until now, which makes me massively pause for reflection. Why is it that only SPT has wanted to do that? We need to reflect on that. The commitment to support SPT financially is there, as the Government has laid out. I am sure that, as it progresses its proposals, we will continue to work in close partnership.

If we were to design a system for Scotland's buses right now, we would not choose this as the starting point—that goes back to some of my reflections on the governance of ferries. Different stories are being told in local areas. The discussion often feels detached from day-to-day lives in our rural communities, because they do not have anywhere near the access to services that someone would have in Edinburgh, where buses are municipally run.

It will not be an easy feat to piece that jigsaw back together or to create a new one, but I am

determined to make things better. That is why, since coming into post, I have announced £55 million for the bus infrastructure fund, which builds on the commitments that have been made in previous years. It is also why, through the subsidy grant, I have made sure that buses can run—£6.5 million is available through that to deal with the financial pressures that companies have faced as a result of Donald Trump's actions in the middle east and the responses to that.

We want our bus services to be better, and I am determined to make that happen. I am keen to work with you to do that.

Iris Duane: That is very nice to hear. It is also good to hear that you are considering the ways in which franchising works, such as the panel process. Helpfully, that leads into my next question, which builds on what you said. If we were starting from scratch, we would not choose the current bus structure. However, the Parliament will have the opportunity to consider how we provide buses, through the better buses bill, which was in your manifesto and which has been spoken about. From what I have gathered so far, the details of what we are to expect from that bill are a little sparse, although, of course, the committee will be scrutinising that bill. Can you walk us through what you envisage for the bill?

Stephen Flynn: Absolutely. I have come to the conclusion that better buses legislation does not necessarily have to be a stand-alone bill. It could be multiple bills that do multiple things and allow us to more quickly make interventions that are specific in nature. We will look at the wider holistic approach to our bus network but, if there is an opportunity to do something quickly and effectively, we should not be constrained by waiting for one overarching bill. I am keen to move at pace to make sure that our public transport network operates as well as it possibly can. I hope that that offers you some reassurance.

As part of the process, I have already had a meeting with operators, regional bodies and representatives of passengers. Everyone's views matter—and when I say that, I mean that the committee's view matters a lot as well. I am willing to work with you and with members from across the Parliament to identify where we can make significant changes at pace to improve outcomes for passengers who want to go about their business in a cost-effective way. We want to build on the commitment that we have made in relation to the £2 cap.

Iris Duane: That is good to hear. If there will be multiple pieces of legislation, can you expand on what your immediate priority would be for the first piece?

Stephen Flynn: That is a fair question—I walked into it there.

I have probably overspoken in that regard. I do not want to be overly prescriptive at this stage because I am still very much in the process of listening to the various views. Operators have strong views, and understandably so, as they want the system to work effectively because that allows them to achieve what they want. I am also keen to hear what passengers say. Not everyone is served by a good and reliable bus route—I am, fortunately, in my home city. I accept that I am probably not in the majority in that sense although, if you were to speak to someone in Edinburgh, they would probably say the converse.

There is not a one-size-fits-all approach, but if there is an opportunity for us to make early interventions through legislation, working with partners and Parliament, I am keen to do that and to make progress. We have seen in Edinburgh what the system can look like and how effectively it can work. Would that play out in the same way in a rural community? It is difficult to say. Those are some of the issues that we are wrestling with. I am in listening mode and, subsequently, I will be in action mode.

Iris Duane: You have touched on the good point that a single provision potentially would not work across the board.

This is my final question, so others should feel free to jump in. We briefly touched on renationalising buses. I am not asking the cabinet secretary to go and buy them up today, but is he considering that option as part of, potentially, a new era of the bus structure? I have spoken to many people in my region who feel that deregulation of buses, and even franchising, are not as far as we should go.

Stephen Flynn: There is a very big leap from franchising to nationalising a privately held asset. That is not something I am actively considering at the moment. I dread to think what the cost implication would be across Scotland. Many local authorities, who would be the ones to do that, would probably argue that they do not necessarily have the expertise to own and run a bus service, given everything that they would be undertaking.

11:00

Language is important in that context. When we talk about buses, I hear a lot about franchising or municipally run services but I hear less about nationalisation. We must be clear about exactly what all those things are when we set out our arguments and make decisions.

