The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

Wednesday 9 November 2011

Session 4

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INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE
8th Meeting 2011, Session 4

CONVENER

*Maureen Watt (Aberdeen South and North Kincardine) (SNP)

DEPUTY CONVENER

*Jamie Hepburn (Cumbernauld and Kilsyth) (SNP)

COMMITTEE MEMBERS

Jackson Carlaw (West Scotland) (Con)
*Malcolm Chisholm (Edinburgh Northern and Leith) (Lab)
*Neil Findlay (Lothian) (Lab)
*Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP)
*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Roy Brannen (Scottish Government)
Keith Brown (Minister for Housing and Transport)
Frances Duffy (Scottish Government)
Sharon Fairweather (Scottish Government)
Alex Neil (Cabinet Secretary for Infrastructure and Capital Investment)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

Committee Room 1

Scottish Parliament

Infrastructure and Capital Investment Committee

Wednesday 9 November 2011

[The Convener *opened the meeting at 10:00*]

Decision on Taking Business in Private

The Convener (Maureen Watt): Good morning and welcome to the eighth meeting of the Infrastructure and Capital Investment Committee. Committee members and our audience should switch off their mobile phones as they impact on the broadcasting system. We have received apologies from Jackson Carlaw.

The first item of business is a decision on whether to take item 5 in private. Are members agreed?

Members *indicated agreement.*

Draft Budget 2012-13 and Spending Review 2011

10:01

The Convener: Item 2 is our final evidence session on the 2012-13 draft budget and 2011 spending review. I welcome to the meeting the Cabinet Secretary for Infrastructure and Capital Investment, Alex Neil, and his Scottish Government officials: Rachel Gwyon, head of housing: sustainability and innovative finance; Sharon Fairweather, director of finance, Transport Scotland; and Victoria Bruce, policy manager, infrastructure investment policy.

Although the spending review's aim is to stimulate economic growth, the committee has heard conflicting evidence on the extent to which investment in transport infrastructure projects stimulates such growth beyond the short-term boost to jobs. Does investing in transport infrastructure facilitate economic growth and would failure to invest in Scotland's transport infrastructure hinder future economic growth?

The Cabinet Secretary for Infrastructure and Capital Investment (Alex Neil): There is no doubt in my mind that investment in infrastructure—and investment in transport in particular—acts as a stimulant to economic growth. Academic evidence has demonstrated that every 1 per cent of gross domestic product invested in infrastructure can generate an additional 0.3 per cent of economic growth per annum. That means that after three years the initial capital investment will have been more or less repaid. Other figures show that, on average, capital spending has two to three times the multiplier impact on the economy, jobs and investment as resource spending.

A number of fairly recent examples have proved to me that without capital investment in transport our economy would be much weaker. For example, if we did not have a plan for a Forth replacement crossing and had to rely on a bridge that by the end of this decade would be very unreliable and would probably have to be closed—even just to heavy goods vehicles—the impact, particularly on the economy of the east coast, would be very severe indeed.

Last week, I awarded Ferguson Shipbuilders in Glasgow a £20 million contract for two new hybrid ferries. That two-year contract will safeguard 75 jobs, create 100 jobs and 20 new apprenticeships and, more important in the longer term, provide capacity and allow Ferguson Shipbuilders to grow its skills capacity in the hybrid ferries market, which is a worldwide market. The contract provides Ferguson's with the opportunity, which I am sure that it will seize, to get a share of the export market in hybrid ferries.

Those are some examples of the impact of transport infrastructure growth, both statistically and from our own experience.

The Convener: Those are future projects. Has project delivery appraisal been done to assess how previous schemes have delivered against appraisal forecasts?

Alex Neil: Yes. All major projects have a post-project, post-construction appraisal. The example that we usually cite in such evidence sessions is the appraisal that showed the impact of the Stirling-Alloa-Kincardine railway line. However, there are many examples and I would be happy to supply the committee with some of the recent appraisals that have been done on completed projects.

The Convener: As well as new investment in major capital infrastructure projects, there is always the argument about whether we have got the balance right between investment in new infrastructure projects and investment in maintaining existing assets, which is arguably more consistent with the Government's prioritisation of preventative spend. Can I have your thoughts on that, please?

Alex Neil: The Auditor General for Scotland has produced a number of reports on the importance of maintenance, and we agree with him that maintenance is extremely important. If we do not maintain infrastructure to a certain level, that can cost even more money in the future; for example, major repairs may have to be undertaken because a road has not been properly maintained.

That is why, in the three-year comprehensive spending review transport budget, we have maintained our expenditure and our commitment to maintenance. Despite the cuts elsewhere, there has been no further reduction in the maintenance budget.

The Convener: Neil Findlay has a question, which does not flow on from the previous one.

Neil Findlay (Lothian) (Lab): My question is on Scottish Water. The Water Industry Commission for Scotland's draft determination process identified a requirement of £700 million over five years for Scottish Water, but it appears that it has been allocated £350 million in the budget. How will that gap be bridged?

Alex Neil: First, the total investment programme over the regulatory cycle is about £1.7 billion. As Scottish Water has publicly confirmed, the CSR arrangements will not in any way endanger that £1.7 billion figure. We were able, in negotiation with Scottish Water, to reduce our planned financial input to Scottish Water over the CSR period because it was sitting on a very substantial cash reserve, which we are putting to work in terms of investment. In these straitened times when every penny counts, we—Scottish Water and the Cabinet—all agreed that it made more sense to make use of that cash reserve in this period to help fund the investment programme. The investment programme therefore stands at £1.7 billion over the regulatory period.

Neil Findlay: Does the WICS agree with that?

Alex Neil: It does not need to agree to it in that sense. There is a new commissioner and, to the best of my knowledge, he has not commented publicly or privately on the figure.

The main concern of the WICS is to ensure that the investment total of £1.7 billion is maintained. I would have thought that that was its priority, and we have maintained that figure.

Neil Findlay: I would have expected the WICS to comment when its determination of £700 million suddenly became £350 million, because that is a significant gap. When the WICS made that determination, was it unaware that Scottish Water was sitting on such reserves?

Alex Neil: You will have to ask the WICS what considerations it took into account.

Neil Findlay: So you will not comment.

Alex Neil: I cannot speak for the WICS. All I know is that the investment programme is intact. As I have explained, there is a slight adjustment to the sources of funding for the investment programme. The point that matters most to everybody is that the investment programme is maintained.

If Scottish Water wants to maintain a huge cash reserve, and if that requires us to put in more money than we are planning to put in over the current spending review period, the additional money that would have to go to Scottish Water would have to come from other budgets. I do not think that anyone would agree that it is necessary to cut, say, housing or transport to help to fund a Scottish Water investment programme for which the money already partly exists in Scottish Water's reserves. That would not make any kind of sense.

Neil Findlay: Thank you. I will pursue that with the WICS and see whether it can be persuaded to break its silence.

The Convener: Some of the capital projects will be paid for by non-profit-distributing models, and the rail network projects will use regulatory asset base funding. What do you estimate to be the pressure on the revenue lines of those projects during the next and subsequent spending reviews? What impact will that pressure have on the revenue of local authorities, for example, and the regional transport partnerships in the future?

Alex Neil: First, in general terms and not just in relation to transport but on the budget and CSR, we have taken a conscious decision to transfer more than £700 million of resource into the capital budget, because our overriding objective is sustainable economic growth. As I have outlined, the best way to get economic growth in Scotland is to maximise capital spend. That is why, over the three-year period, we will transfer that £700 million from the resource budget into the capital budget.

In the relationship between the capital budget and the revenue budget, we apply two rules that are based on the overall Treasury guidance about prudent management of our resources. The first rule is that the repayment profile on our investments should not exceed in any one year 5 per cent of the total departmental expenditure limit, not just the capital or revenue DEL. On the basis of our spending plans, the repayment profile will actually peak at roughly 4.7 per cent in about 2016-17. The second general rule is that NPD repayments, including the private finance initiative repayments that we inherited, should not exceed 4 per cent of that 5 per cent of the DEL.

