

LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

Tuesday 8 February 2005

Session 2

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LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

6th Meeting 2005, Session 2

CONVENER

*Bristow Muldoon (Livingston) (Lab)

DEPUTY CONVENER

*Bruce Crawford (Mid Scotland and Fife) (SNP)

COMMITTEE MEMBERS

*Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)

*Dr Sylvia Jackson (Stirling) (Lab)

*Michael McMahon (Hamilton North and Bellshill) (Lab)

*Paul Martin (Glasgow Springburn) (Lab)

*David Mundell (South of Scotland) (Con)

*Tommy Sheridan (Glasgow) (SSP)

*Margaret Smith (Edinburgh West) (LD)

COMMITTEE SUBSTITUTES

Bill Butler (Glasgow Anniesland) (Lab)

Colin Fox (Lothians) (SSP)

Mr Bruce McFee (West of Scotland) (SNP)

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

John Farquhar Munro (Ross, Skye and Inverness West) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

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

CLERK TO THE COMMITTEE

Eugene Windsor

SENIOR ASSISTANT CLERK

Alastair Macfie

ASSISTANT CLERK

Euan Donald

LOCATION

Committee Room 2

Scottish Parliament

Local Government and Transport Committee

Tuesday 8 February 2005

[THE CONVENER *opened the meeting at 14:03*]

Items in Private

The Convener (Bristow Muldoon): I welcome colleagues to today's meeting of the Local Government and Transport Committee, our sixth meeting of 2005. We must first consider whether to hold agenda item 4, which is consideration of our draft report on the Transport (Scotland) Bill, in private. It is normal practice to consider draft reports, which are not available for publication, in private. Are members content to consider agenda item 4 in private?

Members indicated agreement.

The Convener: If there is any further consideration of the same report at subsequent meetings, I invite members to agree at this point also to hold that in private. That applies until the report is made public. Are we content with that?

Members indicated agreement.

Subordinate Legislation

Road Traffic (Permitted Parking Area and Special Parking Area) (South Lanarkshire Council) Designation Order 2005 (SSI 2005/11)

14:04

The Convener: The second agenda item is on a series of statutory instruments to be considered under the negative procedure. No points have been raised with regard to the Road Traffic (Permitted Parking Area and Special Parking Area) (South Lanarkshire Council) Designation Order 2005 (SSI 2005/11). Do members agree that the committee has nothing to report on the instrument?

Members indicated agreement.

Road Traffic (Parking Adjudicators) (South Lanarkshire Council) Regulations 2005 (SSI 2005/13)

The Convener: No members have raised any points on the Road Traffic (Parking Adjudicators) (South Lanarkshire Council) Regulations 2005 (SSI 2005/13) and no points have been raised by the Subordinate Legislation Committee. Again, do we agree that the committee has nothing to report on the instrument?

Members indicated agreement.

Non-Domestic Rate (Scotland) Order 2005 (SSI 2005/14)

The Convener: No members have raised any points on the third instrument before us, which is the Non-Domestic Rate (Scotland) Order 2005 (SSI 2005/14). No points were raised by the Subordinate Legislation Committee and no motions to annul have been lodged. Can I confirm that the committee has nothing to report on the order?

Bruce Crawford (Mid Scotland and Fife) (SNP): Indeed, no motions to annul the order have been lodged by any party. It would be rather difficult to come to any conclusions on the particular piece of paper before us, however, given the scant information that has been made available. The explanatory note on the order runs to four lines. That does not tell us much about the financial implications of the order for the business community. We do not have any examples of what individual companies of various sizes might be expected to pay by way of business rates in future.

I am not surprised that there have been no motions to annul, but there cannot be great

enthusiasm for the measure. Not enough information has been made available to allow us to come to an appropriate conclusion on the order. I would have thought that more detailed financial information about the potential impacts or benefits of the measure should have been made available. Examples could have been presented to us, saying that X business might be expected to pay £X more or £X less, whatever is the case.