Iris Duane: Thank you for indulging me, convener. That is all from me.

The Convener: We have gone from there being one bill that we did not know anything about to multiple bills that we still do not know anything about. When the manifesto was written, did anyone have a clue about what was going to be in it?

Stephen Flynn: I gently suggest that what has happened is that I have come into post and have, at pace, engaged in constructive and forthright discussion across the board about our bus network. I have come to the conclusion in my head that we should not necessarily seek to constrain ourselves by having a big overarching bill but that we should instead focus on where we can make specific interventions to improve the operation of the system. I think that having the ability to operate at speed and be specific is better than the alternative.

The Convener: That is not an answer to my question. Why on earth make a commitment in a manifesto when you know nothing about what is going to be in a bill?

Stephen Flynn: The commitment was for legislation on better buses. Whether that is one bill or many can be debated, and I am outlining my view that we should seek to move quickly on specific issues when there is scope to do that and that we should not constrain ourselves by trying to package everything together. I like to think that parliamentarians would welcome such an approach from Government.

The Convener: That is a long way of saying that you do not know.

Stephen Flynn: It is not, and that is not a fair representation of my comments.

Collette Stevenson: Legislation is coming in to make franchising quicker and more workable, but you touched on the need to assure smaller operators, such as JMB Travel, which operates several routes in East Kilbride, that they will not be excluded from the complex and expensive bidding process. There is real concern from smaller operators that the process will be dominated by the larger ones.

Stephen Flynn: Those that have the capacity.

Collette Stevenson: Can you say more about that?

Stephen Flynn: I was supported by Mary Docherty as we went through the process of introducing the £2 cap on bus fares. Smaller operators rightly highlighted that, because of their scale, changing how they do things is more challenging than it is for larger companies that operate in multiple cities across the UK and further afield.

I do not want to proactively put smaller operators at a disadvantage. That is where the conflict comes from when we talk about franchising. How do we protect the various operators, many of which are family-run companies? I am not familiar with the one that you mentioned, but I have engaged with some family-run businesses. I do not think that it is right or appropriate for me to be prescriptive when I am very much in listening mode. We need to take that into consideration when we are going through the process, because it is important.

Lloyd Melville: I will touch on rural aspects. As you know, my constituency is a mix of urban communities on the coast and rural ones further inland. When we get to the better buses legislation, whether that takes the form of one bill or multiple bills, is the Government keen to ensure that, where there is already significant public subsidy for services—be it through network support grant, subsidised buses or concessionary fares—there is corresponding public control over how the routes are managed?

I have a situation in my constituency where Stagecoach can cherry pick the routes that it wants to run and completely step out of the arena in much of the area. That leaves the council and other operators scrabbling to find a solution, which then involves more public money being spent. There is no democratic accountability for that whatsoever. Do you have any reflections on that and how that model should change in the next five years?

Stephen Flynn: Yes. You know that I cannot intervene in the specific operations of companies or their routes, but I am sympathetic to the points that you have made. I say that as someone who relied on some of the bus services in the areas that you represent when I was growing up, but also as someone who is aware that the experience of someone in Edinburgh is very different from the experience of someone in one of the communities that you represent.

I go back to the wider conversation about how we get this right. Some people have been advocating for a municipally run service, but making that sustainable and affordable in a rural context is very different from doing so in a city context. Franchising gives us the opportunity to potentially set the level of service within the area where we want the franchise to be, but it then comes back to the ability to procure a service that will deliver. It is for those who take forward such proposals to do that. Maybe the struggles that are involved in being able to do that are reflected in the fact that only SPT has come forward.

I am wrestling with the lack of a one-size-fits-all solution. That is why it is important that, if there are

specific interventions that we can make, whether that is through bills, statutory instruments, other parliamentary processes or policy decisions, we need to be willing to do that at pace, because the standard of service that many people experience right now is not up to scratch. Your constituents are seeing that at first hand.

Lloyd Melville: The problems are not new. They have been going on for a long time, because we are working with legislation on deregulation that has been in place for a long time. As part of the staged approach to bringing in fresh legislation, will there be a specific bill that relates to rural bus services and how they can be properly advanced?

Stephen Flynn: Forgive me but, at this stage, I am not going to be prescriptive about what a specific bill could or should look like.