As you know, we have three or four ways of funding capital projects. The main funding is through the block grant, which has been running at £3.5 billion, has been cut to £2.5 billion, and will fall under that during the final two years of the CSR. There is no repayment profile on that funding, because it is straightforward capital funding and does not involve borrowing, PFI or NPD.

The second major source of funding is the NPD programme, which is far better value for money than the old PFI programmes; I think that that is now agreed universally across all the parties. The equivalent repayment profile on that is of the order of 6.5 per cent per year.

The third way is through RAB funding, which is about the same percentage; that comes primarily through Network Rail’s investment.

The fourth source of funding, which is straightforward Government borrowing from the Public Works Loan Board, is not available to the Scottish Government at the moment but is available to local authorities. We hope that the Scotland Bill will mean that it will become available to us sooner rather than later. The best way to fund capital spending is through the Public Works Loan Board, because the rate of interest that it charges is substantially less than the repayment profile for RAB, NPD and the old PFI, which robbed us blind.

So, the relationship between revenue and capital funding is that 5 per cent limit in the repayment profile, and that is 5 per cent of the total DEL.

Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP): We have heard from a number of witnesses and experts, among whom there was a consensus that small-scale capital schemes, such as trunk road improvements, bypasses, cycling and walking infrastructure, and park-and-ride facilities, for example, often provide excellent value for money. Such schemes also have significant economic impact, given that local Scottish contractors tend to be used for the work. The committee acknowledges that capital funds are limited, but if more capital funding were to become available in the spending review period would the cabinet secretary be willing and able to prioritise smaller, shovel-ready schemes?

10:15

Alex Neil: I will answer that in a number of ways.

First, I do not disagree with the analysis that small projects are worth while. Projects of that nature, such as a potential bypass at Maybole, are particularly beneficial to certain communities. However, there is a practical issue as a result of the slashing of our capital budget that was done first by Alistair Darling and then maintained by George Osborne. The alternative method of trying to fill the black hole that was left by the capital cuts is mainly the NPD programme. NPD is conducive to larger-scale projects, but frankly it is not realistic to think of using NPD for small-scale projects.

We therefore have a built-in limitation to our scope. Once we take out our commitments to, for example, the Forth replacement crossing—which absolutely has to be done and to which we had to commit from our main capital programme, because until two months ago we had no realistic cover for the phasing of the expenditure—the amount of money that is left in the mainstream capital programme is limited and, as I have said, NPD is not an option for small projects.

Having said that, I am keen to progress what are called relatively small projects when and where we can. In previous infrastructure and investment plans, the definition of a major project has been one that involves a capital spend of just over £20 million. Anything under that figure has been regarded as not major. That figure is fairly arbitrary—the Maybole bypass would be major for Maybole and for the people who use the links to Northern Ireland from Cairnryan and Stranraer—and we are keen to build the Maybole bypasses of this world when resources allow us to do so. I can mention such projects all over the country: the Laurencekirk junction, the Avon gorge crossing and the north Ayrshire link. There are loads of such worthwhile projects.

It would not be true to say that we are not doing any small projects during the comprehensive spending review period. We have two small projects on the A82—at Pulpit Rock and the Crianlarich bypass—and we have a small project at Inveramsay bridge on the A96. Between them, those small projects total something of the order of £60 million, which is not an insignificant amount of money.

I agree with the member, and as more money becomes available we will start to look at other projects. We have a pipeline of small projects and a number of shovel-ready projects. For example, the Dunragit bypass is shovel ready, and we would be keen to do it as soon as possible. However, at the moment, thanks to the cuts imposed by Darling and Osborne, we ain't got the money.

Adam Ingram: We are clearly looking for economic impact from any capital that becomes available, and we hope that we will get a plan B in due course. We saw that, when President Obama tried to find shovel-ready schemes in the United States, there was a dearth of them. Can you assure me that there has not been a slowdown in the activity to progress projects—those in the strategic transport projects review, for example—through the various planning and statutory processes that they have to go through? If we were in a position to invest in shovel-ready schemes, would there be enough of them to take up the work quickly?

Alex Neil: We already have a number of shovel-ready schemes that we could start tomorrow morning. Indeed, when I was going through my ministerial box last night, I approved a list of new projects that we want to make shovel ready for whenever the money becomes available.

Adam Ingram: Does that include the Maybole bypass?

Alex Neil: You will just have to wait for the announcement, Adam. [*Laughter*.] I am too long in the tooth to be caught out by that.

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): Although I fully accept the difficulties that you face in the capital budget, questions remain about your priorities. Sticking with the transport budget at this stage, I share the concerns that were expressed last week about the budget's climate change dimension. Given that, at a recent event, you acknowledged that as part of your ministerial brief you were responsible for up to 50 per cent of Scotland's emissions, you clearly have a weighty responsibility to take action with regard to our climate change objectives. There were many proposals in the report on proposals and policies but, notwithstanding the difficulties that you have described, it seems perverse for support for sustainable and active travel, which I imagine is the main budget line relevant to this discussion, to be cut very significantly next year. I believe that it goes up the following year but is then cut again.

Last week, we were told that money for the cycling infrastructure might well disappear because all the capital element of that budget line will be spent on the Halbeath park-and-ride and the Glasgow fastlink. Over and above general concerns about action on climate change, what is your view on specific issues, particularly expenditure on cycling, that have been raised in relation to support for sustainable and active travel?

Alex Neil: The Halbeath park-and-ride and Glasgow fastlink will contribute greatly to reducing carbon emissions in Scotland. I accept that, at first glance, the spending review might—in relation, at least, to transport—give the impression that we are not giving climate change measures the importance that we should be giving them. However, I assure you that we are doing so. For example, we are looking at whether adjustments can be made to the bus service operators grant to encourage the use of low carbon emission buses among operators. We still have work to do in that regard but, in the budgets that have been identified, we are keen to build in and indeed mainstream climate change measures instead of simply seeing them as a separate budget line. After all, if we are to achieve anything like a 42 per cent reduction in carbon emissions, we will have to mainstream climate change considerations in everything that we do. I agree that the climate change-oriented elements of the budget might give the wrong impression; instead, you have to look at our mainstream investment programmes.

With regard to road investment—on which, I have to say, I disagree fundamentally with our friends in the Green party—there is already very clear anecdotal evidence that the M77 has substantially reduced congestion on the Kingston bridge. Congestion is one of the biggest sources of carbon emissions from the transport network and I suspect that, when we perform our post-project appraisal of the M74 completion, one of the benefits will be a substantial reduction in congestion, which will make a significant contribution to our climate change targets. Instead of focusing on specific budget lines, we must take a broader view of this.

As far as the bus sector is concerned, I am looking at how we can reorientate existing moneys and planned spend to make a greater impact on achieving our climate change targets.

Malcolm Chisholm: I do not know where to begin with that reply. It is a well-known fact that the more roads you build, the more cars that use them, so it is a bit facile to suggest that you are meeting your climate change objectives by building more motorways. Indeed, I have never heard such a claim before. Nice try, cabinet secretary, but I do not think that only the Green party will find such a statement incredible.

Alex Neil: It is generally accepted that if you reduce congestion, you reduce carbon emissions.

Malcolm Chisholm: Not if there are more cars on the road.

Alex Neil: Well, that is a separate issue.

Malcolm Chisholm: My specific question was about a very limited budget line. Once again, all the examples of small projects that you highlighted are roads. I have nothing against the Maybole bypass but the point is that, with regard to cycling—and I guess that the walking infrastructure is also relevant—not only is this budget line important to climate change considerations, but it is one of the few budget lines in the transport budget that is relevant to the preventative spending theme.

It seems perverse, therefore, especially as those budget lines are small, that they are being cut. It does not seem to make any sense, given that we have overriding objectives around climate change and preventative spend. Why would you cut small budget lines that are beneficial in terms of health and climate change?

Alex Neil: The refrain that I hear from everyone who wants more money spent is, "This is just a small percentage of your total budget." Of course, when all the small percentages are added up, they come to a big percentage.

