



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE

Tuesday 27 April 2010

Session 3

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**TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE**

**11<sup>th</sup> Meeting 2010, Session 3**

**CONVENER**

\*Patrick Harvie (Glasgow) (Green)

**DEPUTY CONVENER**

\*Cathy Peattie (Falkirk East) (Lab)

**COMMITTEE MEMBERS**

\*Rob Gibson (Highlands and Islands) (SNP)

Marlyn Glen (North East Scotland) (Lab)

Charlie Gordon (Glasgow Cathcart) (Lab)

Alex Johnstone (North East Scotland) (Con)

\*Alison McInnes (North East Scotland) (LD)

\*Shirley-Anne Somerville (Lothians) (SNP)

**COMMITTEE SUBSTITUTES**

Alasdair Allan (Western Isles) (SNP)

Murdo Fraser (Mid Scotland and Fife) (Con)

David Stewart (Highlands and Islands) (Lab)

Jim Tolson (Dunfermline West) (LD)

\*attended

**THE FOLLOWING GAVE EVIDENCE:**

Dave Duthie (Highlands and Islands Transport Partnership)

David Kennedy (Committee on Climate Change)

James King (Passengers’ View Scotland)

Gary Lawson (Passengers’ View Scotland)

Alex Macaulay (South East of Scotland Transport Partnership)

Bill Ure (Passengers’ View Scotland)

Jim Valentine (Society of Chief Officers of Transportation in Scotland)

**CLERK TO THE COMMITTEE**

Steve Farrell

**LOCATION**

Committee Room 4



## Scottish Parliament

### Transport, Infrastructure and Climate Change Committee

*Tuesday 27 April 2010*

*[The Convener opened the meeting at 14:00]*

### “Scotland’s path to a low-carbon economy”

**The Convener (Patrick Harvie):** Good afternoon, everyone, and welcome to the 11<sup>th</sup> meeting this year of the Transport, Infrastructure and Climate Change Committee. I remind everyone present that all mobile devices should be switched off. I record apologies from Marlyn Glen, Alex Johnstone and Charlie Gordon.

There are three items on the agenda, the first of which is a session in which we will take evidence from David Kennedy, the chief executive of the Committee on Climate Change, and Laura McNaught, analyst for devolved Administrations at the CCC, following the recent publication of its report “Scotland’s path to a low-carbon economy”. I thank you for joining us to answer our questions. I remind members and witnesses that some of today’s witnesses are on quite a tight time schedule, so we want to spend about an hour with each panel. It will be helpful if we can stay within that timeframe.

I will begin by asking about the process for developing the CCC’s most recent report. First, how much time was the CCC able to give to this report, both in formal meetings of the committee and in respect of staff time and resources in preparing it?

**David Kennedy (Committee on Climate Change):** Good afternoon, everybody. The committee had three or four discussions about the report over a number of months. We discussed the scoping of the work and how we would approach it. Then, there was a discussion on progress and on developing the work, one on starting to bring together what we wanted to say, and one to sign off on the report.

A full-time analyst seconded from Scotland worked on developing the analysis and drafting the report, and they were able to draw on a whole range of resources from across our team. I have not accounted for that, but there was a significant input in various areas, be it energy and buildings, transport, the power sector, agriculture or whatever. It was a team effort that was co-ordinated by the seconded Scottish person. A senior person worked with the secondees—they

worked as a team—and that was the core team that drafted the report. They also worked closely with me. A great deal of my time was taken up with putting the report together.

**The Convener:** We have had an on-going discussion about the amount of time and staff resources that are available to the CCC to look at specifically Scottish issues. How has the scrutiny that CCC members brought to the matter played out? How well informed are CCC members of the Scottish perspective as they perform their role in looking at, guiding and ultimately signing off a report on the Scottish picture?

**David Kennedy:** The job was easier because, although the report is specific to Scotland, in the United Kingdom context we have developed a way of thinking about these issues in respect of, for example, identifying emissions reduction potential, framing climate change objectives and working down to the national level in respect of what an appropriate contribution is. We have an analytical framework, which we were able to apply to the situation in Scotland. Obviously, CCC members are up to speed on the analytical framework, because they have been part of the process of developing it.

The CCC’s discussions were on the specifics of the situation in Scotland. The three or four discussions that we had on the Scottish report were about how we apply the framework to the Scottish situation. The specific issues that we were thinking about in the case of Scotland include the fact that you have your 42 per cent target to start with; it is not the same as the UK, where we currently have a 34 per cent target. There was an issue about how you treat the traded sector when there is not an emission trading scheme cap explicitly for Scotland. There was also an issue about understanding the implications of including aviation and shipping. We had to consider a range of issues in a bit more detail in the Scottish context than we had in the UK context.

**The Convener:** Can you give us a flavour of how different forms of data have been incorporated? I am sure that some of the data will be specifically Scottish data about the reality on the ground in Scotland and some of them may be UK data that have been disaggregated. What is the balance between those two different approaches in the data that have gone into the report?

**David Kennedy:** The starting point for a realistic trajectory for emissions is the evidence base, which comprises two parts. An emissions projection, baseline or reference case will come from the Department of Energy and Climate Change energy model for CO<sub>2</sub> or another source for agricultural and non-CO<sub>2</sub> emissions, for

example. The other part of the evidence base is an assessment of the potential across each of the sectors that emit carbon or greenhouse gases. We have a buildings model, a transport model and an agriculture model. We drew on those models, which incorporate Scottish components, and disaggregated them to the Scottish level from the United Kingdom level in different ways, depending on the model—it could have been done on the basis of population or economic activity, depending on the measure. We then brought in various specialists through various consultancy assignments to help us to ensure that the disaggregation adequately reflected the Scottish situation.

**The Convener:** Obviously, there would have been a reasonable amount of dialogue with the Scottish Government in the process, but how much dialogue was there with other organisations or contacts? I presume that there was contact with the Scottish Environment Protection Agency, academics, non-governmental organisations and perhaps with others to inform the process of developing the report.

**David Kennedy:** We approached the matter in two ways. We divided up the building of the evidence base between the secretariat at the Committee on Climate Change and officials who work for the Scottish Administration, who developed certain things that fed back into the evidence base. The work on assessing abatement potential was led by Scottish Government officials. There was a reaching-out process and discussion with the various people who are active in the area.

We have been up to Scotland regularly, and I have talked to various groups, such as the 2020 delivery group, which is led by Ian Marchant. We have talked about ideas at that level.

So there have been two different kinds of input. There has been direct input through, for example, my conversations, and input via the work that the Scottish Government delivered to us, which was incorporated into our thinking.

**The Convener:** Have you used any other contacts or organisations—particularly Scottish organisations—as resources to inform the development of the work?

**David Kennedy:** Not directly, but we could give you a list of the organisations that the Scottish Government has talked to, which would be indirect resources for us. We would have to come back to you on that.

**The Convener:** We could also explore that with the Government.

The Committee on Climate Change was asked for its views on specific issues. Obviously, we are at the beginning of a process, and no one has all

the answers to the questions yet. Almost every aspect of government, the economy and society will have to be brought into that process. Are there more areas about which you expect to be asked for evidence in the near future, or that seem to be relevant priorities to move on to, to build on the report that you have produced?

**David Kennedy:** A comprehensive set of requests formed the basis of the report. We were asked what we thought could be achieved in different sectors of the economy, aviation and shipping and so on. There is an ambitious and challenging target. We said in the report that we think that that target is achievable, but a step change in the pace of emissions reductions and new policies will be needed. The focus now is on ensuring that policies and strategies are in place to deliver the targets that have been set. We can offer advice on that if you request it. We can come back to you and help you on that.

Secondly, we have a good picture up to 2020. There is the 2050 target and a high-level story of how to get from 2020 to 2050, but I know that you want a cumulative emissions budget, and you have requested that from us. We did not come back on that in the initial piece of advice because we are working on the path through the 2020s and beyond to 2050 in our work under the UK Climate Change Act 2008, and we thought that it would be premature to talk about the Scotland cumulative emissions budget before doing the bigger piece of analysis on the 2020s. We will come back to the committee on the cumulative budget.

Thirdly, there is enough emissions reduction potential there—or thereabouts—to hit the 42 per cent target, in a world in which the European Union moves to a 30 per cent greenhouse gas emissions reduction target in 2020, although there is not a lot of headroom. We have suggested areas in which Scotland might look for more potential, such as agriculture and land use. We are willing to explore the issue with the committee.

**The Convener:** The Scottish Government recently published a discussion paper, “Towards a Low Carbon Economy for Scotland”, and work is going on to produce not just ministerial orders and documents that are signed off by the Parliament, but a host of policy measures throughout Government. How is the UK Committee on Climate Change feeding into that work? What goes on between the committee and the Scottish Government to inform the development of work in the area?

**David Kennedy:** We have given our initial advice. We responded to the request. It is not our way of working to have on-going, back-and-forth contact; we do not do that at UK level or at a Scotland level. We are prepared to give advice

when it is requested, but we would need a discrete request for advice on a particular issue.

**The Convener:** So the Committee on Climate Change has not taken a view on the Scottish Government's discussion paper.

**David Kennedy:** No.

**Cathy Peattie (Falkirk East) (Lab):** You said that the CCC had had about four meetings on the report and that you had had a secondee from the Scottish Government. Will you be able to cope with matters that the Climate Change (Scotland) Act 2009 covers? The 2009 act is new legislation and we are not even a year down the line, but during the passage of the Climate Change (Scotland) Bill concern was expressed in this committee and in the Parliament that your capacity to deal with the Scottish legislation might be quite limited. That is not a criticism of you, but it might reflect the reality. Will you explore that issue with us? Might a time come when you would go back to the Scottish Government and ask for another secondee? Do you need more resources, so that you can meet the demands of the 2009 act?

**David Kennedy:** On the previous occasion when I answered questions from the Transport, Infrastructure and Climate Change Committee, it was pretty apparent that we had not explored in detail how we would work with the Scottish Government. After that, we went away and had detailed discussions about how we could leverage the limited resources on both sides, bring in other experts and come up with advice. We have been successful, in that our report represents a major piece of work that we were able to produce using our resourcing, extra money for consultancy, which was given to us by the Scottish Government, and input from the Scottish Government side and consultancy projects in that context.

There is a lot to do in Scotland, and there is potentially an important role for us. The fact that we have managed to deliver our report gives me confidence that we can continue to play a role. For example, I am confident that we can give you advice on the cumulative budget, either at the end of this year or at the beginning of next year, and I am confident that we will be able to give you reports on progress on reducing emissions under the 2009 act. Subject to discussions on resourcing, there is scope for us to take on additional specific requests, for example on additional emissions reduction potential or policies and the risks that are associated with them.

**Rob Gibson (Highlands and Islands) (SNP):** In the Scottish context, what factors are key to reducing emissions in the traded sector?

**David Kennedy:** There are two aspects to what can be done now in the traded sector. Let us

differentiate between power generation in the traded sector and the other energy-intensive industries. There are important opportunities in both areas, at UK and at Scotland level. We said in the report that it is important that, as part of Scotland's path towards the 2050 emissions reduction target of 80 per cent, there is early decarbonisation of the power sector and then extension of low-carbon power generation to other sectors, notably transport and heat.

There is a good opportunity to reduce emissions in the Scottish power sector through investment in renewables. The immediate and larger-scale opportunities are in onshore and offshore wind, but there is an opportunity in marine, which we are exploring. As part of our advice on the fourth carbon budget and our review of low-carbon research and development, we are considering marine in more detail. We can carry out additional work to draw out the implications for Scotland.

14:15

Another important opportunity to reduce emissions is through carbon capture and storage in power generation. That is for coal—for example, the Longannet project has good potential—but there will be an increasing focus on gas CCS. That has not been talked about so much, but there is an opportunity through Scottish and Southern Energy's gas CCS demonstration project. That has good potential. I envisage Scottish applications for the second phase of the competition for demonstration funding, under the recently passed Energy Act 2010.

Scotland can do a lot on renewables, both in facilitating planning applications and in de-bottlenecking the transmission network, whether onshore or offshore.

The main opportunity in the energy intensive industries is energy efficiency improvement. There is a question about how much of that has already been unlocked, given that the European Union emission trading scheme provides an incentive. However, more can probably be done, so we would expect emissions reductions in that sector. Once we have the renewable heat incentive, there will be scope for the deployment of renewable heat, such as biomass boilers, in the energy intensive sectors that are in the traded sector in Scotland.

To sum up, there is a great opportunity to reduce emissions from power generation through renewables and CCS. In other energy intensive industries, the opportunities arise through energy efficiency improvement and renewable heat measures.

**Rob Gibson:** I will try to pick my way through some of those points. I am interested in how we

handle places such as oil refineries and cement works, which are common to the industrialised economies of many countries. Our oil refineries and the cement works near Dunbar are some of the biggest emitters in the sector. Is there evidence from other parts of the UK or Europe on how we are moving towards making them emit less and be more sustainable?

**David Kennedy:** That is an underexplored issue in the UK and beyond. We certainly know that we need to do something, because we cannot continue with the current level of emissions from energy intensive industries such as the oil refining, cement, iron and steel—there is not a big iron and steel industry here, but there is elsewhere—and chemical industries. We need to address that. We cannot achieve our aims for 2050 with the current level of emissions in those industries. What is the answer? As I have said, there is scope for the use of renewable heat in some of those industries. CCS will be a big part of the solution. We need to explore seriously the use of CCS in cement and iron and steel works. There are other solutions that do not involve CCS.