Lloyd Melville: I understand that. To be fair, you just said to the committee that there cannot be a one-size-fits-all approach. It would be fair for my rural constituents to get an idea of any specific measures that you are looking to bring forward for rural bus services.

Stephen Flynn: If you allow me to finish, the point that I was making was that I am very much in listening mode in respect of the engagement that we are having across the board with parliamentarians, operators and passenger groups with regard to where we can make interventions that will improve people's lives. If it comes to pass in the years to come that there is a specific rural bill, that will be the end point. However, as things stand, it is important that I say to the committee that I am listening and making sure that I am fully apprised of all the scenarios that individuals face.

I hope that I have adequately given you some of my reflections in that respect. People come and chap my door and say, "We want franchising in Glasgow more quickly," but if I go into rural Aberdeenshire, where bus services are, on occasion, hourly at best, that conversation is not as robust and it feels more detached from people's lives.

That goes back to my point about us being flexible in how we take this forward, because I recognise that, for rural communities, the situation can and does feel very different. In Dumfries and Galloway, operators have just pulled out, and the council has had to step in, at significant cost, to ensure that services run so that people can get to hospital appointments and so on. That is not an acceptable situation for us to be in.

Lloyd Melville: You think that the model needs to change.

Stephen Flynn: It is undoubtedly the case that we in the Parliament have an opportunity, collectively, to make things significantly better—

Lloyd Melville: That is a yes.

Stephen Flynn: —and it is incumbent on us all to work together towards that aim. We would not choose this as a starting point, but it is the starting point, and we need to make things better, which is why we will have better buses legislation.

Lloyd Melville: That is good, because, de facto, the Government has a significant stake in virtually all bus services at the moment, because of concessionary fares and, now, as you said, because 50 per cent of the population has access to the £2 bus fare cap. A significant amount of public money is already invested in those services. The frustration that my constituents have expressed, which I am relaying to the committee, is that, for all that public money, the service that they are getting is not to their standards. That is my reflection on the situation, and I appreciate that you have agreed.

On a slightly different note, I want to talk about accessibility on buses. During the election, when I was out knocking doors in and around the Kirriemuir area, a constituent raised the issue of audio announcements on buses. Blind and visually impaired people need audio announcements to travel independently, but the roll-out is patchy at best. I have been on buses in Edinburgh that have the announcements, and I have been on buses in Angus that do not. How is the Government monitoring that? What further steps are you looking to undertake to improve accessibility on buses?

Stephen Flynn: That is an incredibly important point. We can often forget the challenges that individuals experience—

The Convener: Cabinet secretary, we have about half an hour left, so could we have the specifics of what you are actually going to do and how quickly it will be rolled out? I am sorry to be rude, but I am conscious of the time and we still have a lot of subjects to get through, so please can you tell us what progress you have made?

Stephen Flynn: Of course, although I reiterate that I think that it is—

The Convener: We—

Stephen Flynn: I am sure that you agree with me—

The Convener: We all agree with that.

Stephen Flynn: It is very important, and I am familiar with the service—the number 21 bus, I think—that runs to Kirriemuir. There are different ages of buses in the fleet. Some have built-in

capability for audio announcements and some older buses, which often run in rural areas, do not. If Mr Melville is referring to a particular service, I am more than happy to engage with him on that.

Lloyd Melville: I will follow that up in writing.

The Convener: My apologies for being direct. I am just conscious that we have lots to cover.

Stephen Flynn: It is not like you to be direct. It is okay.

The Convener: As I said, we have about half an hour left and we still have quite a lot to cover, so let us have shorter and snappier questions and answers.

Graham Simpson: Sticking with buses, most of the big operators signed up to the fare cap in Strathclyde, but a number of smaller operators did not. How many have not yet signed up?

Stephen Flynn: About 76 per cent of operators have signed up. The number of smaller operators among those outstanding has a cumulative effect on the figures. We expect more to come on board. It is difficult for some of them to change their processes, as I said in response to Collette, but many of those smaller companies offer limited services in specific areas. I expect the number of operators who are signed up to increase in the coming days and weeks.

Graham Simpson: What is your budget for it?

Stephen Flynn: Obviously, that is dependent on how many people use it, but, this year, we expect it to be between £70 million and £90 million a year, and, over the course of 12 months, we are looking at somewhere between £100 million and £120 million.

Graham Simpson: Is the figure of £100 million to £120 million just for the Strathclyde area?