The Government is committed to encouraging walking and cycling. There are different ways in which to do that. We are working with our local authority colleagues to find new ways of encouraging walking, cycling and other types of physical activity. As you know, some aspects of the spend of some health boards encourage that kind of activity. However, at the end of the day, we cannot escape the fact that we have had a nearly 40 per cent cut in our capital spending, which means that we just cannot do everything that we want to do. Your chancellor cut the money, and was succeeded by a Tory chancellor who did the same thing.

Malcolm Chisholm: I knew that you were going to say that. The point is that it is not only health and climate change that are involved. As Adam Ingram said, cycling and walking infrastructure is typically built by small civil engineering contractors and local authorities, which is good from an economic point of view. I never argue for more money for everything. I would always tell you where the money should come from.

The fact is that the roads budget is increasing significantly. I am arguing only for a small amount of that to be shifted into those other areas. It seems odd to people, given the importance of transport in terms of climate change, that your transport budget cannot be claimed to be contributing in any significant way to climate change objectives. If transport does not do its bit, we will not achieve our climate change objectives, because transport contributes such a large proportion of carbon emissions.

Alex Neil: I disagree with your suggestion that our transport budget is not making a significant contribution to our climate change targets. Our investment in rail is a good example of the way in which it is doing so. The contract that I referred to earlier for new hybrid ferries is one of the ways in which we are mainstreaming our climate change targets. The emissions savings from the use of that kind of ferry are substantial. That is how we are trying to do it.

I agree with the general point that you and Adam Ingram made about small projects being good for local businesses. However, through the procurement reform programme, we are trying to ensure that local businesses, either as main contractors or subcontractors, get a far bigger share of the cake. At the moment, small and medium-sized enterprises get 75 per cent of the procurement orders that we are in control of, by number, and 46 per cent, by value. I want to get that latter figure well over 50 per cent. The way to tackle that problem is to ensure that, no matter how large the contract, our SME sector has a realistic chance of getting a slice of the cake.

I accept that the budget for cycling and walking has declined. I accept the importance of the issue, but you have to look across the Government at the ways in which we are funding those activities through local government, the health boards and so on. The point that you raise is valid. One of the exercises that we could do is to demonstrate how, across Government, we are encouraging cycling and walking and similar activities, and provide the committee with that information. As I said, it is not just a transport issue; it is a health issue, an education issue and a local government issue.

Malcolm Chisholm: On transport, which we are dealing with at the moment, the generous estimate has been made that the draft budget for 2012-13 provides at most 6 per cent of the funding for transport measures that is required by the report on proposals and policies.

I realise that you are limited in what you can do by your budget, but the lack of priority that you have given to walking and cycling seems odd, given the laudable ambitions that the Government and the Parliament have in terms of climate change.

10:30

Alex Neil: One of the line items in the budget is the start next year of spending the £50 million transport fund, which is one of five £50 million funds arising from the savings in the Forth replacement crossing contract. That sum is very much geared, in terms of freight and encouraging the use of low-carbon vehicles, to the climate change agenda. We have indicated the general intention of the transport fund, but we have not allocated it yet to particular projects. If the committee had views on that and thought perhaps that some of the fund should be used for cycling and walking, I would obviously be prepared to listen to what the committee had to say. We are singing from the same hymn sheet on what we would like to get done in that regard.

The Convener: Jamie Hepburn is next.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): The area that I wanted to question the cabinet secretary on has already been usefully explored by Malcolm Chisholm.

The Convener: I wonder whether it is right always to lump cycling and walking together. My experience is that two distinct groups are involved. People will tell you that cycling has had a lot of money spent on it, but ensuring safer streets and that pavements are not totally uneven and are suitable for walking on, including walking to work, is perhaps more important for more people.

Alex Neil: I was thinking that when I was doing my 3-mile run this morning. [*Laughter*.]

I think that provision in that regard probably varies from place to place. Edinburgh is obviously ahead of the game in encouraging people to cycle. I live in Ayr, which does not have particularly good cycling facilities compared to Edinburgh, but is an ideal spot for walking as there are some very long scenic walks and runs. Provision for cycling and walking varies across the country. We can extend activities to running, walking and cycling, because we are trying to encourage all those things. With regard to the budget, I do not think that it matters too much whether we club the activities together in one line. The key point is that, at the end of the day, we aim to make facilities available for all those activities across the country as best we can, within the resource limits.

Adam Ingram: The cabinet secretary touched on the Scottish futures fund and the £6.5 million for next year's budget. My understanding is that that is split between transport and housing. Can you tell us a little more about how that will be allocated?

Alex Neil: The background to that is that there was a £250 million saving on the Forth replacement crossing contract. We made a manifesto commitment to have five funds of £50 million. One is the warm homes fund and another is the transport fund, which is very much directed at climate change—primarily at a reduction in carbon emissions. We want to use it so that it also contributes to our fuel poverty targets, because the two targets are not contradictory. I have not yet allocated in detail either the money in the warm homes fund or the money in the transport fund. I await the committee's report before I take final decisions on how the funds will be allocated.

Adam Ingram: We have received evidence on the importance of the modal shift from road to rail. At the end of the previous session of Parliament, there was some reinstatement of the freight facilities grant, which had been cut in the previous year's budget. Will you make a commitment to the freight facilities grant or a replacement scheme?

Alex Neil: We have made a number of awards under the freight facilities grant, and my intention is to continue to make that funding available because it clearly encourages a modal shift, helps us reach our climate change targets and is beneficial to the overall transport strategy.

Adam Ingram: The budget that is allocated to the grant has been significantly reduced. What impact will that have on the number and scale of grants that can be awarded?

Alex Neil: The budget, like every other budget, was subject to the reduction in available resources. There was also an issue to do with demand—the number of qualifying credible applications has not been high. Sharon Fairweather will give more detail.

Sharon Fairweather (Scottish Government): We have awarded 34 freight grants. About £65 million has been allocated in Scotland, which is having a significant impact. As Alex Neil said, we have not had enough applications in recent years to enable us to spend the budget. We will look to use some of the new Scottish futures fund so that we can continue to invest in the area. We continue to work with the freight industry in a number of ways to support the move to rail.

Adam Ingram: Are you saying that if an appropriate application was made to you for a modal shift project you would consider it, and that it would not be ruled out because you have used up your funding allocation?

Alex Neil: We would definitely consider the application.

The Convener: Does the same apply in relation to water-borne freight?

Alex Neil: I think it does; I think that no distinction is made.

Adam Ingram: In future years the Scottish futures fund will increase sharply. You will spend £59.5 million during the spending review period.

Alex Neil: That money will be spent between transport and housing.

Adam Ingram: Right. How will you make the split?

Alex Neil: As I said, there are five funds, of which three come under my umbrella: the funds for housing, warm homes and transport. Because we have not made detailed allocations, for the purposes of next year we have agreed to split down the middle the £6.5 million that is available. We are also doing a lot of work on the longer-term use of the funds, so by the time I come back to you next year we will have more detailed plans on how we will use the £50 million for transport and the £50 million for housing during the next four or five years.

Gordon MacDonald (Edinburgh Pentlands) (SNP): There is consensus among our witnesses that the concessionary bus fares policy is worth while, but most witnesses agree that the policy in its current form is not equitable or financially sustainable in the current financial climate. The budget will increase from £185 million to £192 million. Given that the scheme was most recently reviewed three years after its introduction in 2006, are you willing to consider a refresh of the scheme?

Alex Neil: There are three basic programmes: concessionary fares, the bus service operators grant, and direct response transport. We think that we need to expand DRT to achieve our policy objectives. We will consider all that in the round and we hope to make announcements reasonably soon. I am not today in a position to go into more detail.

For the sake of people who are following the committee's business and in case anyone is jumping to conclusions, I guarantee that people who are currently getting concessionary fares will continue to get concessionary fares. I know that people were extremely worried after some reports—particularly reports that emanated from London—suggested that we would abolish the concessionary fares scheme. That is absolutely not the case.

Gordon MacDonald: I am sure that my constituents will be glad to hear that.