To be totally frank about our evidence-base at the Committee on Climate Change, we have not investigated those radical shifts in technology such as CCS in the energy intensive industries. However, we are doing that in the context of the fourth carbon budget advice to the UK Government. That advice is more about the vision for the whole of the 2020s rather than the specific period of the fourth budget, which is for 2023 to 2027. By the end of this year, which is when we have to publish the fourth budget advice, we will come back with a view on energy intensive industries and the more radical technology shifts, including CCS and other technologies. Again, once we have that evidence base at the UK level, we can draw out the implications for Scotland.

**Rob Gibson:** That would be helpful. Like Longannet, the Peterhead gas-fired plant is well placed to take part in carbon capture and storage, but it lost out on funding at an earlier stage that would have allowed it to be involved straight away. Will your evidence allow us to make a stronger case for getting the funding to trial CCS, both from a coal plant and a gas plant?

**David Kennedy:** That is the direction in which things are moving, but I cannot say where the policy will end up. There was an amendment to the UK Energy Bill as it went through Parliament that allowed the financing mechanism—the levy on consumers—to fund not only coal CCS but gas CCS. It is an open question at the moment, but there is an important role for gas CCS because it is a low-capital cost plant among the low-carbon generation mix so it is an attractive, flexible option. We will need that flexibility. Gas CCS will be

demonstrated sooner or later in the UK and elsewhere and it will be part of the balanced low-carbon generation story that we need in the 2020s.

**Rob Gibson:** We are well versed in that story. In the advice that you give, are you taking into account Scotland's socioeconomic and meteorological factors that are slightly different from those in the rest of the UK? I am thinking about the fact that we have a more scattered population and colder winters—although we all shared the most recent cold winter.

**David Kennedy:** We have taken account of those factors in numerous ways. For example, the emissions projections for Scotland allow for Scotland's specific factors. There is another side to the story that is not just about the starting point from which you are trying to get away, but identifying your abatement options. We have said that, given Scotland's dispersed population, there might be more of an opportunity for renewable heat in homes that are off the gas grid. There might be less of an opportunity for electric cars in certain areas of Scotland, as people have to drive beyond the range of an electric car. We can explore that in more detail but, in the first instance, we have factored it into our high-level thinking.

**Rob Gibson:** Work is being done on developing the batteries of electric cars.

We have heard proposals for a hydrogen superhighway between Aberdeen and Inverness that would power vehicles by hydrogen. Do you see that kind of thing as a good way to decarbonise transport?

**David Kennedy:** As I said, there are things that we have not looked at in enough detail to take a committed position on; CCS in energy-intensive industry is one and hydrogen is another. In our 2008 report advising on the 80 per cent target for the UK, we said that, at a minimum, hydrogen would have niche applications. For example, you can imagine heavy goods vehicles or buses running on hydrogen, although it might have wider uses. At the moment, electric cars and vans are more promising because of the practicalities and economics.

We are thinking about such matters in developing our vision for the 2020s. We are focused on that and will take a more detailed view on hydrogen. Currently, hydrogen is not plan A and I do not think that it will be deployed widely across the transport sector, but I would not rule it out and it is certainly good to have it as a plan B. It might become plan A in the future as we learn more about it. Watch this space: there will be a discussion of hydrogen use in transport in the report that we will publish later this year.



**Rob Gibson:** People from CIFAL Findhorn have made presentations to us about a hydrogen superhighway that would involve organisations such as the Royal Mail, which is working up vehicles that can be powered by hydrogen, although starting with smaller vehicles, of course. It is most useful to hear such things.

You mentioned earlier that planning is a potential hazard for renewable energy developers. We know that much of that hazard relates to onshore wind developments. Would you recommend a UK-wide guide for local authorities or that there should be a power to override local decisions on the development of wind power?

**David Kennedy:** The planning issue is obviously tricky. In our 2008 report and in other reports, we identified that as a major barrier—if not the major barrier—to onshore wind development. We have not taken a detailed view on whether the arrangements that were established under the Planning etc (Scotland) Act 2006 will be enough or whether something else is needed. We took a wait-and-see attitude to whether the proposed arrangements in the renewable energy strategies with the local consultation panels would deliver. The issue becomes a bit political in the sense that there are different perspectives on it. I probably would not take it any further on two counts: first, because we have not gone into it; and secondly, because, as a public servant—and this being purdah—I am not really allowed to talk about political issues or anything that could be interpreted in a political manner.

**Rob Gibson:** We are not in purdah in the Scottish Parliament.

There have been problems in local authorities in different parts of Scotland in relation to their interpretation of the planning guidelines. If there were some means to help people standardise those, would you consider that?

**David Kennedy:** You or the Scottish Government could ask us to consider and make recommendations on standardisation. If you wanted to do that and there was a process for it, we would be happy to give you advice on it. It is more difficult for me to give you advice when we have not considered the issue and we do not have a position on it. We would be happy to take part in that discussion.

**Rob Gibson:** That is helpful, given your position at the moment.

We are undertaking an inquiry into the integration of land use planning and transport policy, which you recommend in your report as a measure that might contribute to a reduction in emissions. Will you explain your thinking on that?

**David Kennedy:** Yes. There were a couple of aspects to our advice. First, we noted that at UK level there are due to be 3 million new households by 2020 and significantly more by 2030, so a lot of new house building will be needed. If you build the houses in the wrong places, you will create transport emissions because you will create extra demand for car travel, which we know is a big proportion of transport emissions and total emissions.

Another aspect was out-of-town developments. We noted that there has been a lot of such development, which also causes extra travel.

There was a general feeling that we should not make planning decisions on new developments, whether they are residential or commercial—and within that, whether they are retail premises or offices—in isolation from an understanding of their impact on transport emissions.

The numbers that we presented in our October 2009 report, “Meeting Carbon Budgets—the need for a step change”, were from a comparison between building new developments away from existing urban centres, where people would commute by car, and having people live in existing urban centres, where they would perhaps use public transport rather than commute by car. Obviously, if people live in urban areas, there is a greater opportunity to get them on to public transport.

There is a big opportunity to design new developments right and keep transport emissions down. To turn that around, if you do not think about the transport aspects of new developments, there is a big risk. In order to take that opportunity, you need land-use development policy that accounts for transport emissions and integrated thinking about the transport infrastructure around new developments in urban areas. If you are going to get people to travel by public transport, you have to ensure that you have the infrastructure there.

Our recommendation was that we need a joined-up approach going forward. We need strategic thinking that addresses all those issues: the new developments, their location and the public transport infrastructure to serve them. That way, we will keep the emissions down.

**Rob Gibson:** I suppose that that applies in both urban settings and our more dispersed settlement pattern. A third of Scots live in small towns or remote and rural areas. I do not know whether the problem can easily be solved in those cases.

A basic argument is being made that we should subsidise car travel, in some form, if it is impossible for people to get even community bus services because of the dispersed nature of settlement. There are conflicts between people

being socially interactive and their being environmentally friendly.

14:30

**David Kennedy:** Absolutely. There are broader issues. Our legal mandate is to focus on carbon budgets and carbon emissions. We can say unequivocally that there are ways of designing new developments that keep emissions down, but those may conflict with broader political objectives. It is not our mandate to consider such objectives, but a Government will want to consider them. At the end of the day, you may make a political judgment to increase emissions because you have a different objective that you do not want to trade off. We have simply set out the emissions story. Before a political judgment is made on that, there should be debate and discussion that takes full account of all of the transport emissions aspects of new development.

**Rob Gibson:** I have a final question about emissions. On page 40 of the report "Scotland's path to a low-carbon economy", which was published in February, you suggest:

"There may also be some areas, for example peat restoration, that are relevant at the Scottish level, even though the emissions savings are relatively small at the UK level, and which therefore do not feature in our scenarios."

Are you aware of the developing arguments about investment to sequester peat, which looms quite large in terms of emissions if it releases CO<sub>2</sub>? Scotland, with about 80 per cent of the peat in the UK, could benefit far more than you say, because a large proportion of transport emissions could be matched by the retention of CO<sub>2</sub> in peat, so it would be helpful for us to focus on that.

**David Kennedy:** That is consistent with what we have said, although there may be a bigger opportunity than we think. We are following discussions as they unfold here. We can get involved in the area, if we are asked to do so. We have said that peat restoration is an opportunity to close any gap in efforts to meet the 42 per cent target—for example, if the EU does not move from 20 to 30 per cent. It is an important area that should be seriously considered.

**Alison McInnes (North East Scotland) (LD):** Given the fixed nature of the traded sector, it is clear that the ambitious Scottish emissions reduction targets will require much more effort in the non-traded sector, if we are to be successful. You have told us that at the moment the Committee on Climate Change is doing work on UK carbon budgets. Can you offer any insight into the key policy actions that need to be taken in the non-traded sector in Scotland over the next three years?

**David Kennedy:** The approach in the UK has been to say that we have policies in place that will deliver something. As you know, carbon emissions reduction targets are the policy that delivers energy efficiency improvements, cavity wall insulation, loft insulation and so on. At European level, there are voluntary agreements on new car emissions, which will deliver something over the next two or three years. However, we can get only so far under the current policies; that is the reason for the step change. In the years for which we have final data—2003 to 2007—we did not achieve massive emissions reductions. Under current policies, we would not expect to achieve the step change—the 3 per cent annual emissions reductions—that we need.

We have identified several key policies that need to be introduced. The first is a national programme for energy efficiency improvement, which would be underpinned by some key principles. Those include a whole-house approach, an energy audit for all houses to identify the opportunities that exist and a one-stop shop that brings householders into contact with people who will provide finance and people who will renovate their property. That work is to be done on a neighbourhood basis and a financing mechanism—pay as you save, the current mechanism or a hybrid of the two—is to be put in place.

Secondly, we say that there should be crunchy levers, which might include differentiated vehicle excise duty, to drive down new car emissions. The electric car story is really important for us. Electric cars are the most promising option at the moment for decarbonising transport emissions in the 2020s. We can start to roll out that option over the next three years. There is funding in place to cover the extra cost of electric cars, but the key barrier to their introduction is that we need a charging network. We think that addressing that is a job for Government.

There is little renewable heat in any sector in the United Kingdom, whether residential, commercial or industrial. New policies are required in that area. We have the draft renewable heat incentive, together with complementary levers. When that is in place, it will drive significant improvement. We have picked agriculture as well. We did not talk about that in our 2009 report, but we will come back to it in our June report to the UK Parliament. There is a great opportunity in agriculture, but it will not unlock itself. The agriculture industry will need incentives to take up its significant emissions reduction opportunities. There is a whole new set of policies.

Alison McInnes referred to the policies that we can have in place over the next three years. We can develop those policies. However, given the

lead time for what are pretty fundamental changes that often require legislation, they will not kick in and drive the step change and the big emissions reductions until the period beyond 2013. We can expect to see some delivery under current policies. We factored that into our emissions projections and the annual targets on which we advised you. The focus now should be on developing the new policies that will drive the big cuts, but they will take time to develop and implement.

**Alison McInnes:** Obviously, action to reduce emissions can affect competitiveness. How would you advise the Scottish Government to assess and address the effects on competitiveness in the non-traded sector?

**David Kennedy:** That was part of your request to us, so we gave that advice in the report. First, the competitiveness story is very important, so it should not be dismissed. Secondly, the evidence says that competitiveness relates only to the energy-intensive industries, so it is not a major issue across all industries and service provision. It is not an issue for everything within the energy-intensive industries, but it could affect certain industries—for example, iron and steel, and cement in certain circumstances, depending on geographical location. Competitiveness is an issue for a small number of industries within the energy-intensive sector, but it has been addressed through the design of the European Union emission trading system. Those industries will be allocated free allowances, the effect of which will be to mitigate any risks relating to competitiveness and leakage. The design of the European framework fully addresses the issue.

**The Convener:** Just for the record, I clarify that requests to the Committee on Climate Change for information or advice have come from the Scottish Government rather than the Parliament.

**Alison McInnes:** There is of course an amazing opportunity for industry to make headway, if it grasps it.

**David Kennedy:** I told the negative story but, in practice, that is not a risk, and there is a positive story. If we did not highlight that in the report, we have highlighted the opportunities for Scotland in, for example, the marine sector, where it can build up a competitive advantage, and the renewables sector more generally. There is scope for jobs in Scotland in high-value, low-carbon industries. The challenge now is to unlock those opportunities.

**Alison McInnes:** How would you determine Government's role in helping to unlock the opportunities?

**David Kennedy:** What is the role for Government?

**Alison McInnes:** Yes.

**David Kennedy:** Our view is that, in all the different areas, the low-carbon economy will not create itself; it cannot be a bottom-up process. Industry and business are ready to go. For example, I talk to the 2020 delivery group in Scotland, which is very keen to do things, but it needs the signals and the rules of the game to be set out clearly by Government. The job for Government is to provide confidence in the direction of travel for the economy, and then industry and business can respond. We are not quite there in terms of the rules of the game being clearly set out and the direction of travel being clear to investors so that they feel confident about putting potentially large amounts of money into some parts of the economy.

**Alison McInnes:** Early certainty and determining policy changes would be helpful.

**David Kennedy:** It is all about certainty, although it is not about providing business with so much certainty that there is no risk at all. You have to find the right balance between certainty and risk, but that balance could be changed from the current situation, and I think that we could do with less uncertainty.

**Alison McInnes:** Chapter 5 of your report sets out a range of options for meeting the emissions targets. One of those involves adjusting the emissions reduction target. Could you outline the three alternatives that you suggest, and reflect on whether some adjustment of that sort will be needed?

**David Kennedy:** The general approach of the Committee on Climate Change is not to try to tell Governments what to do, which is why we set out a number of options rather than saying, "This is the way forward, according to the Committee on Climate Change." There is a range of things that can be done in order to meet the targets, and we advised that the targets could be adjusted, that credits could be bought and so on.