Stephen Flynn: Yes.

Graham Simpson: How are operators being recompensed? Are there different rules for different operators?

11:15

Stephen Flynn: They are being recompensed. The model is demand led, which is why I have given you the variation in the sums. Operators are familiar with the reimbursement model that we use because it is similar to the one used for the national concessionary card scheme.

The national concessionary card for older folk runs at a reimbursement rate of around 53 per cent and the rate for our young people's card is about 72 per cent, although there is a split for five-year-olds that makes that a bit less. The rate for the interim schemes in the Highlands and in the SPT

area is set at 90 per cent and we have given a letter of comfort to operators in the west to assure them that they will not incur losses.

Those numbers differ because a lot of time has passed since the national concessionary card scheme was originally put in place for older and disabled people, because time has passed since the introduction of the young people's card and because the challenges that operators face in meeting their own costs have increased.

We want to ensure that no operator will be at a financial loss as a result of the scheme. We must move with speed to ensure that people get the cost of living support that they deserve, which requires quick decisions and trade-offs. I am content that the funding is there to take the programme forward and we will build on that in the months and years to come.

Graham Simpson: It now sounds as though the better buses legislation might not be one bill but several. What in particular do you want to fix with that legislation? What are the issues? Do you want to tackle franchising?

Stephen Flynn: The convener says that we are short of time so I probably will not list all the issues relating to our bus network.

Graham Simpson: List one or two.

Stephen Flynn: We have just heard directly from Mr Melville about the challenges in rural areas. I want to ensure that people have more reliable services and that those services are affordable. There are various interventions that we can make to help achieve that. However, we need to work in partnership with others and I am keen to continue doing that, as we have done in recent weeks and months.

Graham Simpson: Might one of those pieces of legislation help to tackle the problems causing the lack of speed under the franchising legislation in Scotland?

Stephen Flynn: I am in danger of repeating the response that I gave to Iris Duane 10 minutes ago. I am very much in listening mode regarding franchising. Collette Stevenson rightly outlined some of the challenges for small operators and I am cognisant that no one size fits all. Given the time constraints, I am not sure that I want to go through all of that in detail for you again, Mr Simpson, so perhaps I could give you a read-out.

Graham Simpson: You can do that, or you can write to the committee.

You were an MP and will be familiar with the Bus Services Act 2025. Have you taken inspiration from that?

Stephen Flynn: It is rare for me to take inspiration from things at Westminster. That is one reason why I left and came here to a more hopeful land where we can get on with delivering better outcomes for the public, which is what I intend to do.

Graham Simpson: There are some aspects of that act that I think you would probably quite like to have in your legislation. It empowers councils to identify services that they deem to be socially necessary, meaning that strict requirements must be followed if operators wish to cancel them.

Stephen Flynn: I was also a councillor once, Mr Simpson, and councillors can already do that.

Graham Simpson: So was I.

Stephen Flynn: Councillors can already do that, so I am not sure why I would give them the power to do something that they can already do.

Graham Simpson: Right. Okay.

I will go back the issue of multimodal smart ticketing, which is a real frustration and is a bit of a bugbear of mine. You are familiar with the situation in London because you spent quite a while there.

Stephen Flynn: Yes.

Graham Simpson: We have not made any progress here, but we have models in the rest of the UK and abroad. If you are in Lisbon, you can use this card—I am holding it up—across different modes of transport. I was looking earlier at the system in Denmark, which is now its second version of a nationwide multimodal system, so it can be done. Have you had the opportunity to look at other models during your short time in post?

Stephen Flynn: I am familiar with some of the models that you have outlined, as I have been to some of those places, too. I think that many members of the public feel that carrying around a card is moderately unfashionable, to say the least, and they are much more used to being able to tap on and tap off with their phone—I have even seen MSPs who are far more technically advanced than me paying for stuff with their watches.

Mary Docherty has rightly outlined the complexity of the situation and the work that has been undertaken to date. I want the policy to be delivered for the variety of reasons that I set out earlier and I am keen to work with the committee to make sure that happens.

Graham Simpson: I accept that the process is complex, but Denmark has managed to do it—the whole of that country has it. I would encourage you to look at that kind of system and just get cracking.

I will leave it there, convener.

The Convener: When is the bus cap going to be rolled out to the rest of Scotland? Why not do it already?