You mentioned the BSOG. Some witnesses argued that it will lead to a reduction of service. Although there is no doubt that operators regard the BSOG and the concessionary fares scheme as revenue streams, should we consider managing concessionary fares rather than cutting the BSOG?

Alex Neil: That is part of the discussion in our review. As I said to Malcolm Chisholm, the funding that is available for the BSOG could be used more effectively to achieve our policy objectives.

The Convener: Concerns have been expressed about the relatively high average age of Caledonian MacBrayne's ferries. The cabinet secretary's announcement last week was welcome, but could there be additional capital funding if large vessels need to be replaced during the spending review period? Have you been talking to CalMac about exploring ways of raising capital funds?

Alex Neil: As members know, Caledonian Maritime Assets Ltd is the sister company of CalMac. I have met the leading people in CMAL to talk about the future investment programme for ferries. This is a good example of a situation in which, if we as a Government had borrowing powers, we would be doing more now than we are allowed to under the current constraints. I acknowledge the ageing profile of the ferry fleet, and we are in detailed discussions with CMAL and others on how to make progress. Ideally, I would like a major investment programme over the next five to 10 years to renew the ferry fleet. However, at the moment money is very limited. If Westminster saw sense—which would be highly unusual—and gave us borrowing powers for a higher amount at an earlier date, we would be able to do much more, much quicker.

The Convener: Witnesses and members of the committee have expressed general concerns about the details of the budget document. For example, exactly which projects will benefit from the £750 million of additional spending? Also, people have expressed concern about the details of the funding for cycling and walking—although I acknowledge that you will send us more information on the cross-portfolio budgets. In the future, will the budget be presented in a way that is easier to read, thereby ensuring greater transparency and easier scrutiny?

Alex Neil: The presentation of the budget is the responsibility of Mr Swinney; I am sure that he will take into account any comments that are made by this committee or the Finance Committee. I presume that your report will go to the Finance Committee, which will then make recommendations to Mr Swinney and other ministers. I will pass on your comments to Mr Swinney, convener.

The Government is always keen to consider the ways in which it presents information. I have a table that shows precisely where the move from resource to capital will be. In 2012-13, £206.4 million will be moved, in 2013-14, the figure will be £242.5 million, and in 2014-15, it will be £270 million. We will circulate the table, which gives more detail, to the committee later today. It will allow you to see which budgets involve a move from resource to capital. The figures for health are £95 million, £105 million and £120 million.

The Convener: Thank you. We move now to housing.

Neil Findlay: The budget appears to give a clear signal to the housing sector that the Government no longer regards social housing as a priority. One important and credible housing provider told me recently that no coherent programme exists for affordable or social housing that can be planned and driven forward over the next few years. Your party's manifesto made a commitment to build 6,000 socially rented homes a year. I have recently met Shelter, which advises me that only 1,550 such houses can be built with the current allocation. How do you answer the concerns of stakeholders about the disproportionately high cut in the social housing budget?

10:45

Alex Neil: Shelter has said that we would require something like £630 million over the three years of the comprehensive spending review, in order to achieve our target. We are only £10 million short of that according to the published figures—not a substantial amount over the three years, according to Shelter's calculations.

Secondly, you need to look at the output and not just the input. About a month ago, Keith Brown and I made two announcements about total investment in the housing programme of £460 million over the next two to three years from the innovation and investment fund. Of that, £110 million is Scottish Government money and the other £350 million comes from public works borrowing through the councils, bank borrowing through the housing associations and a range of other sources.

Over the past four years, we have completely re-engineered how we fund social housing in order to get a far bigger bang for our buck than we did. When Malcolm Chisholm was the Minister for Communities, the mainstream funding was to housing associations, which got a capital subsidy of about £70,000 for every new house that they built. For every £2 of Scottish Government money that went in, £1 was borrowed by the housing association—that was how the funding was made up. We have re-engineered that in consultation with the Scottish Federation of Housing Associations and other housing stakeholders, who have praised the announcement a month ago of the £460 million investment. We have changed the balance from funding being £2 of Scottish Government money and £1 from elsewhere to £1 of Scottish Government money and £3 from elsewhere. We knew the resources were out there and were available from other sources.

You must judge us not by how much taxpayers' money we spend—that is a macho thing—but by how many new houses we build, which is what really matters. We will complete 6,000 new houses a year over each of the next five years and 5,000 of those 30,000 will be council houses. Councils are getting a subsidy of £30,000 per new house: they previously got nothing. In one year, we will build more new council houses than were built in the eight years before we came to power. Our record on housing is second to none and we are building a record number of new houses.

If you look at the profile, you will see that about three quarters of the houses that were announced a month ago are for social rent, although I think that such terms are becoming a bit irrelevant as the intermediate rent is now well within the housing-benefit allowances. The balance between such housing and what some people would describe as non-social housing means that that spending takes people off the waiting list, thereby making it more likely that people who rely on social housing get a house because the waiting list is not inflated by including people who are either in intermediate housing or who are able, through shared equity, to buy a house of their own. That is a comprehensive strategy.

I heard the claims that housing associations could never do it. The housing associations oversubscribed by a factor of five, and the committee should remember that the average benchmark grant from the innovation fund was £40,000 per house. The people who are making those anonymous comments should know that they do not relate to the facts.

Neil Findlay: Similar comments were made in the public arena when we took evidence from the housing providers.

Alex Neil: They need to wake up and smell the coffee. What matters is how many houses we are building, and we are building a record number. You need only look at the average build over the period for which the Parliament has existed, particularly over the first eight years. The year before we came to power, six council houses were built in Scotland, all of them in Shetland. As we speak, 1,600 councils houses are under construction. People need to look at the facts: the fact is that councils were previously given no subsidy to build and are now getting £30,000 per house. We will have 5,000 new council houses in Scotland over the next five years.

Neil Findlay: I am sure that providers would appreciate an invitation to meet you and smell your coffee. You promised 6,000 social rented houses at the election, so was that commitment a mistake?

Alex Neil: I think—

Neil Findlay: That is a very direct question—was it a mistake?

Alex Neil: I am answering the direct question. We said that the Government's commitment was to complete 6,000 affordable new houses every year. The vast bulk of those will be built by housing associations and will be social rented housing. However, the bit that does not go to the social rented sector is equally beneficial to that sector. That is what matters.

Neil Findlay: I have to pursue this. The commitment was for 6,000 social rented houses; is it now for affordable houses?

Alex Neil: I have said that the commitment is for 6,000 affordable new homes to be completed every year.

Neil Findlay: Thank you for that clarity.

Alex Neil: I have said that in the chamber, as well.

Neil Findlay: The SFHA has said that the £40,000 subsidy

"is not adequate if we are to produce genuinely affordable social rented housing."—[*Official Report*, *Infrastructure and Capital Investment Committee*, 26 October 2011; c 206.]

Alex Neil: The £40,000 is a benchmark. We have always said that we would give communities that could not build the houses for £40,000—particularly those in remote rural areas and island communities—the subsidy that they need to make it happen. Let us be clear about that.

We must look at the facts. A number of the housing association proposals that we have received under the innovation and investment programme asked for less than £40,000 per unit. The fund was divided into three: there was £20 million for councils, £20 million for housing associations and £10 million for a mixture. The £20 million for housing associations, which worked out as an average of £40,000 per unit, was oversubscribed by a factor of five.

When people say that housing associations cannot do it, they are talking nonsense, to be frank. The housing associations have proved that they can do it and they are doing it. We have given them the money—£110 million—to do it. Instead of putting £20 million in, which was the original plan, we put £40 million in. As a result of that, we are getting lots of new houses.

Neil Findlay: My last question is about the push towards mid-market rent. Has any evaluation of the market for that been done? What safeguards have been built in for individuals and providers?

Alex Neil: What sort of safeguards do you mean?

Neil Findlay: I mean safeguards to ensure that people can afford the rent, and to protect future rental income.