I realise that annulling the order would have the result of denying local authorities the cash that they require to run services. It could also have an impact on the council tax and a politician would pursue that course of action reluctantly. Nevertheless, I believe that we should have been provided with more detailed information, so that proper consideration could be given to the statutory instrument.

The Convener: It is not unfair to suggest that there should perhaps have been more background information for members about the level of resources to be raised from the rate that has been proposed. However, I point out that, if members had raised the matter in advance of the meeting, a request could have been made to the Executive for more information or for the relevant minister to attend, although I do not disagree with the general point that more information could have been provided.

Tommy Sheridan (Glasgow) (SSP): The rate for the tax that we are discussing has been set at a national level. The tax is distributed at a national level, but it is collected locally and is referred to as a local tax. Is that the committee's understanding of the situation?

The Convener: I do not want to go into any definitions here. I suspect that you hope to use that issue as an argument in support of your member's bill and I am sure that it is one that you will deploy adequately on your own behalf in due course. The tax dates from before devolution and the Parliament has continued it and not amended it to date, other than by altering the level of the rate charged. I am sure that you will adequately deploy the political point that you wish to make.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I apologise for being a minute or so late. It is unfortunate that the order is not accompanied by a more detailed memorandum, as Bruce Crawford has said. As we all know, the rates bills that businesses and voluntary organisations receive are based on a multiplicand of the rateable value and the poundage. For example, if the rateable value is £1,000 and the poundage is 49p, the rates bill will be £1,000 times 49p, or £490—subject to two relief schemes, which I will not go into now.

I hope that, when we are considering our future work programme, the committee will wish to

consider how rateable values are calculated and whether smaller businesses in particular are fairly treated. The practice that the Scottish Assessors Association follows for assessing rateable values seems to be based on a pattern of business that has long since disappeared into history—the corner shop has disappeared and been replaced by the supermarket.

I am not at all convinced that the burden is fair. Today is not the time to examine that, but I register the fact that it would be extremely useful for the committee to consider that aspect. I know that the committee has examined local government finance before, but that inquiry, in which I was involved as a non-member of the committee, never really considered how assessors do their work—or, if it did, it did not do so in detail. That is not to criticise assessors. In any event, shopping patterns have now changed so drastically that I wonder whether supermarkets and hypermarkets should meet a larger share of the burden than they do under the current system.

The Convener: This is not the time to debate the overall merits of the current form of business taxation in Scotland. People have an opportunity to become involved in that as part of the overall review of local government finance, which provides the appropriate vehicle through which to make such points.

I will allow other members to comment, because I have allowed one or two to do so already. The general point is that it is inappropriate to have a broad-based debate on the back of the order. If people had major concerns about the Executive's proposal, the appropriate course of action would have been to lodge a motion to annul, which would have required the presence of a minister and subjected the instrument to full scrutiny, after which the committee could have taken a view on whether the Executive's proposals were appropriate. I do not want to prolong the discussion; if people had strong objections, they should have lodged a motion to annul.

Michael McMahon (Hamilton North and Bellshill) (Lab): I have a point of information rather than a contribution. I say in response to Fergus Ewing that, long before undertaking its local government finance inquiry, the Local Government Committee in the previous parliamentary session held a lengthy and detailed inquiry into non-domestic rates. That was one of that committee's first inquiries in the first session. It was factually inaccurate for Fergus Ewing to claim that rates had not been examined.

The Convener: Do any other committee members want to make brief comments?

Mr Brian Monteith (Mid Scotland and Fife) (Con): I put my hand up to speak now because I am not a committee member.

I will make three brief and simple points that the committee might consider as it decides its future work on non-domestic rates. First, non-domestic rates in Scotland are 7.7 per cent higher than those in England. The order will make them 9.2 per cent higher in Scotland than in England. Some evidence and satisfaction are needed that the revaluation accounts for the difference.

Secondly, the revenue that is collected from non-domestic rates has increased by 46.5 per cent since 1999 to £1.951 billion. That is a significant increase. Finally, since 1999, £376 million of funds have been collected through non-domestic rates additional to what the Scottish Executive expected to be raised. It is clear that business in all its forms has paid significantly more than expected. I argue on a political basis that that means that those rates could have been reduced. I raise those three matters as useful points of information for the committee.