The committee's position is that the target is achievable if the European Union moves from the 20 per cent target to the 30 per cent target, as that tightens the situation with regard to the traded sector and requires it to make a bigger contribution while requiring the non-traded sector to make a smaller contribution. We did not say that the target was not achievable if there were no European tightening; we said that more work had to be done to identify potential. We suggested that one area in which there might be potential—perhaps there is more than we hinted at—is peatland restoration.

The target is achievable, particularly if the EU moves. However, the focus must be on putting in place the policies that will drive the emissions

reductions that will make these targets realistic in practice. At the moment, they are ambitious, and the strategies that are in place are not fully credible. We need new policies that give us more confidence.

**Alison McInnes:** On cumulative emissions, you said earlier that it would be premature to consider a cumulative budget. I am bewildered by that. The provisions of the act have not been met—no one has done what the act requires be done, which has left the Government in a difficult position. The act states:

“Scottish Ministers must, when setting annual targets, also have regard to ... the objective of not exceeding the fair and safe Scottish emissions budget ... the ‘fair and safe Scottish emissions budget’ is the aggregate amount of net Scottish emissions for the period 2010–2050 recommended by the relevant body as being consistent with Scotland contributing appropriately to stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.”

Forgive me for reading all that out, but it is important to state what the act says.

Is it fair to say that the situation is the wrong way round? Is there not a danger that your assessment of what is a fair and safe cumulative budget will come out much smaller than what is implied by your current approach, which would mean that much more radical action is required in order to meet the act's requirements from 2020 onwards?

**David Kennedy:** First, how to get from 2020 to 2050, which is the missing part of the equation, is not a no-brainer. We have a path to 2020, but we do not know the shape of the path that will take us to where we want to get to by 2050. Will it be a straight line? Will it be a curve, based on equal annual percentage emissions reductions? If it is the latter, you are looking at emissions reductions of the order of 3 per cent every year from 2020 to 2050, which is not that different from the path going to 2020, beyond 2012. Is that a radical departure? No, although staying with that 3 per cent reduction every year until 2050 is challenging.

It might be that it is not appropriate to be on that path from 2020 to 2050. I am not in a position to say what the appropriate path might be. As I say, the question involves a major piece of work, which we are fully engaged in. We will not be in a position to report back on it until the end of this year. It was not practical for us to advise you on that major piece of work within the timeframe of this report.

14:45

**Alison McInnes:** It is entirely possible that your straight-line trajectory will be calculated to be acceptable under the terms of whatever

cumulative budget you come up with but, until the budget has been calculated, we will not know the merits of that. You have failed to provide advice on the matter to us as MSPs, never mind to the Government, so it is difficult for us to judge whether the Government is in the right ball park and is complying with the act. I am concerned about that. Why will it take you until the end of the year? What advice will you give the Government if the budget is smaller at the end of the process than you anticipated?

**David Kennedy:** If your question is whether 42 per cent is ambitious enough and whether it leaves you enough headroom beyond 2020, let me turn that round. It is hard to see how you could do more than what you are aiming to achieve at the moment, so I do not believe that there is any mileage in raising the target from a 42 per cent reduction in emissions by 2020 to something more ambitious, because I do not believe that you will have the opportunity to deliver that. You will have the opportunity to make deep emissions cuts in the 2020s because, during that time, you can decarbonise the power sector, take a lot of the emissions out of transport, make a lot of headway with renewable heat, and start to transform the agriculture sector.

It seems plausible that you can reach 42 per cent and then have the radical decarbonisation throughout the 2020s and beyond that will deliver on the cumulative budgets. I would not imagine that we will advise you towards the end of this year or early next year that 42 per cent is not high enough and that it does not leave enough headroom for activity after that. However, as I have said, developing a vision for the 2020s is a big piece of work and not something that we could do within the tight timeframe of the advice that we are giving you.

**Alison McInnes:** We spent a lot of time during our consideration of the bill saying that we must be led by the science, but we are not being given the science that would help us to determine whether we are on the right path. I am grateful to Friends of the Earth for its work on what a fair and safe budget would entail. It has drawn on research from the Tyndall Centre for Climate Change Research. That work is alarming because it suggests that, if we look at what might be our share of a safe budget and make a conservative estimate of what is remaining, a 3 per cent trajectory year on year ends up with our emitting twice as much as would be left for us under a fair and safe budget.

It is urgent work that we need to do. That is the key point that I want to make.

**David Kennedy:** It is urgent work. We have looked at the Tyndall centre analysis, which is an outlier in the various analyses that have been done of the trajectories in the period to 2015. That

came up in evidence to the Environmental Audit Committee at Westminster. As I said, we will take that research into account. I am confident that we will not say that, in light of the path through the 2020s, you should move to a target of more than 42 per cent. I think that the story that we will tell you is that, with your 42 per cent target, and with a set of actions through the 2020s and beyond, you can deliver what is required within what is left of the cumulative budget over the period 2020 to 2050.

**The Convener:** Has it not been a trend over the past decade or two that the outliers become the principal source of wisdom on the subject? Come to it, has that not been a trend over the past 20, 30 or 40 years?

**David Kennedy:** Does that mean that we do our analysis on the basis of the outliers? No. We take them into account alongside all the other studies and we make our judgment on the basis of the science. We are in a good position to do that. We have scientific experts on our committee. There will be a full review of the science of climate change in our report this year, in which we will take into account all the things that have happened in the period since we produced our first analysis of the science in December 2008, including, for example, what the Tyndall centre and others have said about the modelling of global scenarios. We will take account of that alongside all the other evidence and make our judgments on that basis.

**Shirley-Anne Somerville (Lothians) (SNP):** Before I move on to questions about the annual targets, I take you back to something that you said about the potential for renewable heat. Your report states:

“Scotland has a particular advantage in access to local forestry for biomass”.

Biomass has a lot of potential both here and in the rest of the UK, but is any work going on to ensure that it is indeed sustainable and produced locally? For example, there is such a scheme in Edinburgh. Final conclusions have not been drawn on where the wood is to be sourced from, but it is suggested that it would come from Scandinavia, Canada or elsewhere in North America. That does not fit with your idea of using local forestry for biomass. Is work being done to ensure that we achieve the potential of biomass in the more sustainable manner that your report mentions, which does not appear to be happening in reality?

**David Kennedy:** Work is being done in the UK Government and at the European level, but there is a lot more to do. The Committee on Climate Change has been cautious not only on biomass, but on all bioenergy issues. For example, in our aviation review, we said that we cannot plan to

have more than 10 per cent of aviation fuels coming from biofuels in 2050, given the concerns about sustainability. The issue is a major one, and we have taken a cautious approach. A future challenge is how we translate that cautious approach into detailed guidance. We will address that through a specific review of the whole bioenergy area. It is becoming increasingly apparent to us that bioenergy is a major part of the story, but that there is a major risk associated with it. We will do that work in the coming months.

**Shirley-Anne Somerville:** The Scottish Government proposes annual emissions reductions targets of 0.5 per cent for 2011 and 2012, with a further cut of 10 per cent between 2012 and 2013. Does the committee have a view on those proposed targets?

**David Kennedy:** I will go back to our advice—which was to have no cuts, rather than 0.5 per cent cuts—and explain that. Emissions in the traded sector will be flat in the next three years, because that is the way in which the ETS cap is designed. That sector accounts for 40 per cent of emissions in Scotland. Also, aviation and shipping emissions will increase in the next two or three years as we come out of the recession. Emissions will be flat in a big part of the economy and rising in another part.

Our approach to the non-traded sector in Scotland was to start by considering what has happened in the past. Average emissions reductions in the sector have been about 1.5 per cent a year for the past 20 years. We then looked forward and projected emissions for the non-traded sector. One important factor is the previous low tree planting rate, which is now coming home. That means that the sequestration rate in forests will fall in the next two or three years. Therefore, emissions will be going up in the non-traded sector. Also, we will return to economic growth after the recession. Just as emissions have come down during the recession, they will go up again as we come out of it. That applies to buildings and transport emissions.

Against that backdrop of the pressure of rising emissions in the non-traded sector, we considered what we could expect to be achieved through energy efficiency improvement, more efficient vehicles, increased use of public transport and lower agriculture emissions. Just picking the big ones, we saw an opportunity for a 1 to 2 per cent cut in buildings and industry emissions and in transport emissions in the next two years. However, that is enough only to offset the impacts of the reduced sequestration and the economic growth.

That is why we said that a flat emissions trajectory is appropriate for those two years, based on firm and funded existing policies. However, we

said that opportunities should be sought in energy efficiency improvement, faster turnover of boilers through the boiler scrappage scheme and possibly the smarter choices programme or other measures to enhance public transport usage. That is what the Scottish Government has done. It has considered those and believes that, rather than the flat emissions trajectory, it can make savings that will bring us up to a 0.5 per cent emissions reduction in each year. We have not considered in detail the Scottish Government's analysis that shows that a target of 0.5 per cent, rather than 0 per cent, can be set. However, it seems plausible that that can be achieved through the measures that I mentioned.

It is legitimate to ask why, if we are to go beyond that to 3 per cent reductions every year, the Government should not just accelerate all the measures that will give that 3 per cent reduction. However, we then think about what they are. One is renewable heat and another is the widespread insulation of homes, including more difficult measures such as solid wall insulation. Another measure is the introduction of more efficient cars, including electric cars. There is also the issue of more efficient vans, but we only now have a draft framework for that at European level, so we do not have a framework to drive that.

I have already said that we need to shift the culture in agriculture to drive the emissions reductions. Those things take time. They need new policies with long lead times and cannot kick in this year or next. The focus for us should not be on ramping up the effort over the next year or two years but on delivering the significant emissions reductions that underpin trajectories that appear not to be very ambitious but are in fact quite challenging and, at the same time, developing policies and ensuring that they are in place, so that you can be confident that you will get on to the 3 per cent reductions path in a short space of time—two or three years. You need to transform the responses of people and businesses, for which you need new policies.

**Shirley-Anne Somerville:** On the timescales, one of the key challenges that we face is the lead-in time that you are talking about. Is that taken account of in the work that you have done on your targets? On the Scottish Government's targets, the main challenge that we face in not being able to bring them forward is the lead-in time for policy and consultation that would be required to ensure that we engage the public and that we have something workable.

**David Kennedy:** Absolutely. Take vans for example. How can you drive—excuse the pun—emissions reductions in vans without the European framework, which will give the signal to the industry to bring more efficient vans to the

market? There is a limit to what you can do in Scotland before you have that development. If you set a more ambitious annual emissions reductions target over the next year or two years based on your ability to insulate 100,000 solid walls every year, are you confident that you could do that without a policy to deliver it? You need policies that make your ambitions credible, which will take time.

**Shirley-Anne Somerville:** You might have touched on this earlier, but you will have seen the Scottish Government's assessment that the advice from your committee does not fully take into account the effects of some of the policies that have been introduced. Is that what you were referring to in an earlier answer when you said that the Government thinks that it can go further than the committee has suggested?

**David Kennedy:** Yes. That is consistent with our advice. We said what we thought was achievable, which we were confident about. We know that there are other areas. Take for example the Scottish home energy assistance package. On the energy efficiency front, there was possibly scope to add something to what you get from CERT and the community energy saving programme. We had not looked in detail at the boiler scrappage policy, which now appears to be a good opportunity in Scotland.

The other area that I mentioned was transport. We identified that there was scope, in a reasonably short time, to get some people travelling on public transport rather than in their cars.

We hinted that there was an opportunity in those areas. That is the basis for what the Scottish Government said underpinned its 0.5 per cent annual emissions reductions. I am confident that you could more or less deliver that 0.5 per cent, although I have not looked at the analysis of those specific policies. Could you go beyond it? Could you do the things for which you need new policy levers, which you do not have at the moment? I would not be confident about that.

**Shirley-Anne Somerville:** What needs to happen to meet the targets beyond what is recommended in the advice that your committee has given the Scottish Government?

**David Kennedy:** We have touched on that. There has to be a national energy efficiency programme that covers a range of measures—not just the simple measures of cavity wall and loft insulation but solid wall insulation, thermostatic valves on radiators, smart meters and so on. There has to be a renewable heat policy, which we do not have at the moment, although we are moving towards it.

There will be a lag before people are confident at scale to say that they will have an air-source or ground-source heat pump in their home, or a biomass boiler, rather than an oil boiler. That is a key, challenging area. We are moving forward, but there is more to do.

On efficient vehicles, the evidence suggests that people are buying more efficient new cars in the recession, but there is a lot to do before we can be confident that we are on the right trajectory there. That involves fiscal levers on one hand and developing the electric car store on the other. It requires funding for the purchase of the electric cars and the battery charging network, which it will take time to put in place. I do not think that anyone will buy an electric car before they are confident that they can charge it if the battery runs out when they go on the shopping run.

In agriculture, there is the softly, softly approach of providing information, advice and encouragement. There is a question about whether that will be enough to trigger the significant changes that we need in that area. We need new policies across the piece.

In the power sector, going beyond the non-traded sector, we have been clear that the electricity market arrangements need to be changed if they are going to drive massive low-carbon investment through the 2020s. That is relevant to you because it will impact on Scotland, particularly on investments in renewables and CCS.

15:00

**Shirley-Anne Somerville:** Let us move on to access to carbon units. The Government has, against the Committee on Climate Change's advice, ruled out the use of carbon units from 2010-12. What is your opinion on that?