Alex Neil: Every housing project, whether mid-market or otherwise, is about viability for the delivery agent—the housing association or council, which must ensure that its housing revenue account is viable—and the people who will rent the houses. As you know, each housing association and council is responsible for its own rent level. We have not gone, and will not go, down the road that the Government down south has taken of setting in London rents for the whole country. We have left that to each council and housing association. We do not in any way try to dictate to them the level of rent.

Neil Findlay: What can you say about safeguards for the tenants?

Alex Neil: The housing associations and councils decide rent policy. Obviously, they have to design rent policy that meets their tenants' needs, and they must set rents that tenants can pay. As you know, a high proportion of people in council housing and housing association houses are on housing benefit; rent levels across the board in Scotland are well within housing-benefit levels.

Neil Findlay: If we move to mid-market rent, there is a real danger of trapping people in poverty.

Alex Neil: It is not a market rent, but it is called the mid-market rent. Those terms get bandied about. What is called the mid-market rent is equivalent to between 85 per cent and 90 per cent of housing benefit. Therefore, it is actually a form of social rent. It is a slightly more expensive social rent, but it is still a social rent, in essence. I think that I am right in saying—I will have to check this out—that the level of rent arrears in the mid-market sector is substantially lower than that in the social rented sector.

Malcolm Chisholm: Neil Findlay has covered much of what I was going to ask, so I will ask about the allocation or distribution of housing money. Hitherto, that has been done in two parts: the City of Edinburgh Council and Glasgow City Council are the two authorities that manage development funding and get their funding through the local government line. Are there any plans to alter that arrangement?

Alex Neil: As you know, TMDF has two elements, which were all part of the deal way back in 2002, when Glasgow Housing Association was set up. The TMDF mechanism is part of the local government settlement. One element allows Glasgow City Council and the City of Edinburgh Council to allocate Scottish Government funding to housing associations in their areas, within the broad parameters that are set nationally. The second element is GHA funding, which is gradually coming to the end of its life.

We are negotiating with the Convention of Scottish Local Authorities. As you know, TMDF is included in the local government settlement. Next year, it is about £90 million; £250 million will be provided over the three years. That must be added to any housing figure, in order to see the total picture. I will, with John Swinney, meet COSLA this afternoon to discuss that. If the arrangement does not change, Glasgow could end up with more than 50 per cent of the total Scottish housing budget. It is clear that that would be unfair on the other authorities. We are discussing the matter with COSLA and Glasgow City Council. The important point is that the money is ring fenced for housing.

Malcolm Chisholm: A way of dealing with the problem that you could consider would be to give more TMDF money to Edinburgh. The serious concern is that Edinburgh and Glasgow will not take cuts that are as drastic as the cuts for the rest of Scotland, so the fear is that you will make the cut to Edinburgh and Glasgow the same as that everywhere else, which would reduce the overall housing budget. Of course, the £250 million is included in the £600 million plus that is quoted as your overall figure for the three years.

Alex Neil: TMDF is skewed to Glasgow because legal commitments, which remain, were made to Glasgow Housing Association. We must look at the non-legally committed element of the budget, about which we are talking to COSLA. The discussion’s objective is to ensure that whatever mechanism—be it TMDF or whatever—is used, we end up with a fair allocation between authorities.

Malcolm Chisholm: Do you not have to distribute money on the basis of housing need rather than doing what COSLA tells you?

Alex Neil: That is absolutely our approach. For example, to be considered for approval under the innovation and investment fund, a project has to be consistent with the local authority’s housing strategy and with its investment plan. We build that into everything that we do. The Scottish Government on principle does not fund anything that contradicts, undermines or is inconsistent with local housing strategies as devised by local authorities.

Malcolm Chisholm: Are you giving us a guarantee that the overall housing budget will not be cut as a result of your discussion with COSLA?

Alex Neil: The TMDF element will not be cut—that will be for housing. The discussion is about how we allocate it.

Malcolm Chisholm: If local authorities do not manage development funding, how can they get money for managing development funding?

Alex Neil: We are not saying that Glasgow City Council and the City of Edinburgh Council would not manage their share of the budget. To be frank, Edinburgh’s share is fair. The problem is the skewing of the figures in relation to GHA. However we proceed, we must end up with a fair allocation of the total money that is available for housing—including TMDF—in the whole country, which includes Glasgow and Edinburgh. The mechanics of distribution might change.

Malcolm Chisholm: I presume that you decided the TMDF allocations to Edinburgh and Glasgow on the basis that they were fair shares—otherwise, you would not have awarded that amount of money, even in the local government line.

11:00

Alex Neil: The position was agreed as part of the local government settlement. At the time of producing the budget, we agreed with COSLA that the issue had to be revisited after the overall budget figures were agreed. We identified at the time of the comprehensive spending review that the issue needed to be addressed, but we decided that we could do that once the global figures were agreed.

Malcolm Chisholm: Should those decisions not be based on an analysis of housing need and a consideration of which local authorities are in greatest need of money—to go back to Neil Findlay’s point—for social rented housing?

Alex Neil: That is what we are basing our decisions on, but need has various elements. As you know, every local authority carries out a need and demand assessment and their strategies are based on the results. Sometimes the need is a result of the sheer shortage of housing. In Glasgow, a larger element is the need for regeneration due to the backlog of unfit housing in the city. Glasgow has carried out a need and demand analysis, on which its strategy is based. We allocate money on the basis of strategy that reflects need and demand.

Malcolm Chisholm: It is hard for me to see how that will be changed by a discussion with COSLA. Surely central Government has a view; I do not know whether you have a formula, but you must have weighted indicators that suggest that a certain amount of money has to go to each area.

It is not clear to me why you should change that because a few local authorities and COSLA think that they want a bit more money. I have no objection to that, but the decision should be made on the basis of an assessment of need by central Government, rather than as a result of lobbying by particular councils and COSLA.

Alex Neil: It is not about lobbying. We have inherited the TMDF arrangement. Because of the way in which the overall housing budget is moving in the local government settlement, if there is no change to the current TMDF settlement it will mean that Glasgow, instead of getting an average of 27 per cent of the total Scottish social housing budget as it has in the past few years, could end up with close to 50 per cent. That would clearly not be fair.

We are discussing with COSLA and Glasgow City Council the adjustments that we need to make to ensure that we meet your objective and mine, which is the allocation of resources according to need and demand.

The Convener: For the *Official Report,* I ask the cabinet secretary to tell us what TMDF stands for.

Alex Neil: It is the transfer of the management of development funding.

The Convener: Thank you. We heard from the existing home alliance about the increase in spending on energy efficiency and fuel poverty this year in comparison with last year, although the spend still falls short of what it has been in previous years. In its submission to the committee, the alliance said:

> "If we compare the current funding proposals with what we think is necessary to be confident of meeting the climate change targets and the fuel poverty eradication target, we believe that they will fall short of the funding that is necessary to meet those important targets."

How would you respond to those concerns? Is the budget that has been allocated to fuel poverty and energy efficiency in line with the need to meet our climate change and fuel poverty targets?

Alex Neil: I will make two substantive points. First, over the three-year period of the comprehensive spending review, the total spend on our fuel poverty programmes—including the energy efficiency measures that fall under Mr Swinney's responsibility—is about £0.25 billion. The vast bulk of that comprises our flagship programmes, the energy assistance package and the universal home insulation programme.

We will also spend around £30 million of the £50 million warm homes fund, to which I referred earlier, and Mr Swinney is spending £18 million next year. It varies, but when one adds up all those budgets we are spending around £0.25 billion in the next three years on fuel poverty and energy efficiency measures.

That can be compared with what is happening down south. In the Labour Government's last year in office, it cut the warm homes budget by 50 per cent, and the Tory-Liberal Democrat coalition is more or less abolishing that budget. What we have been able to do, are doing and will do in the next three years far exceeds what is happening in the rest of the United Kingdom. There is a very substantial investment from the Scottish Government in tackling fuel poverty.

My second point is that, in the debate, people tend to forget that the energy suppliers spend an average of £100 million a year through the carbon emissions reduction target, or CERT, programme. That will be replaced next year by the new ECO—energy company obligation—programme. We have been in detailed discussions with Chris Huhne, the UK Secretary Of State for Energy and Climate Change, to try to ensure that Scotland gets its fair share, and ideally more than its fair share, of the funding through the new ECO and green deal programmes.