The Convener: I will not respond in detail, because many of the member's points are items for political debate that we could go on about all afternoon. I merely note that the Executive proposes a reduced poundage rate from 48.8p in the previous year to 46.1p. We could have had considerable debate about whether that was the appropriate rate if any member had decided to lodge a motion to annul. I merely note the fact that no member lodged any such motion. It would not be competent for a member to move such a motion at this stage. Are members therefore content to note that we have nothing to report on the instrument?

Members indicated agreement.

Trunk Road Maintenance Contracts

14:15

The Convener: The third item on the agenda is consideration of a paper from the clerks on the trunk road maintenance contracts. Members will recall that the initial tendering of the contracts—prior to their award to the current operators in 2001—was the subject of debate a number of years ago in the Parliament and in Scotland more broadly. At the time, the Transport and the Environment Committee intended to do in-depth work on the contracts and, specifically, the concerns that were raised. That work did not transpire, largely because there was a prolonged period of legal dispute between various parties. It was felt that productive work could not be done while the legal challenges were being heard and that many of the parties might feel constrained in the evidence that they could give.

Recently, Mr Ewing suggested that, given that we are approaching the next award of the contracts, it might be appropriate for the committee to consider the effectiveness of the contracts over the previous five years and whether there are lessons to be learned from it about how we should proceed in the next five-year term. Mr Ewing also suggested that we consider the proposed basis of the tendering from 2006 onwards.

A number of key questions are suggested in paragraph 29 of the paper. I suggest that, given that we have quite an extensive programme of work between now and June, it might be difficult for us to have extensive evidence-taking sessions in full committee. Perhaps the way forward is for us to hold one evidence-taking session initially, after which we could—if the committee wishes to carry out work on the matter—consider appointing either one or two reporters to take further detailed evidence on behalf of the committee and bring back a report to the committee some time subsequently for us to decide whether to adopt. I open up the discussion for members to comment. If they are content with my proposal, I will seek nominations for reporters.

Fergus Ewing: Thank you for that introduction, convener. As you said, I asked that the subject be put on the agenda. I am grateful that we can have this short discussion about it, which I am sure will be positive. In the north of Scotland, the state and maintenance of trunk roads is perhaps the issue that generates most constituency complaints and concerns. Since *The Press and Journal* highlighted the fact that we were going to have this discussion, I have received several more complaints, along the lines that the present trunk

road maintenance is not to a high enough standard, which results in motorists finding that their cars are being damaged by potholes, loose stones and debris on the roads.

I want to make a few brief points before addressing your recommendations, convener. First, as the paper, for which I am grateful, points out, a report by the Auditor General for Scotland in 2001 made four recommendations. We need to find out from the Executive to what extent those recommendations have been implemented—if at all—including the call for greater transparency in the quality and price assessments.

Secondly, in the north of Scotland there is a fairly widely held view that it does not make a great deal of sense for a private company—BEAR Scotland—and the local authority to have distinct responsibilities to maintain trunk and non-trunk roads respectively. That results in two sets of lorries, two sets of workers, two sets of bureaucracy and two sets of vehicles. If we were to hold a short inquiry, we could at least consider alternatives to the tendering process, to see whether we can find a model that leads to better value for money.

Thirdly, last month we had the report from the Society of Chief Officers of Transportation in Scotland—the local authorities' road engineers. The report contained the alarming revelation that it may now cost £4,000 million to bring all Scotland's roads not to a perfect standard but simply to an acceptable standard.

With those points in mind, I welcome your suggestion, convener, that we hold a brief inquiry and that we follow it up with reporters. That would be a sensible way of proceeding. I hope that we can discuss from which witnesses we might want to hear. The companies involved, the Scottish Executive and the civil service would obviously want to provide witnesses. I imagine that we could invite local authorities to submit written evidence and perhaps invite one or two of them along to give their perspective. Representatives of road users—such as the Automobile Association, the Royal Automobile Club and road hauliers—could be asked for written evidence. I am sure that committee members will have many other helpful suggestions about people from whom we should seek written evidence and about people whom it might be appropriate to invite to give oral evidence.