**David Kennedy:** Our advice was to not plan to use carbon units, but to deliver the emissions reductions through domestic action. We were drawing attention to the lack of flexibility in the Scottish framework. Purchase of credits would be one way in which to address that. If you cannot buy credits or borrow from future periods—for example, emissions will be up for 2010 after the cold winter—what would you do in that situation? You would be off-track under the Scottish framework and it is not clear how you would get back on track by simply saying, “Well—we’ve missed the target. Let’s draw a line under it and move on.” The focus should be on domestic emissions reductions and not on planning to purchase credits, which is not the right way forward.

**Shirley-Anne Somerville:** So, it might be better in some instances to miss the target than to

purchase carbon credits because the money could then be used in a different and more sustainable way in the longer term. That might be politically difficult, but it would be more sustainable.

**David Kennedy:** We are getting into political judgments that go beyond our remit. Whether it is a good use of Scottish taxpayers' money to buy credits in the global carbon market is not for me to answer, but the Scottish Government's entering the carbon market and buying large amounts of credits is not really what we had in mind. Given that the 80 per cent target will have to be achieved largely through domestic emissions reductions, and because you now have opportunities to make such reductions at low cost in Scotland, the focus should be on that and not on the purchase of credits.

**The Convener:** I have a couple of follow-up questions to Shirley-Anne Somerville's earlier questions about the targets. There seem to be some assumptions that have yet to be tested—and which might prove to be shaky—about the relationship between the emissions that we have not yet counted, but which have happened during the recession, and what might happen during the recovery. You mentioned our cold winter, but we have also had a recession that has lasted much longer than the winter and which might have caused reduced emissions. Is it possible that we are not even looking at a flat trajectory? We might be looking at an increase in emissions based on the emissions that might have reduced during the recession, and the targets might be higher than the emissions that we will count as having taken place during the recession. It is not just that cuts in emissions have been flat or even that they have halted—we do not know what will happen with recovery.

The projections must contain assumptions about the relationship between future economic growth and emissions, although we do not yet know where that growth will come from, and ministers from both levels of Government have spent the past few years telling us that the link between economic growth and carbon emissions has been broken. Surely there is a great big question in the middle of the whole topic.

**David Kennedy:** There is some uncertainty, but we have factored it into our advice. The Scottish situation is very different to that in the UK. We advised the UK Government before the recession: we were not able to allow for the recession because of the timing, and now we have had the first UK budget. We have now said to the UK Government that it could address the situation through limited emissions reductions. We have almost moved the target and said, “Try to outperform that budget and don't bank the

outperformance because a lot of it is down to the recession."

In Scotland's case, because of the timing of the advice, we were able to allow for the recession. Our emissions projections built in the lower gross domestic product in 2008-09 and what we expect to happen to GDP in 2010-11. I agree that there is uncertainty. Have we modelled 2009 correctly, considering the impact of the recession? We are examining that in the context of our report to the UK Parliament in June, in which we will try to understand the proper impact of the recession.

However, despite that uncertainty, the initial analysis is that we more or less got the impact of the recession right in terms of the order of magnitude. We are reasonably confident about our projections, although there could be some tweaking.

Establishing the impact of the recession in Scottish terms is difficult because there is a significant lag in the emissions data—at the moment, we do not have 2009 data. The projection is based on the best information that we have about emissions in 2009, so there might be a need for some updating.

**The Convener:** That means that we cannot be sure that the 2.5 per cent cut is a cut at all.

**David Kennedy:** We do not know the figures for 2009 emissions—those data are unavailable—so we have to accept that there is uncertainty. However, as I said, we are reasonably confident that we have modelled the 2009 emissions correctly. We have also modelled economic growth coming out of 2009 and going forward to trend growth in 2011 or 2012. That is why we have not suggested that there will be significant cuts in the next two or three years. The evidence suggests that no one—in Scotland or elsewhere—has broken the link between economic activity, economic growth and emissions growth. That is evident in what has happened in the recession. At UK level, there has been a massive reduction in emissions as a result of the recession, but we expect emissions to pick up again after the recession. That is why Government has to have policies that will offset the impact of economic growth over the next two or three years.

**The Convener:** I am grateful for those points, which we will no doubt have the opportunity to raise in debate with ministers.

We all understand the practical reality of lead-in times, and how many years it takes for policies that we put in place to deliver cuts. However, there has already been lead-in time. Before the legislation was even introduced to Parliament, the current Administration had a 3 per cent annual target as part of its policy. It has had years in which to start getting policies in place that would

achieve anything even approaching that level of cuts, but that lead-in time has not been used. My concern is that this committee will end up passing a set of targets that will, essentially, be for the next Administration to deliver, and that the next Administration—whether it is from a different party, from the same party, and whether it is a coalition Government or whatever—will come in and say, "Well, this leap to 9 per cent is very difficult; we'd better have another look at it," and will come up with another set of unexpected circumstances that will enable it to defer action again, until it again becomes the next Administration's job. The point of annual targets was to tie each minister to responsibility for their actions while they were in office.

Do you agree that there is a huge risk that the approach that is proposed will allow that kind of trajectory on the part of Government?

**David Kennedy:** We have not tried to assess the historical performance of the Scottish Government. We took the situation as we found it, and decided that there should be new policies to drive the big emissions reductions.

If you focus only on targets for emissions reductions, you could end up with every Government passing the buck to the next Government because there is a lead-in time and a lag before the emissions reductions happen, or do not happen. The way around that, which we have done at UK level, is to say that emissions reductions will be only part of the framework for assessing progress on reducing emissions against carbon budgets, and that we will put a lot more effort into consideration of leading indicators and into asking what we have to do now to drive emissions reductions in the future. Our progress report last year was not about emissions reductions in 2009 and 2008—it was about what we have to do in the next five years to be confident that we are on track. If we do not do those things, we will end up reporting that we are not on track to meet the carbon budgets and that the Government is failing in its duties under the Climate Change Act 2008.

The focus of the report to the UK Parliament that we will publish in June 2010 will be partly on emissions and the impact on them of the recession, but it will be mostly about the implementation of measures and the progress that is being made in development of a policy framework that we can be confident will drive the emissions reductions that we need in two or three years. That holistic way of judging the process holds the Government to account not just for emissions this year but for policies that will drive emissions in the future. We think that that is the appropriate way to address the problem.



**The Convener:** I take the point. I am aware that we are running over time and that there are a few more questions to come. I will leave the matter with a final comment for you to think about.

This is a hugely important period in the development of the Committee on Climate Change's stance. How bullish and critical is it willing to be, not only of the issues that are within its formal remit but of other areas? How ready is it to stray beyond its remit and to tell all levels of government what they need to hear?

With that, we will move on.

**Cathy Peattie:** I would like to hear the answer to those questions, but I will turn to aviation and shipping, which might be even more difficult.

The Scottish Government has opted to follow the advice of the Committee on Climate Change and to use a multiplier of 1 for emissions from aviation. Although it is clear that the science in this area is still subject to development, how do you feel about recommending a multiplier of 1, knowing that the effects are likely to be more significant? Can you offer us any assurances that more accurate estimates of an appropriate multiplier are likely to be available soon? If so, can you say how soon?

**David Kennedy:** Several issues are important when we are discussing the non-CO<sub>2</sub> effects of aviation and shipping. We should be clear that both areas will probably need to be approached in different ways—you might have a multiplier of more than 1 for aviation and less than 1 for shipping, given the sulphates aspect, for example.

On aviation, the science is uncertain. We are confident that the effects that we are concerned about exist and that they are warming effects on top of the CO<sub>2</sub> effects. However, we do not really understand them—that is truer of condensation trails and cirrus clouds than it is for NO<sub>x</sub> aspects, although there is more that we can learn about them, too.

There are lots of ways of measuring non-CO<sub>2</sub> effects. There is the global warming potential convention that is used for other CO<sub>2</sub> gases, but it is not clear that that is the right thing for the non-CO<sub>2</sub> effects such as contrails and cirrus clouds, because the impact of contrails lasts for only a short time. Even if we were comfortable with the science around that—which we are not, because it is uncertain—there is no consensus around what metric should be used to include those effects in a framework. As we get a sense of what metric to use, we will need an international framework. We want to mitigate the impacts; for example, NO<sub>x</sub> emissions can be reduced through aircraft design. However, an international framework is needed in order that we can pull through aircraft that strike

the right balance between CO<sub>2</sub> emissions and NO<sub>x</sub> emissions. That is not something that can be addressed at Scotland level. An international air-traffic management regime could mitigate impacts in respect of contrails and cirrus clouds. You have limited opportunities to reduce emissions in relation to those non-CO<sub>2</sub> effects, which could be mitigated through international agreements.

Use of a multiplier other than 1 would mean raising the level of Scotland's ambition beyond the 42 per cent target, which is at the boundary of what we think is achievable. That could undermine the credibility of Scotland's framework. That framework is really good: there is an opportunity for Scotland to demonstrate that it is possible to build a low-carbon economy and to prosper. However, the higher your ambition, the greater the risk that you will shoot yourself in the foot and lose the opportunity to develop a credible approach.

On how quickly the science will develop, I think that we are looking at five-year and 10-year timeframes for the science to develop and for it to come into the international thinking on the issue. We have been pushing for that. In our advice to the UK Government on the international context, we have said that we need to move forward. International discussions must acknowledge the non-CO<sub>2</sub> effects, which they have not done so far. There has been a bit of discussion of the issue at Europe level, but not at a global level. We will push the UK Government to get those matters on the international agenda, but that will take some time. I would not expect anything in the next year or two. I hope that the timescales will be five and 10 years and not 20 and 30 years, which would be too late.

15:15

**Cathy Peattie:** We all hope that.

Do you have any insight into how well advanced the methodology is for measuring emissions from shipping?

**David Kennedy:** We said in our report that the only practical thing that we have to go with is the bunker fuel methodology for measuring shipping emissions, which is then allocated, at Scotland level, on the basis of port activity. We suspect, however, that bunker fuels are not by any means a perfect measure of underlying shipping emissions. An activity-based measure would be better, but we do not have such a measure. We can only do what is practical and acknowledge that it is an area that we need to keep under scrutiny. It is an area in which we are moving forward; the Department for Transport is considering alternative measurements. You have to prepare to bring a new measurement into the thinking in Scotland.

The direction in which that will move will probably suggest that you need to look for even more emissions reductions in other sectors of the economy. However, let us be open minded—I do not know that it will take five or 10 years to develop the thinking on the methodology for shipping emissions. As I said, work on that is ongoing at UK, Europe and international levels. We are very close to that work, and next year we will review international shipping emissions, and will tackle the issues head on. We will draw out the implications for Scotland, as appropriate.

**Cathy Peattie:** What alternative methodologies are being looked at? Clearly, it will be essential to discuss those.

**David Kennedy:** There is a risk that bunker fuel estimates do not capture all the shipping emissions for the UK. Many ships travel to the UK with fuel on board and leave with fuel, so they do not bunker here. How can we get around that problem? Without going into detail, if we understood how many miles a ship had travelled in coming to the UK and what proportion of the ship's cargo was accounted for by the UK, we could calculate what the UK emissions would be, then allocate those to the Scottish level using the methodology that we used in our report to allocate the bunker fuel emissions. That is a high-level way forward. Detailed and complex technical work is going on in that area.

**Cathy Peattie:** Does that kind of work rely on international agreement? Could we move forward with it here in Scotland or within the UK and Europe?

**David Kennedy:** There are two answers to that question. If there is a better way of measuring shipping emissions, it can be reflected in the Scottish framework. However, mitigating shipping emissions must ideally have a global framework in order to provide incentives for ship producers to make more efficient ships for the shipping operators to run efficiently. If that cannot happen at global level, we would have to consider a European solution. I know that there is work being done in Brussels on looking at including shipping in the EU ETS, for example. A better way of measuring shipping emissions could be reflected early in the Scottish framework, but emissions reductions in shipping will need broader agreement.

**The Convener:** I have a final quick question on something that I was surprised to find was not included in the report. It seems to me that there is very little in the report on the wider social and cultural aspects of the transformation that is required in the short and long terms. I refer to people's expectations about how we should live our lives. The recent volcanic ash cloud incident provided good examples. I lost track of the number

of people who told stories about how they were "trapped" in London. They were not trapped in London—one can get a train from London very easily, so nobody had to accept being trapped there. The issue is about the kind of cultural leadership that is required to get in among expectations about consuming and travelling ever more. There seems to be very little in the report about what we can easily do collectively at community level to reduce transport demand, such as car sharing and food collectives. There seems to be very little about cultural and community action in the report.

**David Kennedy:** There are certainly some lifestyle things in our scenarios. For example, we have the smarter choices initiatives, which are about car sharing and moving on to public transport. The recommendation that people turn down their thermostats by one degree is also in the scenarios. People need to start doing that kind of thing if the 42 per cent target is to be met. There are big questions about lifestyle for the next 10 years and beyond. We said in our aviation review that we cannot plan to fly more as we get richer over the next four decades. We can possibly fly a bit more, but no more than that. So, we have tackled the lifestyle aspect.

There is a question about what happens in the food sector. It is a difficult area in which we get into questions about diet and the very high emissions that are associated with red meat. We are thinking about that in the context of the fourth budget advice.

There is a range of issues in the report. It is true that we did not get into what community-level levers might trigger behavioural responses and lifestyle changes. That area is interesting to us, but it is very difficult. There is no silver bullet that will get people to act differently. That area pushes up against the boundary of analysis and gets into the policy space. We are finding out where we want to be—this kind of answers the previous question—in that policy space. We must draw the line somewhere, because we do not exist to develop detailed policies. However, we need to take a view on what incentives will drive the step change that we need, so we must talk about policies. There is therefore stuff in the report about which we will say more in our reports this year and beyond.