Stephen Flynn: Obviously, we need to take into consideration the cost of doing so. I have outlined to you the significant investment that we have made in the west coast, building on the roughly £10 million that we have put in place for the Highlands and Islands scheme. I am keen to see the cap rolled out as quickly as possible, for a variety of reasons, as I am sure that you can imagine. I am working with colleagues to make sure that we can do just that.

We know that a very temporary scheme will be put in place in England from 1 January to the end of December next year. The Prime Minister has indicated that there will be Barnett consequential as a result of that, and I am keen to see what those look like, as I am sure that you can imagine.

I am not trying to eat into the committee's time, convener, but it is important to outline that the young person's card that we have in Scotland is not replicated elsewhere on these isles, and the age at which people can get an older person's card is younger here than it is elsewhere on these isles, so the situations are not comparable in many respects. However, I am conscious of the fact that England is seeking to roll out a scheme for a year. If the Prime Minister were willing to tell us how much money we are going to get from that, we could maybe plan a little bit better. Ultimately, however, it comes down to making sure that we have the finances that we need to deliver the policy. As soon as my Cabinet colleagues and I have that certainty, we will make the interventions that we desperately want to make.

The Convener: I am intrigued by the question why you did not wait until the conclusion of the pilot in the Highlands, which will be sometime in early 2027—it concludes at different times in different parts of the Highlands, as it is at different stages in different areas. Why did you not wait until the review of that pilot had been carried out?

Stephen Flynn: I do not think that the public would have forgiven us for waiting to implement a manifesto commitment to ensure that half the population of Scotland is able to have a £2 fare cap, which we said that we would do within the first 100 days of the session. Therefore, we got on with it and worked at pace. It is very unusual for the Government to be criticised for working at pace—not that I am implying that you are criticising us, convener. I would like to think that it is something that the public and Parliament would welcome. We made a commitment and we kept it.

The Convener: Have you had early indications regarding what is happening? Earlier, Iris Duane noted the fact that there is competition between rail

and bus, and that rail is owned by the Government and buses are subsidised by the Government. For instance, a trip from Largs to Glasgow on a train is roughly £12, but it will be £2 on the bus. Are you concerned that there might be an impact on the Scottish Government-owned railway?

Stephen Flynn: As I said to Iris Duane, I am not convinced by the argument that there will be wholesale behavioural change. I just do not think that that is going to be the case. Will some individuals change their habits? Yes, probably, and we need to make sure that we continue to monitor that, which we will do over the course of the 12-month period. The learning that we take from the Highlands and the SPT pilots will help to inform what we do going forward.

I note that, although there is good rail connectivity in the SPT area, that is not the case elsewhere. If you live on the east coast, or in Aberdeenshire, where we do not have a rail service at all, the situation is very different. We will monitor what happens, because I do not want to be in a situation where we are, in effect, paying twice.

Collette Stevenson: I will continue on the bus fare cap. Since the announcement and the roll-out of the fare cap in Strathclyde, 10 of the 13 operators in East Kilbride have bought into it, while seven of the routes throughout East Kilbride—stretching out to Hamilton and Glasgow—have taken it up, which is really good. However, I am more inclined to look at the value for money that is being achieved in relation to how you are evaluating and monitoring that—for example, whether there is an increase in passengers or a reduction in car usage. When will the committee get its first evaluation of the cap?

Stephen Flynn: On the point about usage, the Tory Government in England brought in a post-pandemic £2 bus fare cap. I was an MP at the time, so I paid attention to what it was doing. If I recall correctly, there was a roughly 13 per cent increase in patronage, but some of that was due to the fact that people's behaviour was going back to normal. There was about a 5 per cent increase in the number of people who took journeys, and that stands as a kind of starting point in my mind.

The early internal evaluations from the Highlands and Islands have shown a good uptake, and I would expect that to be the case in the SPT area as well. That is important, because there has been a constant decline in the number of people who make passenger journeys in the SPT area over the course of the past 10 to 12 years, which benefits absolutely nobody. That is why we are investing in the bus infrastructure fund, and it is also why there is a strong argument for the £2 fare cap.