I am grateful for what you said, convener, and I hope that we will be in time to influence whether or not the Executive is to press ahead with its current course of action. My overall concern is that alternatives should at least be considered. They may be rejected but they should be considered. I am not sure to what extent they have been considered. Above all, we should ensure that the

standard of maintenance is high enough to match the reasonable expectations of road users throughout Scotland.

David Mundell (South of Scotland) (Con): I, too, would welcome an inquiry along the lines that you have set out, convener.

Although Fergus Ewing has alluded to it, and although undertakings were given on it when we debated the issue, there is no information in our paper on the cost of disaggregation when contractors and local authorities are working in the same vicinity. In the south of Scotland, trunk roads often pass through towns and the question of who is responsible for what often arises. It is important that the costs of disaggregation be identified.

We also have to understand how such issues are resolved. In one instance, it was extremely concerning to the public to find Amey and the local council in a five-year dispute over who should cut a patch of grass. That kind of situation cannot be sustainable under any contractual arrangement. I would therefore like us to consider dispute resolution as well. Dispute resolution has not worked especially well and many communities have been trapped in a vicious circle with different organisations saying that the other is responsible. From anecdotal evidence that I have heard, that seems to happen right across Scotland.

My third concern is over discretion in winter road maintenance. On one road in the south of Scotland, a number of accidents occurred in winter. An issue that arose was the discretion that the contractor had to carry out additional winter maintenance. The contractor was concerned about guaranteed payment, whereas the concern of the police and the other road users was the safety of the road. I am interested in that aspect of the contracts.

Michael McMahon: I do not know whether you want to discuss the format of the reporters' inquiry, convener.

The Convener: I am happy to listen to your comments.

Michael McMahon: I agree with everything that Fergus Ewing and David Mundell have said. Given how the contracts were tendered previously, with the north-south divide, it might be useful to have two reporters rather than one. Obviously, we need an overview of how the contracts are working, but it might be useful to contrast north and south. The committee's work might be easier if we had two reporters considering all the aspects to which Fergus Ewing and David Mundell have referred.

Bruce Crawford: Michael McMahon's suggestion seems logical. I also agree with what David Mundell said on winter maintenance. The fourth bullet point of the briefing paper's paragraph

29—"Options"—needs a wee bit more work. Some of what David Mundell suggested could be further examined within that. I acknowledge that the current contracts are different from the previous generation of contracts, but the question is what the outputs will be and what difference the contracts will make to, for example, partnership working between local authorities and contractors on winter maintenance and joint gritting schemes. It would be valuable to consider how well local authorities and contractors will work together.

We should also consider whether the changes have gone far enough. There was a strong argument when we discussed the contracts previously around the issue of quality versus price. The Auditor General's report talks about transparency, but we need to go a bit further and consider not only transparency but whether the balance between quality and price is right in terms of delivering the product.

Another aspect that I remember from previous debates on the matter is whether economies of scale and partnership working between local authorities and contractors would be better achieved if local councils shared resources. If resources were shared, that would benefit not only councils but the Executive, regardless of who the contractors might be in the future.

An issue that arose in debates on the Transport (Scotland) Bill was the longer-term impact of regional transport partnerships and how much merging was intended, if any. The Minister for Transport seemed amenable to the idea that RTPs might undertake some contracting work in the future. The question is how the Executive envisages contracting work being merged when the new system is in place. The contracts last for five years and the RTPs will be in place long before the end of that period. Has the Executive built that aspect into the contract considerations so that flexibility can be achieved later on?

Tommy Sheridan: Before we conclude our discussion, I want to make a request. Can we invite the Scottish Trades Union Congress to give both written and oral evidence on the subject? A number of jobs were lost because of the tendering exercise, so I think that we should give the trade union movement the opportunity to make its point on the economies of scale that Bruce Crawford mentioned. I think that jobs were lost unnecessarily because of the tendering exercise.