**The Convener:** We look forward to hearing about that in written form and—I hope—in future oral evidence to the committee. I thank you both for your time in answering questions. We will suspend briefly to allow the changeover of witnesses.

15:22

*Meeting suspended.*

15:24

*On resuming—*

## **“Passengers’ View Scotland Annual Report 2008-09”**

**The Convener:** Item 2 is evidence from Passengers’ View Scotland on its annual report for 2008-09. We will hear evidence from James King, convener, Gary Lawson, deputy convener, and Bill Ure, committee member, of Passengers’ View Scotland. Welcome to the committee. I apologise for starting this evidence session a little bit late. We are attempting to work to the clock today, but we failed slightly in the first evidence session. I remind members and witnesses to try to keep their questions and answers as short as they can, so that we can recover some of the time.

I ask the witnesses to begin by summarising the key objectives of Passengers’ View Scotland during the period of the annual report and saying whether they were met.

**James King (Passengers’ View Scotland):** Thank you for the opportunity to talk to the committee, which we welcome. We hope to appear here more often in the future.

In the period covered by the annual report, which is nearly a year ago, our committee had just been through considerable disruption, partly because of the unfortunate illness of the previous convener, who thankfully recovered, and partly because of several changes of secretariat and the change of location from Dunfermline to Edinburgh. When we kicked off the year, the committee was effectively restarting its work after a rather bumpy first year. The objectives for the committee were first and foremost to establish an effective working structure and effective working relationships among the committee and our secretariat and to identify programmes that we could get on with, which are outlined on page 6 of the annual report.

Our organisation, which is made up of outsiders who give advice to the Scottish Parliament and Scottish ministers for a limited number of days per year, has to be precise and focused in what it does. Therefore, in order to understand the things that were going on in which we could play a part, we asked the secretariat and colleagues to maintain a horizon scan of all the activity that the Scottish Parliament was undertaking in the context of the national transport strategy. That was quite a big task, but the secretariat rose to the challenge and produced a very good report. We chose to comment on the delivery plan for the national transport strategy largely through membership of the stakeholder group on the strategy.

We produced a business plan framework for our committee’s work, which we can talk about in a

minute. It was clear that we would not be successful if we did not have relationships with stakeholders, so we spent a fair amount of time establishing relationships with bodies such as yours, communicating with them, letting them know our purpose and seeking to be involved in their work where appropriate. Part of the plan was the proposed merger of PVS with the Mobility and Access Committee for Scotland, which did not take place, for reasons that are well known here. We reviewed our work programme and took the decision to change our focus from the delivery of the national transport strategy to an output-driven approach that focused on two national indicators.

That conveys, in as brief a manner as possible, what we tried to do in that first year.

**The Convener:** Thank you. Your organisation’s remit requires you to produce an annual report for Scottish ministers that highlights issues of concern to travellers. Am I right in saying that you have not highlighted any specific issues of concern in your report? If so, why did you not do so?

**James King:** That is a good point. I want to make clear our line on this. The issues that are of concern to travellers, no matter the mode of travel, are well known and do not change very much. Whether the mode of travel is bus, rail or air, the issues are punctuality, reliability, frequency and value for money. Those are always the top four issues. If a mode of transport has gone through a period of poor performance, other issues start to arise, such as on-board service, quality of toilets, car parking and personal security. For every transport mode, there is a well-established list of passengers’ top priorities. As a body with a limited number of days to spend trying to provide added value, we chose not to parrot the existing well-known issues of concern to passengers. We chose instead to try to find the cross-cutting issues that are perhaps not picked up in other ways or other places and to make recommendations on them to ministers, so that we add value.

**The Convener:** The annual report does not make it clear how PVS goes about establishing the views of bus, rail and ferry passengers. Will you outline how you do that?

**James King:** I will bring in my colleagues to answer that.

15:30

**Bill Ure (Passengers’ View Scotland):** Given the constitution of Passengers’ View and the number of days that it meets, we cannot be an effective representative body of users of various modes of public transport. In the rail industry, Passenger Focus has a pretty substantial organisation with a considerable number of full-time employees. That number has grown

substantially recently, because the organisation has picked up responsibility for bus passengers in England. Given our time and money resource, it would be foolish to try to replicate that.

The horizon scan that James King mentioned showed that there is stacks of information out there. It is incredible what has been surveyed. However, the issue is finding that information and joining it up. We considered that it would be a more fruitful use of our time to find out what information exists. We do not need to reinvent the wheel or find out passengers' views, because they have already expressed them, possibly about six times in other surveys. That is what we are concentrating on.

Given the issue of resources and time, we have developed relations with Passenger Focus, which as I said has taken over responsibility for the bus business in England. Bus is the major method of public transport and there are many generic issues, rather than local or geographic issues, that concern bus passengers. We are establishing a working relationship with Passenger Focus so that we can take its information on problems and issues for users of bus services and apply it to Scotland. In other words, we do not think that we should reinvent the wheel or replicate other work.

I say for a third time that, given the resource and the money, we have to be smart in the use of our assets. Trying to be a representative body would not be a smart use of assets.

**James King:** I believe that the transport directorate's research budget is in the order of £600,000. Passenger Focus, which Bill Ure mentioned, has a research budget of about £2 million per annum, for research on rail, bus, coach and tram, so it does a lot of research. There is also a lot of research in the transport directorate and other places that we tap into. We are in the process of producing two reports for ministers, which will be published shortly. In those, members will see that we have tapped into many sources of research, from the DFT through to the Scottish Government and a host of others in between.

**Alison McInnes:** Your work programme for the year on which you reported identified four priorities, but the annual report did not indicate what progress you made on achieving them. Mr Ure touched on the horizon scanning aspect, but what progress was made on the three other priorities, which were on national performance framework indicators, business planning and building links with stakeholders?

**James King:** I ask Gary Lawson to talk about the stakeholder work, and I will pick up on the other issues.

**Gary Lawson (Passengers' View Scotland):** One specific piece of work that we did on

stakeholder engagement during the re-initiation phase of our committee was to write to stakeholders throughout Scotland and across a range of industries and organisations, such as transport operators, local authorities and regional transport partnerships, to state our remit and purpose, to state how to get in touch and to say, "Here we are, and here's how we can help you."

More specifically, as part of our work programme in the period of the annual report, we surveyed stakeholders to establish the effectiveness of passenger transport representation throughout Scotland in terms of whose job it is to represent passengers. That work involved engaging a similar set of stakeholders. We carried out a survey and pulled together the results. We communicated with stakeholders through a mixture of e-mails, letters, telephone conversations and meetings. That work on the survey involved engaging a group that was similar to the one that we engaged initially through the communication and re-initiation launch. We contacted about a couple of dozen organisations through that work.

**James King:** That was in addition to a letter-writing campaign that was carried out previously and which involved close to 100 more organisations.

May I answer the other two questions? On the business plan framework, when the committee was set up it established four standing committees in addition to—or perhaps including—the bus passengers platform, which is the bus appeals body. We did not see the sense in a body like us having standing committees to deal with information, integration and so on. Instead, we switched to a start-and-finish, work group-type approach and applied that to doing some work on the two outcomes of reducing the proportion of driver journeys that are delayed due to traffic congestion and increasing the proportion of journeys to work that are made by public or active transport. We are working on a start-and-finish, project-group basis. We had hoped to get those two reports out by the end of the fiscal year that has just finished but, as with everything, you always uncover more. The draft reports are here and they will be going to the minister in the next two or three weeks, and the two project groups are standing down. We are now looking at the programme of work for the year ahead and talking to stakeholders about how we prioritise it.

**Alison McInnes:** Mr Lawson, you have indicated who you wrote to and who you tried to connect with. How successful was that? How much of a response did you get?

**Gary Lawson:** It was very successful. From memory, I think that the response rate was about

85 per cent for the survey. Of the people we contacted, the majority responded.

That work not only gave us confidence that we were being taken seriously, given the response rate; it built bridges between us and other stakeholders. Apart from doing a single piece of work, we were able to identify specific contacts in those organisations, whether regional transport partnerships, transport operators or passenger representative bodies. Connections were made between the project team and individuals in those organisations, which we have been able to capitalise on in subsequent pieces of work through having more direct points of contact.

**Alison McInnes:** I am going to read something from the annual report:

“A pulse check survey of passenger representation across all modes of public transport was started during the year by a Gap Analysis sub-committee”.

That is not going to win the plain English award. Can you explain what it means and what you hope to achieve by carrying out that survey?

**James King:** I am sorry for the poor English. As Gary Lawson said, we tried to understand who was representing passenger interests. We are an advisory body, not a representative body, but our remit clearly says that we must work with existing bodies. We needed to understand the map of representative bodies, who was doing what and how well they were doing it. That might be self-evident in some areas, such as rail, but it is less evident in bus and ferry. We did the little piece of analysis that Gary Lawson spoke about. We wrote to a range of bodies and got from them their views about how well passenger views were taken into consideration. That raised, in turn, a host of other issues that we were not expecting.

There will, in fact, be a third report coming out shortly. It will be a short paper to the minister giving our views on where there are gaps in representation and where those gaps might be filled. It will come as no surprise to say that there is a big gap in bus, coach and tram—now that we are getting tram. Clearly, there are also some issues around ferries. The Scottish internal air market and airports may be another area where there is need for better representation and understanding of what passengers are going through.

**Rob Gibson:** I might just stick with the issue of how passengers and travellers feel about their experience and ask a specific question about rail travel. I have raised this point with First ScotRail and other companies. It is to do with the heating on trains, especially on long journeys in our particularly cold winter. The heating systems often fail to work, or indeed fail to switch off when the weather is warm. I am told by ScotRail that it had

problems in the past with the class 170 heating systems but that since it engaged an engineer from the manufacturer it has begun to close out the problems. However, that is not my experience.

**James King:** That is rail specific, and therefore is not in our remit and would appropriately be raised with Passenger Focus, which would welcome feedback on that and any rail issues and take it up with ScotRail. I will take that away from this meeting and, in a different place and context, raise it with ScotRail and follow it up with you.

**Rob Gibson:** I noticed that, in its survey, Passenger Focus looked at the upkeep and repair of trains, for which there was a large sample from ScotRail. The issue probably affects people who take longer journeys, who are a smaller proportion of the total that might be sampled.

**James King:** On rail specifically, we are aware from Passenger Focus that this winter has raised a number of issues that do not normally surface in the national passenger survey and that it is following up those issues with First ScotRail. I would be particularly interested in hearing the details of your point, Rob, so that we can pass it on to Passenger Focus and it can pursue the issue.

**Rob Gibson:** Thank you—and the issue is not just to do with last winter. We have not had any heat waves, but ScotRail's trains still cannot have their heaters switched off.

**James King:** Especially the 158s.

**Rob Gibson:** Indeed.

The annual report does not appear to highlight any successes achieved by PVS during 2008-09, such as changes to Government policy or budget allocations following representations.

**James King:** Indeed it does not. That is the nature of slow-burn politics and the time that it takes to change policy and for us to have an influence. In the report, you will see a list of the consultations that we responded to. Many of them closed or had their findings taken forward after the end of the year. Furthermore, the work in the first year was focused as much internally as externally—getting the body going after what we could call a false start. We have built momentum since then and, as you will see in the next report, we have had some results.

**Rob Gibson:** What work has PVS been involved in recently to ensure that passengers' perspectives are taken into account as part of Scottish Government transport policy development, such as the current ferries review?

**James King:** We have had a member on the ferries steering group, who has been trying to hold the group to account, sourcing research and

prodding the group with interventions. He has been supported by our committee, that is, PVS. He has taken issues from other committee members and reported back to it. That is what we have been doing on ferries. Do you want to ask about other specific areas?

**Rob Gibson:** I am particularly interested in the ferries review, because it will loom large in the next period, for both NorthLink and CalMac Ferries.

**James King:** Our concern about the ferries review, which the committee may wish to follow up on, is the extent to which, through it, passenger representation will be improved and passenger views will be researched, understood and reflected in how well ferries are built and operated. We are concerned that that is an unknown area, despite our prompting on it.

**Rob Gibson:** I could ask quite a few questions about that, but that gives us a hint—time is pressing.

The annual report does not mention how you have worked with other representative bodies—sorry, I think that that is Cathy Peattie's question.

**Cathy Peattie:** Yes, it is.

**The Convener:** I call Cathy Peattie.

**Cathy Peattie:** I will just repeat my colleague's question. The annual report does not mention how you have worked together with other representative bodies, such as Passenger Focus or the Mobility and Access Committee for Scotland. Can you outline how you have worked with those organisations to further passenger interests?

**James King:** Yes. One of our members has sat on MACS since it has been up and running again, and we have had an observer from it. We observe each other and maintain close contact, and we are looking at carrying out some joint work with MACS in the year ahead. As far as Passenger Focus is concerned, we have had meetings with Robert Samson when appropriate, but more frequently we have corresponded in writing with Passenger Focus and other bodies.

We have done a lot of work on buses. When our committee first got off the ground, we felt that it would be sensible to make a recommendation to the Scottish ministers about the big bus companies adopting a voluntary bus passenger charter. We initiated a project strand and we have developed the charter in its draft form through our bus passengers platform sub-committee. The sub-committee's recommendations will shortly come to the main committee, and we will present them to the minister.