Although the transparency is not at the level that we would like, our understanding is that, under the CERT programme, the energy companies spend about £100 million a year in Scotland on fuel poverty measures, which are primarily insulation measures. If we add that to the amount that we are spending, the total is not far short of the £170 million that Energy Action Scotland says is necessary to deal with fuel poverty in Scotland. Further, that does not take into account the impact of our housing programme. The new houses that we are building are very warm homes. If every house was up to that standard, we would not have fuel poverty in Scotland—we would be like the Scandinavian countries, where fuel poverty is an alien concept.

The Government is providing £0.25 billion over the next three years and there is also the private sector contribution. We are trying as best we can to ensure that Scotland continues to get a high share of the private sector investment from the energy companies through the ECO programme. John Swinney and I will meet the six major suppliers next week. Through those two programmes, we are determined to do everything that we possibly can.

That said, the recent price increases by the large energy companies have undoubtedly added significantly to fuel poverty in Scotland. Before the recent increases, we reckoned that 770,000 households in Scotland were living in fuel poverty. As a result of the price increases, that number has increased by 170,000. We reckon that, for every 5 per cent increase in energy prices, there is a 2 per cent increase in the number of households in Scotland in fuel poverty. That is 46,000 households being brought into fuel poverty every time there is a 5 per cent increase in energy prices. That is the major short-term challenge that we face.

Jamie Hepburn: The next-generation digital fund is designed to accelerate the roll-out of broadband across Scotland. What plans does the Government have for the allocation of funding from that fund and what impact is the fund likely to have?

Alex Neil: The total funding that has been identified for investment in superfast broadband over the next three years or so is £143 million. That includes the £68 million that we have had from the UK Government, which was way below the figure that we should have got, plus the £50 million next-generation digital fund that we have created and £25 million from European structural funds. Adding that up, £143 million will be available. The £10 million that has already been committed for the Highlands and Islands must be deducted from that, so there is about £133 million still to allocate. Early in the new year, if not sooner, we will publish our action plan for rolling out the money and the criteria that we will use to do that.

Jamie Hepburn: We have to watch this space, I suppose. We have heard about the oversubscription of the innovation and investment fund among housing associations. You say that about £133 million is available through the next-generation digital fund, which is a substantial amount, but we face a great challenge in rolling out broadband, so we can imagine that the fund will also be very well subscribed. If there is a shortfall—although I hesitate to use that term—and there are more applications than available funding, how will you seek to leverage in other funding?

Alex Neil: It is estimated that in the Highlands and Islands alone it could cost £300 million to ensure that everyone has access to superfast broadband, although I am not in a position to say whether that figure is accurate. There is clearly a huge demand for that kind of broadband and we need to do what we can in that respect.

In any case, we are absolutely determined to ensure that this funding is used to leverage in additional funding from local authorities, Europe and the private sector, particularly contractors, and we are looking at how we can turn that £143 million into a much higher figure to fund on-going investment in superfast broadband in Scotland. The community benefit clauses in those contracts will be substantive, and I am absolutely determined to get the maximum possible out of the leverage that having that money to spend gives us with suppliers.

Jamie Hepburn: You have referred a couple of times to the situation in the Highlands and Islands and there is a tendency to look at the issue from the perspective of the pressing need for broadband access in rural Scotland. Although I accept that such need exists, we had a presentation from Ofcom that suggested that broadband take-up rates are higher in rural areas than they are in urban areas. That might not entirely be down to infrastructure. I know that, in the northern part of urban Cumbernauld in my constituency, access to broadband is poor. Are you able to assure the committee that the fund will be available to the whole of Scotland, not just its rural areas?

Alex Neil: There will be a heavy emphasis on rural Scotland because I imagine that private investment will not be made in those areas. That said, our policy objective is to make superfast broadband available throughout the whole of Scotland and, obviously, we will do whatever we need to do to achieve that aim.

I should point out, though, that private sector investment is not being made in certain areas where the take-up rate is expected to be under the magic figure of 20 per cent. A strand of our strategy will be to try, where we can, to substantially increase take-up levels. After all, if you can raise expected take-up levels—and there are programmes that we can undertake to do just that—you are more likely to secure private sector investment, which makes public sector investment unnecessary. Given the huge challenge that we are facing, where such opportunities exist, we will take them.

As I said, we are working very hard on the action plan, but because of the lack of co-operation from our London colleagues in the Department for Culture, Media and Sport in providing the necessary intelligence and information, that work has taken longer than we expected.

We certainly have not received our fair share of the £530 million in BBC licence money; indeed, London has very much short-changed us in that respect. For example, Wales got £58 million, while we received only £68 million. I do not think that Wales should have got any less—I just think that we should have got a lot more. Moreover, the question whether £100 million of that money has been allocated is still unanswered. Has it been allocated? If so, to whom? If not, can Scotland get a share? We are still dealing with those matters with our colleagues in London, but that is another good example of why this Parliament needs total control of all these matters.

Jamie Hepburn: That is a good place on which to end my questions.

The Convener: It certainly is.

As members have no more questions, I thank the cabinet secretary and his team for their evidence. I briefly suspend the meeting to allow for a change of witnesses.

11:13

Meeting suspended.

11:18

On resuming—

Winter Resilience and Roads Maintenance Review

The Convener: Our next item of business is winter resilience and the roads maintenance review. Our evidence session with the Minister for Housing and Transport will cover the Scottish Government's winter resilience strategy and the outcomes of its national roads maintenance review.

I welcome the Minister for Housing and Transport, Keith Brown MSP, and the Scottish Government officials who are with him. Frances Duffy is director of rail and Roy Brannen is director of trunk roads and bus operations at the Scottish Government.

Minister, we know that you set up the winter weather review group and that it met three times over the summer. What were its key findings and how will they be implemented?

The Minister for Housing and Transport (Keith Brown): As you say, convener, the group met three times over the summer and it discussed issues across the piece. It discussed all the different modes of transport and some non-transport items. The findings can be categorised as initiatives for further joint working. We did not wait until the group reached conclusions on all issues, of course. Waiting for conclusions did not prevent action from being taken. A lot is still to be implemented but, as we are now in the winter period, we have already implemented substantial things.

There has been substantial capital investment in relation to roads, which has been informed by the group's deliberations. There is a substantial number of new gritters, but existing plant will also be used in a more imaginative way. We have worked with farmers—members may recall that that issue came up last year. Some of the existing plant—for example, plant that is used to trim hedges during the summer months at least—has been adapted for the winter period, and we have substantially changed the communication strategy to make it much more effective than it was last year. There will be much greater use of social networks, for example, and an internet radio station has been established that will transmit transport information to transport users, including road users such as those who transport freight on our roads.

Members will be aware of the new provisions for roads that were implemented during the first part of this year and have been further developed. Additional salt-storage facilities have been placed at strategic locations by roads on which we know there can be difficulties with adhesion—on inclines, for example, for HGVs. We have improved the ability to open central reservations on roads in order to effect the removal of vehicles when there is an issue so that gritters can get in to clear the road.

The group looked at a number of issues to do with rail, such as the freezing of points. Network Rail has invested substantially to deal with that issue by heating points. Other measures, such as the establishment of a winter train that will take plant and personnel to different parts of the network to ensure that it is clear for use, have been developed as a result of discussions in the group.

A huge range of actions has been discussed. Some have simply been carried on from last year and some still have to be implemented, but many already have been implemented.

Jamie Hepburn: I want to follow up on the convener's initial question about the winter weather review group's report. What has been done to improve interagency communication in periods of severe weather? Obviously, that was an issue last winter.

Keith Brown: It will be easiest to look at all the different modes of travel.