Dr Sylvia Jackson (Stirling) (Lab): I share a wee bit Bruce Crawford's concern about the options outlined in the bullet points in paragraph 29 of the briefing paper. However, I do not mind what they say, as long as we will be able to consider the areas of concern. Certainly, the ones that have been raised with me include grass verges, litter and co-ordinating winter gritting

policies. To begin with, liaison with communities was particularly bad, but it has improved substantially in my area. We might also want to highlight good practice as well as the not-so-good practice. As long as the areas of concern are covered in the bullet-point suggestions, I will be content.

14:30

The Convener: Members have expressed widespread support for the sort of work that we have identified in the paper. All the points that members have made are legitimate and should be examined in the inquiry. They will be incorporated into a revised paper, which will set out precisely what we propose to do and timeframes for completion of the work. Eminently sensible suggestions have been made regarding witnesses and they can also be incorporated into the paper. Michael McMahon suggested that we appoint two reporters and that one should focus on the southern contracts while the other focuses on the northern contracts. Are members content with that approach? Do we want to identify reporters now or should we leave that to our next meeting? Are there any volunteers?

Michael McMahon: I would be interested in looking at the contracts in the south.

The Convener: Fergus Ewing has also volunteered. Are we content to appoint Fergus Ewing and Michael McMahon as joint reporters?

Members indicated agreement.

The Convener: Each reporter should focus on how the specific contracts in their area have functioned over the past five years, but they should come together to address the generic issues.

Fergus Ewing: Do you want us to report back with a list of suggested witnesses next week, after we have consulted you and the clerks?

The Convener: A number of witnesses have already been suggested. However, I would be content for the reporters to speak to the clerks about any further thoughts that they have before a revised paper is issued.

David Mundell: As long as Michael McMahon cuts the bit of grass at Lockerbie.

Michael McMahon: I will ensure that the issue is looked into.

Dr Jackson: We have nominated reporters, but will they go wider than the areas that have been mentioned so far?

The Convener: Yes. All the points that members have made will be incorporated into a revised remit for the inquiry.

Tommy Sheridan would like to raise another issue.

14:34

Meeting continued in private until 16:24.

Tommy Sheridan: I appreciate your giving me the opportunity to do so, convener. Last week, you and I, along with other members, were involved in lobbying on the ferry contract and routes. On Friday, there was an announcement on tendering of the routes. There is a great deal of confusion in the Parliament on the issue, because I thought that the Parliament had voted against that course of action.

Is it possible for the Local Government and Transport Committee to conduct a short inquiry into the situation that the Executive has got us into vis-à-vis European advice? Apparently, the Executive is awaiting a response from the Commission. Given our remit, I would like us to hear from the main players on the issue, as it appears that the will of the Parliament is being ignored. I do not think that that is helpful.

The Convener: That item is not on the agenda, so I do not want us to debate it today. I am open minded about having the committee do some work on the issue. However, before we decide to proceed in that way, we should clarify the Executive's current position and how it is responding to the debate that took place in Parliament and the issues that have been raised. The most fruitful way forward might be for me to seek to clarify those issues and to inform committee members of the current position. We can then consider whether we have a realistic opportunity to take evidence that would be likely to influence the position before a further report is made to the Parliament. I will confirm the position to members once it has been outlined to me.

Tommy Sheridan: I know that it is not in your hands, but do you plan to do that next week?

The Convener: I do not want to enter into a debate on the issue.

Fergus Ewing: I support Tommy Sheridan's suggestion that there should be an inquiry and clarification. I also support the convener's suggestion as to how we deal with the issue. Can we discuss it at our first meeting after the recess, once we have the information to hand?

The Convener: I do not want to have a broad debate about the issue, because it is not on the agenda for today's meeting. I was indulgent in allowing Tommy Sheridan to raise it.

Tommy Sheridan: I appreciate that.

The Convener: I do not want to prolong the discussion and to open up a debate that could overtake other business that is before us today. Let us move on to agenda item 4.

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