15:45

In developing the charter, we had a good relationship with the Confederation of Passenger Transport UK and with the big bus companies in understanding what they see as the issues for them. We also developed good relationships with the bus companies through the appeal complaints-handling process. Since our appointment, we have worked closely with the Scottish Government's senior bus development adviser, Brian Juffs, who sits in on our meetings so that he can understand what we are doing and can inform us about what he is doing. At the start of the committee's life, we met the Air Transport Users Council and Bus Users UK, which is represented on our bus passengers platform sub-committee by Gavin Booth. We have many links with other bodies and do not hesitate to contact them if we need some research or an opinion, or if we want to challenge them about what they are doing, as we did recently with Passenger Focus in terms of input to a consultation that the north east of Scotland transport partnership was carrying out.

**Cathy Peattie:** The barriers that people with disabilities have in accessing public transport across the board are such that it is not until you have a disability that you have any idea of them. Likewise, mums with small children face barriers in accessing public transport. Are you having discussions with MACS, or perhaps doing joint work with it, on how to improve access for passengers with disabilities or, indeed, gather concerns from them?

**James King:** I am glad that you asked that question, because there is always a focus on people's visible difficulties, but there are many invisible difficulties. However, one thing is true: any improvement that is made to public transport to help people with disabilities of whatever kind improves public transport for everybody. At the point when we were potentially going to merge with MACS, we held off getting involved in that area until we had some expertise on board. However, through the work that we have done since the annual report came out, and with MACS getting up to speed, we now see an opportunity to sit down with MACS very shortly to be clear about who is doing what to bring about improvements that have not already been identified by Transport Scotland, the Scottish Government or whoever, in order to bring insights that we would otherwise not see.

**Cathy Peattie:** You talked about a bus passengers charter, which is quite exciting. How will people with disabilities be able to feed into that? Will they be included in the passengers charter?

**James King:** Our aim is to bring the draft charter to the minister's attention as soon as

possible. We have a meeting in a few weeks at which I hope that we will review it. Thereafter, our plan is to take it in draft to the minister to seek direction from him on whether he sees it as valuable and whether there is any aspect in particular that would need to be picked up. After that, we will recommend to the minister that the charter go out for consultation with a range of representative passengers and passenger bodies so that they have a say and some ownership of it. Clearly, it should also go out for a proper consultation with the bus companies before the minister does whatever he—it could be she by then, depending on the timescale—wishes to do to take it forward.

**Cathy Peattie:** That consultation will be very interesting, convener.

I was very surprised to read that the bus passengers platform received only 220 complaints—I think that I have heard almost as many as that in my constituency in the past year—in the financial year 2008-09, during which there were 515 million bus journeys. Why do you think so few complaints were received? I will pass mine on soon.

**James King:** Yes, you may.

The bus passengers platform deals with appeal complaints, not initial complaints. Of course, MSPs, MPs, councillors and others who are in a position of responsibility get many complaints, some of which are ad hoc and some written. It is the operator's job to answer complaints in the first instance. However, if MSPs get large numbers of complaints that are not satisfactorily addressed by the bus companies, we want to hear about them. We want to understand what issues are being raised and which bus companies are at fault. We understand that it is part and parcel of an MSP's job to take representations from the public, but if the same issues come up constantly and the bus companies repeatedly fail to deal with them, they should be referred to us so that we can take them up on behalf of MSPs' constituents.

**Cathy Peattie:** I also hear positive things about buses. How can you increase bus passengers' awareness of the bus passengers platform? How do we know that people know how to complain or get information?

**James King:** We have debated that issue. We could spend hundreds of thousands of pounds a year on raising bus passengers' awareness of the bus passengers platform, but such awareness would decay almost instantly if people did not have a problem. That point affects all representative bodies. We have access to Scottish Government funds, but they are limited.

We decided to be as accessible as we can be when people have a problem. If someone who

wishes to complain about a bus journey in Scotland does a web search, they should come up with our bus passengers platform. We have done a lot of work with bus companies, which is paying off, in that they now promote our name to passengers who have a grievance and say, "If we don't satisfy you, go to this body." That is a tremendous compliment to the work of the bus passengers platform sub-committee, which has brought about a sea change in a very sceptical bus company audience, so that a number of them are now prepared to promote our name to complainants. The companies see the value in our being involved in helping to sort out the complaints process. Another approach is to make you and others aware that we exist so that you can refer your constituents on to us when they have a problem, which I urge you to do. My secretary and her team will not thank me for saying that, but that is what we are here for.

**Shirley-Anne Somerville:** You mentioned this in one of your earlier answers, but I want to take you back to the issue of how PVS is resourced. Is it resourced adequately to carry out its duties? If not, what additional resources does it require, keeping in mind the background of the tight financial settlement that we will all face over the coming years?

**James King:** That is a good question, which I think you answered yourself. Clearly, we can do more with more. The fact that we are set up the way we are means that we have limited resources, which we try to make the best of. We have a good committee of members and a good secretariat, and the relationship is working smoothly. We have become very rigorous in maintaining contact with our sponsor division and keeping it well informed about what we are doing. We also ask it, as we ask this committee, to come to us with ideas about how we might add value where work has not been carried out. We do not want to duplicate any work; we want to look at cross-cutting themes, for example transport and health. Where in health is work going on that affects transport that is not being picked up and that we can perhaps do something clever with? We have to be focused, because we are a limited body with limited resources. However, if we focus our resources, we can bring insights that will be useful to you.

**Shirley-Anne Somerville:** You referred in previous answers to many of the key issues that have been raised by bus, rail and ferry passengers, and by committee members. As we are near the end of this evidence session, I offer you the opportunity to raise any other issues involving passengers' concerns that we have not discussed yet and which you think the committee should be aware of.

**James King:** Passengers' basic concerns are pretty common to all. Bus transport issues are becoming better known as Passenger Focus does more work in England. In shadow form, it has spent a lot of money over the past year carrying out research in about a third of the metropolitan and rural areas of England. It has built up a tremendous wealth of research that we hope to tap into very shortly. However, the area in which we think that more needs to be done is ferry transport. The little dipstick survey that we initiated last year, and which we will expand on this year, is designed to try to flesh out what that more needs to be.

**Shirley-Anne Somerville:** You do not want to go into that in more detail at this point. Is it work in progress?

**James King:** It is work in progress, because we are an evidence-based body. We have taken a policy decision to be evidence based and not anecdotal. If any of us uses an anecdote, they pay a pound into the Railway Children charity box in the middle of the table. That is the kind of approach that we take. Unless we have the evidence, we will not bring up an issue with the committee.

**Shirley-Anne Somerville:** Okay. That is a reasonable approach for a witness.

**The Convener:** I think that I will commend it to some of our other witnesses.

I have a final question. This committee is, like all the Parliament's subject committees, currently looking ahead in budget terms. Whether on or off the record, various people will look at transport budgets to see what might be squeezed in the future. Has PVS looked yet at what might need to be added to its work programme to find out passengers' views about changes that might be proposed for budgetary reasons rather than transport reasons, such as changes to the concessionary travel scheme?

**James King:** We have not done anything on that yet, but we expect to be engaged by the sponsor division on that topic. Again, it is an issue of using resources wisely. We could do a lot of thinking about it on an option basis, but until we get a steer that would be a bit of a waste of resources. However, we are quite prepared to step up and put in place proposals for addressing any issue that the Parliament or the sponsor division cares to put in front of us.

**The Convener:** So it is on the radar, but you have not begun any work on it yet.

**James King:** No, we have not, but we are prepared to do the work as and when we are briefed to do so.

**The Convener:** Thank you. I thank the witnesses for their time in answering questions. We look forward to continued discussion with you in the future about your work and other annual reports.

I suspend the meeting for five minutes for a short comfort break before the next panel of witnesses.

15:56

*Meeting suspended.*



16:00

*On resuming—*

## Budget Strategy 2011-12

**The Convener:** We resume with agenda item 3, which is a continuation of the evidence sessions that we have been having on the budget strategy. We will hear from representatives of regional transport partnerships and senior local authority transport professionals. I welcome Alex Macaulay, partnership director of the south east of Scotland transport partnership; David Duthie, partnership director of the Highlands and Islands transport partnership; and Jim Valentine, chair of the Society of Chief Officers of Transportation in Scotland. As I have done at the beginning of our two previous panels, I remind members that we are tight for time and that it would be helpful if questions and answers were kept as succinct as possible.

I begin with a general question. How large a reduction in annual budgets do local authority transport departments and RTPs expect that they might face over the next few years?

**Dave Duthie (Highlands and Islands Transport Partnership):** A paper was published last week by Dr Andrew Goudie that identified where the overall budget reductions are liable to be made in the next 10 to 12 years. Those reductions are significant—we are potentially looking at a reduction in the current state budget, over that period, of between £25 billion and £35 billion. That will have a major impact across all services, and transport will have to take its share of that. Your question is how much of that reduction will be taken by local authorities and the transport sector. Major parts of the transport network—trunk roads, rail and ferries—are developed by Transport Scotland and the Government. Those are the key elements in terms of national services; the issue is how the local elements will be delivered.

Councils will be given lumps of money during that period in support from the Government. They have statutory duties to perform, which prescribe what they have to do on the ground, and they have powers to do other things. For example, councils have a duty to maintain roads. They do not have a duty to provide public transport—they have a power. When money gets tight, the concern will be the extent to which councils can maintain the areas in which they have powers rather than duties. The proposed reduction that has been worked out by Dr Goudie suggests that, in about 2014-15, we should go back to the budget levels that we had in 2005-06, or their equivalent now. Back then, local authority budgets for transportation were not too bad, but the demands

in other sectors have increased since then and the choice for local authorities will be whether they try to reduce the areas in which they have made commitments to 2005-06 levels, whether they make cuts across the board, or whether they make disproportionate cuts in transport spending. Unfortunately, I do not know the answer to that, but perhaps I have set the stage for my colleague, Jim Valentine, who has direct control of a transport budget. As a model 1 RTP, we do not deliver services directly on the ground.

The recent increases in oil prices will have a disproportionate impact on future transport budgets in general, not only through the price of fuel but through the price of road-making materials. The transport budget tends to take such hits internally and the issue is not really taken account of in the overall budget distribution. I suspect that that impact will continue for a considerable time, and that the effect on services on the ground is liable to be greater than would be expected if we simply considered the money in the budget.

**The Convener:** That phenomenon might be much longer term than the short-term budget squeeze will be.

**Dave Duthie:** Yes.

**Jim Valentine (Society of Chief Officers of Transportation in Scotland):** A problem that we have had is that, although the Scottish budget has grown over the years, the maintenance budget has dropped slightly from the 2005 level that Dave Duthie talked about.

The SCOTS national survey results, which have just come out, show a shortfall of about £45 million in what we need to invest to stand still at the 2009 level. That could be regarded as a saving of £45 million, but over the next 10 years it translates into a cost of about £500 million. We need to invest £1 billion during the next 10 years just to keep the transport network where it is, and most people would agree that the network is not in a good state.

When we start to hit maintenance budgets, we will see that—as the winter and the volcano showed—the transport network is extremely vulnerable and fragile. Maintenance levels can be run down for a certain time, but we will reach a point at which, when something happens, we are not able to respond quickly and bring the maintenance level back up quickly.

To respond to your question, convener, SCOTS took advice from the Society of Local Authority Chief Executives and the Institute for Fiscal Studies. We are trying to follow the line that those organisations have taken, so we are looking at reductions of between 12 and 20 per cent. The

scenarios that I am talking about work to those models.

**Alex Macaulay (South East of Scotland Transport Partnership):** Dr Goudie said in his paper that during the next 13 to 15 years we are likely to lose £25 billion to £35 billion of public sector spending in Scotland. Of course, that is the amount of spending that would get us back to 2009-10 levels, but if we had not had the recession, we would have expected the budget to grow from its 2009-10 level as the economy grew. The national picture is sobering.

I remind the committee of a couple of facts that I mentioned on a previous occasion when I gave evidence to the committee. First, since November 2007, when local authorities inherited the regional transport partnerships budget, the authorities in my partnership area have been spending only 42 per cent of that inherited budget on regional transport budgets—and that started before the problems in the economy in relation to which Dr Goudie made his projections. Secondly, I remind the committee that spending on active and sustainable travel in the SEStran area has gone down from £2.3 million in 2006-07 to £0.45 million in 2009-10.

According to the national projections, there will be a reduction in public sector expenditure in Scotland of roughly 12 per cent over the next three years, but behind those projections are projected cuts of 43 per cent in capital departmental expenditure levels over the same three-year period—the revenue element will be nearer to 8 per cent. That is on top of the investment that SEStran has lost during the past couple of years, which I mentioned. Dave Duthie talked about how transport is a soft target for cuts. In general, transport investment is and has historically been very dependent on capital, so under the current projections we are facing substantial cuts in transport spending.

**The Convener:** You all touched on what might be done and how we might respond. What lessons can we learn from previous cuts in transport budgets—for example, on changing priorities, reprofiling the order of work on various projects, or looking at innovative new sources of finance to supplement public sector spend in the area?

**Jim Valentine:** In discussion with the Scottish Futures Trust and others, SCOTS has looked at the various models that are coming forward from authorities, individually and collectively, and considered how we can deal with things such as the infrastructure backlog. However, we need to link that back clearly to the Government's national outcomes and remember that transport is included. It is crucial to achieving those outcomes because it is the lifeblood that holds everything together.

I heard what my colleagues said about capital investment, but the maintenance of what we already have in place must be our priority. We must not lose that by investing in capital projects.

**Dave Duthie:** I agree that we must keep the network that we have in place, but we must also consider where we can find new funding, other than from the Government, to make things happen. Most of the RTPs, including HITRANS and SEStran, have been successful in using funding that has historically come through Government and local authorities to gain European funding to develop services. The difficulty is that, as budgets are squeezed, it is sometimes difficult to get the core funding that is required to enable European funding to happen, particularly when maintenance becomes such a priority. In two projects on which we are working, European investment represents 60 per cent of the total cost, but we still have to find the other 40 per cent. I foresee that it will become more and more difficult to do that. It might be useful for the Government to consider whether it can prime funding for such efforts.