We always have to wrestle with the question about value for money. Ultimately, we have chosen to intervene in this way because we are all so conscious of the extent of the financial pressures that are facing our constituents, who deserve a Government that takes action on their behalf. On the balance of ensuring value for money and being the right thing to do, I am wholly convinced that the bus fare cap is the right thing to do, which is why we will try to extend it to the rest of Scotland as quickly as we possibly can.

Donald MacKinnon: Cabinet secretary, you will be aware that, prior to the summer recess, the committee took evidence on the situation with the Inverness flights to Stornoway and the northern isles.

Stephen Flynn: Yes, I read about it in detail.

Donald MacKinnon: I and some other members of the committee were concerned about how the situation had got to that point. We were particularly concerned about the evidence that we received from Highlands and Islands Airports Ltd about its communication with Loganair and the Scottish Government. The situation ultimately reached a crisis point whereby flights to the northern isles stopped and morning flights to Stornoway, in the Western Isles, were pulled from the timetable over the summer. A resolution, albeit a temporary one—we will come on to that—has now been reached, but that failure in process led to a situation in which Loganair, in effect, held the Government to ransom before the flights were reinstated. Do you have any reflections on that process? Are there any learnings from it?

Stephen Flynn: It was unfortunate that an operator sought to unilaterally withdraw its services in that way. However, it is important for the committee to understand that, if I were to insert myself directly into a commercial discussion between HIAL and Loganair, that would pose several problems, because I am the ultimate decision maker with regard to any potential additional revenue that goes to HIAL. There are potential subsidy control issues in that context, but there is a wider issue in allowing commercial discussions to take place before I, as the minister, can make a determination on whether to give HIAL additional support.

11:30

Throughout that time, I was assured from conversations with my officials that dialogue was ongoing between Loganair and HIAL on the situation. I was very tempted to pick up the phone and intervene, but, given that I would be the person who would make the decision, I did not think that that would be appropriate, so I allowed the dialogue to play out.

Ultimately, we reached a positive situation. I think that Loganair has announced that it is bringing the routes back online ahead of schedule, which is a very positive step.

Donald MacKinnon: On the timescales, when were you first made aware of the situation? I appreciate the sensitivities relating to you getting involved, but the evidence that we received suggested that the communication did not take place at a very early stage.

Stephen Flynn: Let me not give the committee an incorrect answer about when I was formally made aware of the situation. If memory serves me correctly, it was at the time when everything was coming into the public domain, as Loganair had made a commercial decision. If you would like me to follow up on the exact timing of when I received an email, I am quite happy to do that.

Donald MacKinnon: I would. I would also like to hear your reflections on whether HIAL followed the correct process or whether the sponsor team or you should have been made aware of the situation at an earlier stage of the discussions. I appreciate what you have said about commercial discussions, but knowing that the discussions were taking place and getting involved in them are two separate issues.

Stephen Flynn: If I recall correctly—I am going into the recesses of my mind—Loganair made its announcement only a few weeks before the services were withdrawn. That was a commercial decision. I assume that HIAL had been in prior discussions with Loganair. It would have been engaging directly with Loganair, and TS officials would have been fully apprised of that. I can certainly send you the specifics on when I received confirmation—that is no problem whatsoever. I am quite happy to share the date on which we made the decision to support the flights, too.

The Convener: I will briefly intervene on that point. Why was the £1 million or so that has been provided not provided earlier? That could have prevented a summer of chaos.

Stephen Flynn: There needed to be a commercial resolution regarding Loganair's ask and HIAL's ability to make an offer. HIAL ultimately came to an agreement with Loganair regarding what that offer would look like, and that was then presented to me, at which point I was able to make a decision in that regard. It was not presented to me earlier than—

The Convener: Why?

Stephen Flynn: Why was I not presented with it? Because HIAL and Loganair were in commercial discussions.

The Convener: They were in commercial discussions later, too, so what was different between before and after?

Stephen Flynn: I cannot make a decision on providing additional support until I know what the ask is.

The Convener: Have you asked why HIAL did not ask before?

Stephen Flynn: That was because it was in commercial discussions to ascertain how much money it required.

The Convener: It was in commercial discussions later, too, so what was different?

Stephen Flynn: It needed to determine how much money was required to ensure that it was able to move forward.

The Convener: Why could it not have done that earlier?

Stephen Flynn: As far as I understand it, it did that as quickly as it could.

The Convener: By “earlier”, I mean before the flights were cancelled.