I will start with roads. The trunk road operating companies have been talking to each other. They were not obliged to do that previously. They have collaborated in the past, but they have been formally brought together. Around three weeks ago, there was a joint presentation for me from the trunk road operating companies; I think that a similar presentation was offered to members last week. The trunk road operating companies have been talking to each other about what they can do, and that has been done in conjunction with local authorities. Obviously, local authorities were involved in the review, and they are now involved in more collaborative working. I think that it is generally appreciated that some of the challenges that we faced last year can best be met by the collaboration of people who have perhaps not collaborated before. All the roads stakeholders have been involved in that process.

I turn to rail. Last week, I saw what is perhaps the culmination of the collaboration between ScotRail and Network Rail. I went to their joint control room in Glasgow to see how effectively they are working together. ScotRail and its services are on one side of the office and on the other is Network Rail. They are separated by just a small strip—there is a very good reason for that division. ScotRail's duty manager sits right across from Network Rail's duty manager. The organisations occupy a joint control room when there is severe weather. There is strong collaboration.

Across the piece, we have taken forward last year's multi-agency response team—MART—initiative, which members will remember. When there was severe weather, a senior police officer, representatives of the trunk road operating companies, ScotRail and Network Rail, and—often, but not always—I would be in the same room. Members will remember December last year. When a decision was taken to close a road, especially a strategic road, there would be an impact on the roads around it. If a trunk road was closed, there would be an impact on local roads and on railways, as people obviously move to another mode if they cannot get to where they want to go by road. That was not co-ordinated. The point of the MART being co-located is that everybody knows about the decisions at the same time. That has informed what we have done since then, so organisations such as ScotRail, Network Rail and the Society of Chief Officers of Transportation in Scotland—SCOTS—which represents all the local authority directors of roads or equivalent posts. We also involve the Met Office and passenger transport organisations as well as the police and the trunk road operating companies. There is substantial joint working, but what is more important than any particular measure that we have taken is the change in culture that has happened. People now realise that they have to work together.

Jamie Hepburn: Co-location is not only about being able to speak to each other better; it is also about working in a different way on the ground. It is about central and local bodies coming together to work together to give a more effective response.

Keith Brown: That is so. I recently met freight companies and courier firms, because they were also affected last year and they can provide information and intelligence, because they have a network around the country. I cannot itemise all the background work that has happened but, as you say, a lot of the effective stuff will come out of meetings that the organisations concerned have had to produce a more effective response.

Another example is what I saw when I went to the Calor Gas facility at Grangemouth recently. The company has done work on winter maintenance for its own yard to ensure that it gets supplies in and out. That has necessarily also involved ourselves and the trunk road operating company. You will know the site down at Grangemouth—a trunk road goes by and a local road, which the council has to look after, goes down to the facility. As you can imagine, the Calor Gas facility is very important because it will provide heating supplies to many people, including vulnerable people, throughout Scotland during the winter. There are 1,001 examples of such collaboration.

Jamie Hepburn: Such communication between organisations is very important, but equally important is the communication of decisions and the availability of information about emerging problems to the public. You said a little about some of the initiatives that have been taken forward on the internet. Can you tell us a little bit more about how the Government plans to get the information out? For example, what arrangements do you have in place with television and radio broadcasters?

Keith Brown: You will have seen all the information on getting ready for winter. We worked on a winter resilience week with the Red Cross that mirrors an initiative in Canada. It can be very important, for the sake of your health, to know what is happening in Scotland in winter time, but in Canada in many cases it is a matter of life or death if you do not know the dangers of winter. We have taken that on board and had a week-long series of initiatives and public education processes, which involved literature being posted out, school educational toolkits and many other measures.

There is general public awareness of the winter. Over and above that, I mentioned the internet radio initiative. It is also true to say that, this year, if someone is going to go up the A9 and they want to know when the treatments on that road are taking place, they can now get access to that information, which was not previously available.

I would like to be able to get to the stage in the future whereby somebody could put into a global positioning system or whatever the information that they are going up the A9 and that they would like to know what the weather forecast is for that road. Obviously, that would be very interesting information for haulage companies. They would be able to put that information side by side with the information on the treatments that we will carry out on the road. We are working towards that, but now it is simply the case that people can go on to the internet and find out when we intend to treat the road.

Over and above that, many initiatives to communicate with the public are not ours to take; it is for ScotRail, which has done a huge amount of work on train services, and Network Rail to communicate the information.

Having seen the coverage in the papers throughout the country—including small local papers—there seems to be a huge amount of information out there and it signposts where people can go if they want further information.

I mentioned social networks, which we identified last year as giving us huge potential to get information out, especially when people want to see quickly whether a train service, for example, will be available.

On that particular point, ScotRail would readily admit that its website fell over at a crucial point because of the volume of traffic that was coming into it. Many organisations, not just ScotRail, have built in extra resilience to their websites so that they can cope with a much higher volume of traffic. Work has been going on across the piece in terms of communications.

11:30

Jamie Hepburn: What about the mainstream broadcast media—television and radio—on which people rely hugely for transport information in particular. What arrangements are in place in that regard?

Keith Brown: We are happy to host any media organisation that wants to use the Traffic Scotland information. Of course, the cameras are publicly available—anyone can log on and see what is happening on the roads in real time.

We met recently with the BBC to talk about how we can better help it. Media organisations put out appeals to ask people to get in touch with them if they are aware of an issue on the roads or rail. The issue there is that, although they often get information more quickly than we do, because they appeal to everyone across the country, they do not always have the chance to verify that information. Last year, I spent an interesting night in the Transport Scotland control room then drove to the Parliament for the winter resilience debate. I sailed right through the Calder roundabout at about 8 in the morning while listening to a report on the radio—I will not mention the broadcaster—that said that the junction was completely backed up and that there was no way through it.

Jamie Hepburn: They had cleared the road just for you. [*Laughter*.]

Keith Brown: Is that what the three gritters in front of me were about?

That points to the fact that situations change quickly. We are trying to see whether we can get information out more quickly, but we also want to ensure that the information has integrity and is up to date. We have spoken to broadcasters about that. They are aware of the issue. They are an aid to us in that regard, because the more intelligence that we can get in, the better—I have mentioned the situation with courier and delivery companies already. We have discussed with broadcasters how we can help each other.

Gordon MacDonald: Transport Scotland has taken various steps to improve the response to severe winter weather on the trunk and local road networks. Given that part of the problem last winter was that salt is less effective when temperatures fall below zero, what research has been done into alternatives to salt for de-icing, and are there sufficient supplies of such alternatives to be deployed this winter?

Keith Brown: A number of things are being done. As you know, Transport Scotland has the responsibility for the trunk roads, motorways and so on. However, local authorities have worked with Transport Scotland, as they have an obvious interest in that regard.

Despite some misconceptions, nobody ran out of salt last year—there was enough salt to go around. Some authorities ran low, but were able to access the strategic stock. We already have in stock well over 100 per cent of the amount of stock that we used in the whole of last year, and we have more coming in.

As you say, salt becomes less effective around -7°C. We have therefore investigated other treatments, such as Eco-Thaw and Safecoat. We trialled them last year in the north-east of Scotland. They operate below that temperature and can help to keep the road free from ice for a longer period. They can also help us to break up ice—I do not know whether you recall the scene last winter of a caravan of vehicles coming along the M8 trying to break up the ice. We have around 70,000 litres in stock at the moment. Those products are about seven times more expensive than salt, so they will be used only when the temperature gets that low. It is up to the trunk road operating companies to make the decision to use them.

Having investigated those products and satisfied ourselves that they do not damage the environment, we have said to local authorities that they might want to make use of them to break up ice on pavements and so on. We have made information about the products available to them and will consider any requests that they make. I hope that if more people use the products, the price will come down.

Gordon MacDonald: You touched on the problems of the motorway network to the west of Edinburgh. What advice from Transport Scotland's performance audit group was given to operating companies on how to improve their winter maintenance procedures and what sort of response was there from those companies, in particular BEAR Scotland?