Europe tends to work on a regional basis, so we look for regional partners to develop transportation. We have used European funding to improve links between our hubs and the areas that they serve and to improve real-time information on bus services. Those have knock-on benefits for not just tourists and others who come into the area but people who live there.

We are looking to meet the Government's environmental targets and increase the use of public transport, but we must recognise that that will not happen magically and that we need to do things to make it happen. Some capital investment will be required to make people more confident about using public transport as an alternative to the private car.

**Alex Macaulay:** I reiterate the point about European funding. I have made the point to the committee before that it would be nice to have a European fund to which we could bid for match funding.

Many of the potentially attractive avenues that are available to local government, such as tax incremental financing, are not available to regional transport partnerships because we are not council-tax-collecting bodies. The only option that is open to regional transport partnerships is to try to get more money in from Europe. It is becoming increasingly difficult for our partner local authorities to find the match funding. I want to know where Dave Duthie got 60 per cent, because so far the best that I have managed to get out of Europe is 50 per cent. It is certainly becoming increasingly difficult for local authorities to find that match funding.

16:15

**Alison McInnes:** Many local authorities are considering shared services. Can any savings be made by additional joint working between individual local authority transport departments and RTPs on service provision or procurement? If so, how might we realise them?

**Jim Valentine:** There are certainly savings to be made, but I do not think that there is a one-size-fits-all model. At the moment there are a number of different models that include, for example, significant national projects such as the road conditions survey and SCOTS's asset management project; the Tayside Contracts model, in which a contracting arm supplies three councils; and the Ayrshire models. Different local authorities will have different priorities and the issue is to align those priorities with the model that can be put in place. It would be difficult to have one model that you could take to a single local authority or group of authorities and say, "This will work here." As I know from my own authority, finding the right model requires a lot of negotiation and compromise, but you can get there. The fact is that these models can deliver big savings, but we have still some way to go to ensure that local authorities make maximum use of RTPs and the benefits that they can bring to bigger projects.

**Alison McInnes:** The road conditions survey and the asset management project have been under way for some time now. Are you actively exploring any new initiatives?

**Jim Valentine:** At last week's SCOTS conference, we asked members about what was out there and what could be done better. After all, we are all in the same boat. The organisation will be looking again at whether we need to take forward national projects or whether we need to look at what can be done at regional or subregional level and will hope to facilitate the process.

**Dave Duthie:** Speaking from a Highlands and Islands perspective, I do not think that there is much point in having the person who organises road maintenance in the Western Isles and Orkney do the same in Argyll. I am not sure that that kind of close working actually works, although I suppose that one could work together in developing the same systems.

That said, there are certain areas—for example, the provision of real-time bus information—where individual councils might well not be able to develop the expertise required for delivery. In such cases, councils might be able to work together and learn from each other through, say, one of the councils getting the expertise and the others buying into it. The question then is whether the

benefit is delivered through councils or naturally through the RTPs.

Another area is demand-responsive transport, which Strathclyde partnership for transport is considering for the Clyde valley and is thinking of extending to deal with issues such as access to health transport. Those kinds of areas might benefit from not only councils but different sectors working together because, after all, transport covers many elements other than public transport. There are gains to be made, particularly if we maximise the use of, say, taxis and minibuses rather than buses at regional as well as national level. However, I do not think that such moves on their own are enough to deal with the budget issues that we face.

**Alex Macaulay:** Dave Duthie keeps stealing my thunder. I was about to say that the SEStran submission refers to demand-responsive transport.

There could well be a case for procuring bus services that are supported across boundaries, either through amalgamations of local authorities or the mechanism of RTPs. That said, other functions that follow from that will make it quite difficult for smaller authorities to do that work cost-effectively but, in any case, I reiterate Dave Duthie's point that shared services will not be enough to meet the stringencies of the projected budget deficits.

**Alison McInnes:** Before we move on, I would like to look at the other side of the coin. Can we make any savings through greater integration of national agencies and organisations?

**Jim Valentine:** The issue needs to be considered. During the winter, for example, SCOTS, SOLACE, the Scottish Government and Transport Scotland managed to work together very well to deal with the salt crisis, and it was a good way of building bridges. Indeed, once you start working together, you begin to see other opportunities at both management and operational level. After all, there must be duplication of effort and in back-office support in certain areas. The only way we might be able to keep specialist teams in, say, accident investigation and prevention, hydrology or ground investigation in-house and retain such specialist knowledge at a local level might be through working with other agencies or bodies.

**Dave Duthie:** Historically, councils and those in central Government worked closely on trunk road maintenance and in areas with which Jim Valentine is involved there is a close and useful relationship with the contractor that supplies services. There are certainly benefits to be had in other areas. For example, the trunk road that runs through the centre of Skye up to Uig is maintained

by the contractor while all the other roads are maintained by the council. However, the council still has to drive along the trunk road to get to services, and the kind of approach that we are talking about might provide opportunities in that respect.

The provision of ferry services might also benefit. In the next few months, the Scottish ferries review will publish its recommendations and the conclusions of its consultation, but a point that I will make is that ferries, which operate at a local and national level, are a lifeline service. That phrase is often misused, but it is appropriate for ferry services; the fact is that people cannot live on the islands without the ferry. We need to recognise that cuts made in those services will have an impact on every other service and, indeed, on the viability of island communities. At the moment, some island communities, particularly on Orkney and Shetland, are having real problems maintaining their services and those problems will become huge if budgets are cut. The issue will have to be considered at a more national level if we are to find solutions that maintain services on the ground.

**Alison McInnes:** Given that the vast majority of local authority funding is not ring fenced, will transport suffer greater budget reductions than other local authority functions such as education and social work? I know that you have touched on the impact of any unreasonable or disproportionate reductions in the transport budget, but you might wish to expand on your earlier comments.

**Dave Duthie:** I raised the issue in reply to an earlier question. We are talking about powers rather than duties but, being realistic, I think that we need to accept that councils have to provide education, care for the elderly and other maintenance services. There will be issues for public transport, but a parallel issue to consider is support from the third sector, particularly with regard to community transport. As budgets are cut and public transport services are reduced—something that is bound to happen—there will be more of a reliance on the third sector to fill the gap and provide access to health care and shopping and help to meet people's basic needs. As a result, the third sector will be significantly challenged and, if councils do not support it, there will be a major impact, particularly in more rural areas. Cities have core commercial bus services that allow most people—although perhaps not those who have access challenges—to get about. The issue will become quite significant in rural areas and I worry that in such areas public transport services will use only the key corridors and the roads used on school runs.

**Alex Macaulay:** I have already provided some examples of the kind of disproportionate cuts that transport in the SEStran area has already suffered. We all know why that is; money has simply been diverted to other pressing social services.

The cuts have also happened because local authority budgets are not ring fenced. The concordat has been in place for only two and a half years. We should not rip it up and throw it in the bin, because many good things are associated with it. However, transport is recognised generally as a key influence on the recovery of the economy. Connectivity, accessibility and the ability to get to where you need to be to do business are fundamental. If transport is to play its part in the economy's recovery from this recession, transport budgets will need to be protected somehow.

One way of doing that is to rethink the way in which we fund transport and to do so through the transport partnerships, which are single-function authorities that cannot spend their money on anything other than transport. If the Government thinks that transport is worthy of protection, one way of protecting it is to fund it through the transport partnerships. That would not breach the concordat or the principle of non-ring fencing of local authority budgets. Funding would simply be provided to another element of the public sector—the regional transport partnerships.

We are getting to a position in which transport will be under severe pressure. If the Government decides that that is okay and sets priorities elsewhere—there are indications both nationally and in Scotland that priorities lie elsewhere, in social services—that is fair enough and all of us must live with it. However, if the Government believes that transport is important, it needs to provide a degree of protection to transport budgets that they do not enjoy at present.

**Cathy Peattie:** David Duthie mentioned community transport. I am interested in the difference that demand-responsive transport might make, perhaps when there is less money around, to the villages that I represent and many other rural areas, where there are bits and pieces of transport. How might those be combined to provide a good, cost-effective service to my communities and others?

**Dave Duthie:** The third sector is looking at that option. Because of the threats to budgets, the community transport organisations are looking at providing a level of public transport, rather than specialist transport. DRT is the way in which to do that. If someone wanted to travel between two points, instead of trying to find out what was available, they would contact a supplier, who would arrange transport for them. That optimises use of the transport that is available.

The other opportunity is to look at all the transport that is available—school transport, social work transport and health service transport, through the Scottish Ambulance Service. There are ways of bringing all that transport together. I mentioned that SPT has examined the option. SPT has not yet implemented it on the ground, but it offers a significant opportunity to maximise the use of what is available and to provide access to the people who are most vulnerable and have no access by other means. The key is to ensure that the community transport sector has core funding. Such funding can be provided in two ways—either directly to the sector or in return for supplying services to get people from A to B.

**Rob Gibson:** I want to talk about the maintenance budget for local roads. Before I do so, I have a question for Alex Macaulay. He argued that we should spend money through transport partnerships. If we did that, how would we deal with ferries, trunk roads and so on? Are we not talking about the same amount of money, merely delivered by someone else?

**Alex Macaulay:** That was not my point. I was referring to the fact that, in local authority budgets, the transport budget is not ring fenced. There is evidence that that budget is being diverted to fund other services. The budget for lifeline ferry services and trunk roads is already completely within the Government's control and is allocated directly to Transport Scotland, so I was not talking about that issue. There is an argument that those budgets will be under pressure as well, but the mechanism already exists for Government to manage that.

16:30

**Rob Gibson:** Okay. I take your point. Whether the ability to manage the cuts that we have discussed is greater in central Government, local government or transport partnerships is another issue.

David Duthie talked about councils using trunk roads to get to places to provide services. That happens throughout the Highlands—the A9 is an example. It seems that the level of maintenance of the trunk roads has enabled them to survive the winter a lot better. If the method that is used for maintaining the local roads infrastructure is not improved—if roads are merely patched—it will not work. Do we need a different form of road maintenance best practice when it comes to dealing with potholes and so on?

**Jim Valentine:** You have raised several issues. First, aside from the trunk roads, the great majority of roads in Scotland's road network have evolved from cart tracks. Many roads on the network have multiple surface dressings that have built up over

the years and which, in periods of bad weather, fall apart fairly quickly. The majority of the trunk roads, bar one or two, have been designed and properly built. That is why the trunk roads have a degree of robustness. It is probably true that a disproportionate amount of funding goes to the national road network, but given that the vast majority of traffic travels on that network, there is good reason for that.

Because of the different types of network that we are dealing with, using the same practice is possible only on the main roads. It might be possible to share maintenance best practice on principal roads and trunk roads, but a different code of practice and different maintenance standards are needed for streets and minor roads. We could argue about whether the existing standards are right or wrong. Over the years, we have drifted away from them, as we have tried to make do and mend. Patching, if it is done correctly, will last some time but, in some areas, in the haste to get a road open because it is needed for the next morning, a very quick repair will be done. If the patch comes out, someone will have to do a permanent repair over a Sunday night, for example. What the public sees are quick temporary repairs that do not last, but until the funding issue is dealt with, patching is all that will be done. I do not think that many authorities are doing reconstruction or overlays.

I will just respond to what Alex Macaulay said earlier about RTPs taking control of the road budget. That might sound like a good model and it would have certain advantages, but the joining up of services would be lost. There would be a disconnect in the delivery of services. We would run the risk that transport might just become a parallel stream rather than being integrated with the social care and education agendas and so on.

**Rob Gibson:** It seems that we have opened up a disagreement between local authority and transport partnership representatives. David Duthie might widen that gap.

**Dave Duthie:** I hope not. I think that I said that we did not see any advantage in road maintenance being taken into a central management structure. There would be no real advantage in roads in Orkney and the Western Isles being maintained in the same way as roads in the south of Argyll.

However, there could be a requirement to deal with the backlog, as there are roads where the asset is reducing in value. The people who maintain the trunk road network get money on the basis of the improvement that they make to the asset, so their funding is very much geared towards what they have to achieve. That does not happen on the local authority side—local

authorities do not get the same level of funding and the assets are getting worse.

When I came into roads in the early 70s, the largest vehicles on the road were 24-tonne, twin-axle vehicles. We did not get the large vehicles that we have now, particularly in forestry in the Highlands and Aberdeenshire. They do such significant damage to roads that were not designed to take them that councils cannot afford to maintain the roads. The worry is that, in forestry, extraction is happening at a greater rate, and councils will find it very difficult to maintain the load capacity on those roads and may have to apply restrictions to keep them safe for the general public. That will have a massive impact on the forestry sector as a whole.

All sorts of issues are built into road maintenance. Overlaying before you get to the stage of having to do major work is both best practice and the cheapest way of doing it overall. If councils are spending so much of their money filling potholes just so that the road survives, they will not have the money to do the long-term maintenance, which is what should be done. It is a no-win situation at the moment.

**Rob Gibson:** So, in this tight budget situation, should we look at the code of practice, which Jim Valentine talked about being honoured in the breach, and review the way in which money is apportioned between the national road network and local councils?

**Jim Valentine:** Yes, but to go back to what I said, you would also have to look at where the traffic has been generated and what the purpose of the road is. Most local authorities tend to prioritise their maintenance anyway, in that lightly trafficked urban streets will require, and will get, less maintenance than higher-trafficked principal roads.