Stephen Flynn: I think that representatives of Loganair and HIAL have been before the committee, and they will be able to set out their discussions in advance of that happening. I cannot say when Loganair chose to make a decision to withdraw flights. I can speak only to the swift action that I took, when I was presented with an opportunity to intervene, to protect the routes for folk in Stornoway, Orkney and Shetland.

The Convener: If I had been in your position, I would have wanted to know what the hell was going on and why it took until the information was in the public domain before I had the power to do anything. As you have heard from the health boards and the councils, the disruption over the summer was significant. Surely we cannot have a situation in which you are surprised that such discussions have been going on somewhere else and you have no power to do anything at all about it.

Stephen Flynn: It is important to recognise that HIAL will be in constant dialogue with Loganair and the very few other existing operators about the services that they provide. When information is cascaded to me in order for me to make a decision, I will respond quickly. That is exactly what I did, and I was pleased to make that decision. Would I have liked the situation not to have come to pass? Of course.

I hope that, over the coming weeks and months, we can work together to make sure that such a situation does not happen again. That is why I have instructed my officials to engage with HIAL,

ZetTrans, TS, the local authority and others, so that they can come together to shape a route forwards, look at all the options and make sure that there are sustainable aviation services for our island communities. I have written a letter—which, I hope, you have received; if you have not, it is certainly coming—to engage directly with the committee and with local members so that I hear the variety of ideas that they have. I know that there are different views from some about what the situation could look like in the future.

Going back to our initial conversation about being open and transparent, I am trying to do everything that I can to work with everyone across the Parliament to ensure that such situations do not arise again. Some of that will come down to policy decisions or raw finances, and we need to thrash out those issues. That is what I have instructed my officials to do, and they are away doing that, which is a positive step forward.

Donald MacKinnon: I will come on to the letter that you sent and the plans for stakeholder engagement.

The situation with the Inverness flights is time sensitive. As I understand it, the £1 million takes us to March 2027, which is next year. Do you have a response on that just now?

Stephen Flynn: In my mind, I automatically thought that the period was August to August. Let me clarify that—

Donald MacKinnon: That is a very important point.

Stephen Flynn: I do not want to mislead you. Oh—I am getting confused. I am thinking of the Wick service down to Glasgow, which we were also able to save by stepping in. The two issues were running at the same time, which is why I am referring to one rather than the other. We made two interventions.

The Inverness funding will run until the end of the financial year, and the Wick funding is for a year. I was conflating the two services that we saved by stepping in.

Donald MacKinnon: You were too busy sorting out problems over the summer.

Stephen Flynn: That is what it is—I am sure that I have your sympathies.

You are correct—the funding runs until March, and the funding of the Wick service, which is important to your colleague David Green, runs through to August.

Donald MacKinnon: That is not far away. Time is pressing on. Would you consider what has happened with the Inverness flights, and the

situation in March that we are approaching, to represent market failure?

Stephen Flynn: It would be hard to argue that we are in a situation that meets the needs of the folk on the islands, which is why I am keen to engage with everyone around the table. Pretty extensive amounts of public money are flowing into Loganair and, I believe, Air Charter Scotland to support the Wick flights to Aberdeen and Glasgow. If those were able to run on a commercial basis without us, I would welcome that, but that does not appear to be the case.

Donald MacKinnon: Coming back to the letter that you sent and the plans for an event—a summit, or whatever you want to call it—I welcome that direction of travel to a more strategic approach. The committee recognised that and I have been calling for it for some time. Can you give us more details on timelines? When do you expect that event to take place?

In the evidence session that the committee held, we heard from a range of stakeholders—in particular, the local authorities and the health board—who are key users and who understand those services. Can you give a commitment that they will be involved in the discussions?

Stephen Flynn: Of course. If that has not already been done, it will be. When the routes were removed over the summer, financial support was provided through the NHS to make sure that patients were able to get access to the treatment that was required. On next steps, it is important that we lay down all the options and look at everything.

Something that has been mooted to me extensively is the ability to reflect what happens in other countries, such as the hub-and-spoke model. We kind of have that in Orkney, I suppose, because flights go from different locations to one hub and people then fly to the mainland. Although that might be something that others do, we would need to collectively have a proper think about whether folk on Barra would want to fly up to Stornoway before flying to Glasgow, and whether they would see that as an improvement. The alternate models have their problems, too.