We have talked about roads but we have not talked about footways. In an urban situation, footways are a big issue. All the figures that I cited earlier do not include footways, street lighting and so on.

**Rob Gibson:** Just to wrap up on the effects of the severe winter weather, I do not want you to go into the detail—we have already had that—but, given the order of magnitude of the budgets, how much work that requires to be done has this harsh winter thrown up?

**Jim Valentine:** The absolutely safe answer is that we will tell you next year once we have done our road condition survey. Many people have speculated about the amount of work required but, once the survey goes round over the summer and we get the results back in early next year, we will be able to give an accurate figure.

**The Convener:** We move on to questions from Cathy Peattie. So that we can fit in all the questions that we intend to ask, it would be helpful if questions and answers were kept as brief as possible.

**Cathy Peattie:** I will follow up Rob Gibson's question. What impact has the much higher than average expenditure on gritting and other winter maintenance this year had on transport budgets? What are the implications of that?

**Jim Valentine:** There is no doubt that the cost of gritting was higher, but different councils will deal with that in different ways. Some councils have dipped into their reserves and others may have taken the money out of other pots. I cannot say accurately what the effect on transport budgets is at this time.

**Cathy Peattie:** You were looking at increased effects.

**Jim Valentine:** Oh, yes.

**Cathy Peattie:** The committee has carried out an active travel inquiry. I am interested in the panel's views on the future funding of walking and cycling infrastructure developments and related programmes. What are the implications of the stretching of transport budgets? Will such programmes be abandoned, or is there an opportunity to develop them?

**Dave Duthie:** I am sure that Alex Macaulay will come in as he has particular enthusiasm for this area.

Sustrans is still getting some budget from the Government to allow it to develop the national cycling work, so things are still happening on that front. As an RTP, we have tended to concentrate more on walking and cycling around communities rather than on the long, national networks. There is perhaps a need for us to review how we encourage people on to bikes. We see cycling and walking as a means of getting from point A to point B rather than as an activity in its own right. There is, of course, the health benefit of cycling, but if we could perhaps focus as much on developing cycle routes in towns and communities as on having a national network, we might gain more in terms of modal shift and people taking up the active travel option.

**Alex Macaulay:** I had the pleasure of giving evidence to the committee for its inquiry into active travel. I repeated that evidence in writing to you for today's meeting, so I will not go into detail on it. However, the committee should be quite clear about where I am coming from. I think that I am quoted in your report as saying that it is a no-brainer that we should invest more in active travel. I am still of that opinion. The health, environmental, social and value-for-money

benefits of investing in active travel in general are significantly higher than the benefits that would be achieved from major infrastructure investment. Given that budgets are very tight and the significance of what can be achieved with active travel for relatively modest budget increases, we should invest more in active travel. However, my fear is that we will not do that, because it is an easy target. I have already said that transport is an easy target in times of budget stringency and, sadly, active travel is an easy target in transport budgets in such times. It will take a policy lead from the Scottish Government to turn that on its head. Having said that, the budgetary implications of increasing investment in active travel are not major, and an awful lot can be achieved for relatively modest investment.

**Cathy Peattie:** The subject of my next question has been covered a wee bit already. What impact could budget reductions have on local authorities' ability to support socially necessary bus services that are not commercially viable?

**Jim Valentine:** There will definitely be an impact. Like Dave Duthie, I fear that it will hit social inclusion and education. However, much will depend on where the cuts fall and on whether we can provide services in other ways, working with our community planning partners and the health service. There are opportunities for such work. Some authorities have had good success in working with major employers on routes on certain city streets, which releases cash elsewhere. In general, however, the subsidised rural network will be most at risk.

**Dave Duthie:** I can confirm that. The south-west of Scotland transport partnership's written evidence to the committee indicates that it has put many of its bus contracts out to tender recently. The costs of the tenders that have come back have been substantially higher than previously. Obviously, the costs of running the services are increasing, so that puts pressure on local bus services. I was formerly in charge of transport in a council, and my experience was that cuts in public transport can have a major impact on communities and can cause a community reaction. I agree that education, health and other sectors are very important. However, if we get to the stage of people being unable to get out their door and go anywhere, there may be a reaction from the ground that might refocus priorities. That issue is not acknowledged at the moment because we have not quite got to that stage, but it will come.

16:45

**Alex Macaulay:** In the SWESTRANS recent retenders, contracts have come in 100 per cent higher than in the previous round of tendering. That shows the level of pressure. About 85 per

cent of the SWESTRANS bus network is subsidised, as it is very much within a rural area. The situation in other areas of Scotland are perhaps not as extreme in that regard, but the same problems arise.

In SEStran, we have embarked on a comprehensive review of public transport, demand-responsive transport, community transport and other social transport for the East Lothian area. The western part of East Lothian has a very good bus service, but the eastern part has a very poor one because it is a dispersed rural community. We are trying to achieve a trunk-and-branch approach there, in which demand-responsive transport would be available to get people from the remote rural communities to hubs for the main, conventional bus services. Demand-responsive transport would not bring them all the way into Edinburgh; it would bring them to a hub from where they would take regular public transport.

There is a very good example of that approach in Lincolnshire, where demand-responsive transport is used as a mechanism to replace conventionally tendered and supported services. I cannot advise the committee about how successful the East Lothian approach will be, as we are currently in the middle of the study. However, I am quite hopeful that we can get the right combination of services that will be beneficial to the local authorities and assist them to achieve the level of supported services that they need to supply. If we can make that approach work in East Lothian, we would hope to make it work elsewhere and share that experience with colleagues in other RTPs.

**Shirley-Anne Somerville:** When Alex Macaulay talked about active travel, he said that we should invest more in it. I am keen to look at the other side of that. In other words, where should we invest less? I appreciate Mr Macaulay's point, but we all know that there will be large budget cuts. I acknowledge that the committee said in its report on active travel that national Government must take a lead. However, the RTPs also have strategies and priorities. Are there examples of good practice whereby RTPs have changed their priorities and looked at investing more—or less—to deal with the current circumstances?

**Alex Macaulay:** The SEStran approach since November 2007 is possibly unique. It involves the local authorities being completely responsible for the provision of transport capital investment in their own area. We do not call that money into SEStran, then redistribute it. The local authorities have total autonomy over that money. In general, SEStran addresses the areas that our local authority colleagues find themselves unable to

address. One of those areas is active travel. A significant budgetary allowance of about 20 per cent of our available regional transport strategy implementation budget has been allocated to active and sustainable travel initiatives. We are doing our best within a fairly limited budget environment. However, let me be clear that the local authorities have total autonomy in relation to how they choose to spend on transport investment.

**Shirley-Anne Somerville:** I am still keen to know whether there are examples of how you—or others—are reacting to what is ahead. You may wish the transport budget to be protected, but no budget will be protected from what is going to hit over the next couple of years. Asking for the transport budget to be protected sounds a bit like special pleading. I am sure that members of any parliamentary committee will hear such requests. However, the reality is that changes will have to be made. Are those changes beginning to filter through, or is that not happening?

**Alex Macaulay:** They are filtering through in my own authority. About £130,000 in our business plan for the current financial year has been allocated to sustainable transport initiatives. We tend to do that work on a match funding basis—we seek match funding from health boards, universities, major employers, local authorities—

**Shirley-Anne Somerville:** I stress that I am talking now not just about active travel but about your whole remit. Are you looking at how things are changing?

**Alex Macaulay:** I will include the other part of our remit. We have allocated about £100,000 to urban cycle networks. Again, that will be spent on the basis of 50 per cent match funding.

We are active in seeking European funding—just last week, we were successful in getting European funding for rolling out real-time passenger information in Fife, having already had some success in that regard in East Lothian and Scottish Borders.

We are pursuing a number of European projects. We have been successful in getting European funding at 50 per cent level for a dry port initiative in our area, and we have submitted another four European funding applications in partnership with the private sector, with the match funding coming from private sector partners rather than local authority partners in cases where the local authority partners' budgets are under severe pressure.

By attracting European funding, we are increasingly seeking to get effectively double the delivery for the amount of investment that goes in from either the public sector or the private sector.

We are doing our best in that regard, and have been quite successful so far.

**Dave Duthie:** HITRANS sees a potential opportunity for gaining benefit from the private sector in terms of active travel. We have carried out active travel audits of all our key settlements in which we have identified people's walking and cycling movements in communities. That forms a layer in the local plan, which means that developers do not simply build housing but have to think about how it links into that layer and whether they can perhaps contribute to developing such infrastructure. That is where it is possible to make gains. I appreciate that development is not going to be as strong as it was until recently, but people will still develop, which means that we will still be able to get benefits from focusing the investment that is coming out of development in the areas where it makes a difference. Regional transport partnerships can become involved in that respect.

We have worked on travel planning with our partner councils and others in the public sector, and offer grants to the councils if they will match fund activity to improve modal shift and encourage people to walk, cycle or take public transport.

There are things that we can do, but we have limited budgets with which to do them.

**Alison McInnes:** We ask major employers to provide green travel plans, but we have heard evidence that they are not actively monitored. Do you think that investment of time and effort in ensuring the proper implementation of private sector travel plans that were granted planning permission would be effective?

**Jim Valentine:** My experience is that green travel plans can be successful if they are actively monitored and if the occupier of the building comes on board with the local authority, the regional transport partnerships or whoever.

Most local authorities are effectively deconstructing their budgets at the moment because they cannot make enough efficiency savings. As was said earlier, they are examining their core business, the single outcome agreement outcomes and the local outcomes and rebuilding their budgets around them.

**Shirley-Anne Somerville:** What are the panel members' views on the long-term financial sustainability of the national concessionary travel scheme? Do any of the panel members have any proposals for changes that might be necessary, given the financial settlement that we are now facing?

**Dave Duthie:** We all recognise the huge benefits that the national concessionary travel scheme has brought to the people who are entitled to use it, and we should all applaud that. The



difficulty is that it is becoming an expensive scheme to maintain. We are starting to look at the issue in the Highlands and Islands and intend to do some research on it. We have had some internal discussions, and hope that we can come up with something that all the councils in our area can sign up to as being best practice in the rural situation.

The concessionary travel scheme, which is a bus-related scheme, is fine if there are lots of buses about but, as we have heard, there are fewer buses in rural areas, which means that the scheme's benefits to the rural community are not as great as its benefits to people in an urban area. However, there are no benefits to people who use ferries, which, in rural areas, are the equivalent of the bus.

We are not looking for more money—we understand that the budget might have to be reduced—but we want to ensure that what we are doing is having the most effect in terms of the fundamental issues, which involve giving people access to hospitals and the other services that are part of people's normal lives.

As I said, we are actively considering the matter and hope to come back to Government with a proposal. At the moment, however, I would not like to say what the changes might need to be.

**Alex Macaulay:** As members will know, the Scottish Government recently carried out a review of the concessionary travel scheme, as a result of which levels of payment per passenger to the bus companies have gone down. We need that to bed in for a wee while and to see the reaction to it and how it performs before we start to make any radical changes. However, the concessionary travel scheme will undoubtedly continue to be under pressure financially—even more so given the budget projections that we face.

I will give the committee an anecdotal piece of evidence, if members will bear with me. I have a travel pass, but I do not need one. As I can afford to pay for a bus or train fare—I acknowledge that train fares are not covered by the pass—I simply ask whether the travel pass should be a universal age-related benefit, or whether there should be some form of means testing, which is a phrase I hate to use. The issue is not confined to transport, because it seems to me that we need to ask such questions about various elements of social support in Scotland. I do not know the answer, and it will be a difficult one for politicians to address. However, we need to ask whether such services should remain universal.

**Jim Valentine:** I have nothing to add.

**Shirley-Anne Somerville:** What will be the impact of the Scottish Government's transport capital expenditure priorities—for example, the

Forth crossing and the Aberdeen western peripheral route, which are large-scale capital infrastructure projects—on our capacity to deliver other capital projects, whether in the transport sector or elsewhere?

**Jim Valentine:** We are all probably just waiting to see what comes out the far end, given the financial constraints that we will face. If the Forth crossing goes ahead, will it be the only project that does? What will happen to the dualling of the A9 and other projects? The question is whether work on major pieces of Scottish infrastructure should be held in abeyance until definite priorities are agreed. I do not know the answer. My colleagues may have different views.

**Dave Duthie:** To put the matter in context, Dr Goudie referred to a total cut in the Scottish budget of £35 billion. We can see the Government's difficulty in managing the funding of the Forth crossing from its current budgets. The budget reduction over the next 13 years is equivalent to the cost of building a Forth bridge every year for the next 13 years, so the reduction will have a huge impact on budgets and a major impact on capital expenditure across all sectors. The question is what on earth we can do outwith the core projects, which I accept we must progress. However, beyond that, we will have real problems.

**Alex Macaulay:** There is no one-size-fits-all solution. Some elements of capital infrastructure investment can wait, but some cannot, simply because of the deterioration of the asset that the Government seeks to upgrade. Certainly, from my experience of previous budget cutbacks, we must look very carefully at the capital investment programme to identify elements that are not essential for the on-going business of the country or of a region, albeit that those elements may have a very good economic rate of return and so on.

We should also bear in mind the estimate of a 40 per cent-plus reduction over the next three years in available capital spend. Collectively, as a country, we will have to look very carefully in the coming years at planned capital investment in infrastructure.

**The Convener:** Thank you all very much for giving your time to answer our questions. That brings us to the end of today's agenda. We will take further oral evidence on the budget strategy, including from the minister, at the next meeting. I ask members to come to that meeting 15 minutes early so that we can discuss the approach to questioning. If they could be here for half-past one next week, that would be appreciated.

*Meeting closed at 17:00.*



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