When it comes to public service obligations, we must be cognisant of the European Union regulations. If I remember correctly, article 16(1) alludes to the scope to intervene when a commercial flight is already provided, but article 3 would indicate that there is no such scope. The Department for Transport guidance is quite clear that we would not be able to intervene on a PSO basis on a route if we were seeking to increase patronage, and numbers are low on some of the routes.

Those are some of the issues that we need to thrash out. I hope that I have indicated that I have read about this in detail. I am trying to find a solution, and bringing everyone together is part of that. There is no easy fix, but a hell of a lot of public money is going into this, so we need to try to do better.

Donald MacKinnon: I am encouraged that you are taking that a broad approach by looking at the matter holistically and considering all the possible solutions.

My constituents get in touch with me all the time about the price of flights. That comes back to your point about patronage and how we encourage more people to use the flights. A lot of public money is going in through the air discount scheme—the funding increased by just short of £2.5 million in one year, but with fewer tickets being supported. I do not think that the ADS is giving islanders the cheap air travel that it is supposed to give them. Even with the scheme, air travel is outwith the reach of many of my constituents. Do you recognise that? Will cost be an important consideration in the process as we go forward?

Stephen Flynn: It is impossible not to consider the air fares as a barrier to some people being able to access those services. The ADS is in place to try to mitigate some of that, but pressures continue to accrue. That is an important point to raise, alongside the importance of PSOs and potential other aviation models that we could use to transport people from the islands to the mainland and vice versa. That is why it is important that you had the evidence session with HIAL and Loganair, and it is why I have proactively sought to further engage with all of you to try to find an amicable outcome that recognises the inherent conflicts that exist between all these various things.

The Convener: Lloyd Melville has a supplementary question. Please be brief, Lloyd.

Lloyd Melville: On the point about other models, Norway, Sweden, Denmark and the Faroe Islands all do things far better than we do. Will you engage with people from those countries and regions as we look to form a strategy?

Stephen Flynn: Yes. If I recall correctly, it is the Norwegians who use the hub-and-spoke model whereby people go from airport to airport and then to the centre. However, I struggle to imagine that that would be the preference of some people in the Western Isles, because of the additional journey time that would be incurred. Although it is important that we take international examples into account, we also need to recognise the resulting trade-offs—

Lloyd Melville: I am sorry to interrupt, but time is limited. It is not just about what the planes are doing; it is about how the whole system is structured. Will you be talking to people from those countries?

Stephen Flynn: If there are learnings to be had in relation to structures, absolutely, but we cannot escape from the fact that the structure and the financial viability of the schemes in the likes of Norway are dependent on how those countries operate their routes. They make them viable by going from location to location to location.

Lloyd Melville: There is also cross-subsidy, of course.

11:45

Stephen Flynn: There is, but it would be challenging to sell to some in our island communities the idea that they have to travel somewhere else before getting to where they need to go, although that happens in Orkney. As I understand it, that is where the financial viability of the systems in the places that you have outlined is derived from. Just because that system operates well there, that does not necessarily mean that it would translate to meet the expectations of our island communities, and those expectations take precedence for me. I fall back on the example of Barra, which has a PSO link to Glasgow. If people there were told, "You need to go up to Stornoway in order to get to Glasgow," that would add significant time to their journey.

Those are the issues that we need to discuss. I am not drawing any conclusions—I do not want to imply that I am—but that is why we have to get into the detail. We must be conscious of the fact that, as well as ADS, PSOs and hub-and-spoke models involving huge amounts of public money, there are practical issues regarding deliverability, and they will be different in certain Scottish communities. I would welcome an informed discussion on that, which would allow me to read even more about the EU regulations that were put into statute by the UK Government and to engage further with the DFT guidance. I encourage members to do likewise.

The Convener: I have already broken a promise in our first meeting together. I promised to let you go by quarter to 12, but we are two minutes behind schedule, so I will close the session.

I thank Fiona Brown, Mary Docherty and Chris Wilcock for their service. I know that we asked difficult questions about work that they have spent an excessive number of hours on, and we want them to know that we appreciate the work that they do.

Cabinet secretary, we have asked you some difficult questions, but we appreciate you coming

on what will be the first of many visits to the committee.

I close the public part of the meeting.

11:47

Meeting continued in private until 12:10.

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