Keith Brown: I will ask Roy Brannen to respond on the dialogue with the companies. The advice involved, for example, ensuring that we have more intelligence on the state of the road surface. The M8 appears to us as one continuous road, but its dips and so on and the different temperatures in different parts of it are significant issues, so it is important to have remote sensors. However, remote sensors are expensive and there were not many of them on the trunk road network. We have therefore ensured that most if not all patrol vehicles will have remote sensors, which means that they will be able to measure low temperatures in road dips and assess whether the road requires treatment. Some of the advice that we gave to trunk road operating companies was therefore about ensuring that they had intelligence about particular issues.

Roy Brannen (Scottish Government): At the tail-end of last winter, we undertook a joint piece of work with the operating companies, and Halcrow, our performance audit group, to review the winter service that has been in place for the past decade. We looked at three areas in particular: decision making, treatment and communication. I have been in post since 1 April and, over the past six months, we have worked on strengthening all three legs of that stool, if you like, which makes up winter resilience.

On decision making, we have put in six new ice sensors across the network where there were gaps in the set-up, which takes the number of our ice-alert stations up to about 141. Twenty-six additional cameras have been deployed so far, with another seven going in on Friday, to let the winter duty officers see exactly what is going on in the network. As the minister said, we have put 50 mobile sensors on the front-line patrol vehicles so that the road surface temperature and air temperature can be relayed directly back to the operating companies' winter control rooms and the duty officer in charge of managing the winter response can see at first hand exactly what is going on.

We have employed 23 new front-line patrol gritters, whose purpose is to back up the precautionary treatments that will already have been undertaken throughout the day. The normal process is that a forecast comes in around lunch time and the winter duty officer in the operating company control room starts to plan exactly what the precautionary treatment will be for that evening. He will then put that in place and the spreaders will go out and lay a treatment of salt across the network where it is deemed likely that ice will form.

The winter patrols will go out on the motorway network, the A9 and the A90 up to Aberdeen when the temperature falls to 3°C and continues to fall. They will be out from 2 in the morning right through the morning peak for traffic until 10 am. They will patrol the network on the basis of a one-hour patrol and one hour on standby, so that they will be able to reach any part of the network within 30 minutes. If they get a call or see something on the mobile sensor and the winter duty officer says that they need to dispatch a batch of salt to a particular location, they will, because they are fully loaded six-cube gritters—in fact, some are nine-cube gritters—be able to deploy within 30 minutes to that location, under the direction of the police or the winter duty officer.

The motorway network and the principal A-class roads will be covered by those 23 additional spreaders. When there are severe snow events, that will mean a 14 per cent increase in our total plough fleet to deal with snow when it gets to depths of 30mm and more.

As the minister said, we have introduced a number of communication initiatives. The principal one, which went live last week, is Traffic Scotland internet radio. The service is being provided by Trafficlink, which is a broadcast provider that is co-located in the Traffic Scotland control room and that currently broadcasts to 95 per cent of all commercial radio stations in Scotland. The same provider provides us with a bespoke carousel service of two to three minutes that will run all day through the morning peak and the evening peak, then through the night with pre-recorded updates on planned road works. It is a dip-in, dip-out service; there is no music, but there are infomercials on how people should prepare their car and what else they need to do to seek information. It will provide up-to-date information on live incidents and it is available as an application on any smartphone and is available via the internet to any personal computer.

Gordon MacDonald: Given the pressures in the budget, what is the impact of financial constraints on funding for winter roads maintenance at a national and local level? What is being done to ensure that footways and cycle paths are kept cleared? What practical action is being taken to ensure that bus services can keep running during severe winter weather?

Keith Brown: The first question was about budgets. There is no question but that budget constraints play a big part in our planning and in our work. That has always been true, but it is probably more true just now. We have a £1.3 billion cut to absorb and, crucially for roads maintenance, much of which is capital spending, we have a 36 per cent cut in our capital budget over the next four years. Those constraints will have an impact.

We knew last year that we would have those constraints. We improved the budgets for both winter maintenance and roads maintenance, but we also focused on how to do what we do better. In that, we have emphasised two things in particular.

The first is collaboration. A trunk road operating company could be carrying out work on a trunk road adjacent to a local road, or a lighting project could be going on next to a trunk road, and that work would be done much more cheaply if the local authority and trunk road operating company worked together. We have asked for increased collaboration, and that is what the roads maintenance review has been mainly about.

We have also taken views from around the world on how different countries deal with roads and winter maintenance. That has allowed us to consider different equipment and practices. An awful lot of work has been done on how we can get more from the money that we have available, because we realise the constraints that we are under.

I am trying to think what your second question was, Gordon.

Gordon MacDonald: How do we keep the footways and cycle paths clear?

Keith Brown: By and large, they are the responsibility of local authorities. We will continue to have the same obligations for the footpaths that are adjacent to trunk roads, with Transport Scotland and the trunk road operating companies having to clear footpaths within a certain time.

Over and above that, we are running an initiative, especially in the north-east and south-west, whereby we provide to householders a pack including grit, a shovel and some other equipment. That does not mean that we are opting out of what we did before; it just means that, if it will take a certain time to clear a particular path or driveway, the householders will have the option of using the equipment to help out. That does not affect our obligation to do the work.

The different areas where the initiative has started are Boddam, St Fergus, Crimond and Cromdale in the north-east, Carlops in the south-east, New Cumnock in the south-west, and from Golspie through to Benderloch in the north-west. It has been fairly well received. A question was asked in the media about whether we are opting out of our obligations to look after the footpaths and so on. We are not—we have the same regime as before. The initiative gives people another option, and it has been well received by community councils and communities.

That is what we are doing, but by far the biggest work will fall to local authorities, as they have responsibility for far more footpaths and cycle paths than we do. Transport Scotland is responsible for about 6 per cent of the road network in Scotland, and the rest is the responsibility of local authorities.

Did that cover all the points that you asked about, Gordon?

Gordon MacDonald: I think so.

Adam Ingram: What has Network Rail done to ensure that rail infrastructure—especially points and signalling systems—are better able to withstand winter weather than during the past two winters? We understand that ScotRail trains have been equipped with more winter resistance measures. Could you outline what those measures are?

Keith Brown: I have mentioned the winter train, which is one aspect of Network Rail's improvement to services. Around the country, more points that can fail in severe weather, especially strategic points, are now heated. That will help to keep them working. Network Rail also has the use of a helicopter, which through thermal imaging and other means can help it to identify problems on the network much more quickly. It also uses that to identify incidents of cable theft, which is a problem for it, too.

Network Rail has done a lot of work to make sure that it is more resilient this year. Along with ScotRail, it will be able to use the key routes strategy, under which the companies concentrate on keeping key routes open when very severe weather takes hold for a period of time. That is never popular because it always involves not running some services, but they did it last year, so ensuring that strategic services continued to run. I have said to the companies that I am keen that that strategy is used only as a last resort.

11:45

Adam Ingram: Will it entail some lines closing?

Keith Brown: Yes, or services not being run. For example, a main line that has heavy and fast passenger traffic will be kept open, but it might be at the expense of a local line. If points are in danger of freezing, they need to be kept open to maintain the line. That will happen only in very extreme weather.

Apart from the communications initiatives that ScotRail and Network Rail have undertaken, ScotRail will refine some of the innovations that it brought in last year, such as housing rolling stock in polytunnels, putting skirts or kilts around the trains to stop ice accumulating underneath the carriages, and using hot lances to get rid of any ice. It is interesting that other countries, including some parts of the United States of America, have adopted what ScotRail did last year because it proved to be so effective.

Those are probably the main changes that I can think of. You mentioned signalling. Network Rail has identified improvements to infrastructure and undertaken significant maintenance and track improvement works to help to reduce the potential impact of severe winter weather. We have had a more laser-like focus on that since last year. It should be part of Network Rail's normal business, but it has focused on doing more of that this year.

You might have seen the Office of Rail Regulation's intervention on levels of service. ScotRail has traditionally given a much higher level of service than train operating companies in the rest of the UK have. However, its service level has dipped of late, so we have worked with it and the Office of Rail Regulation to get on top of that and make sure that it maintains its previous high standards.

We are very focused. A lot of improvements have been made and a lot of new thinking has been done. ScotRail has invested about £2.2 million and Network Rail has made substantial investment in the winter train and the helicopter, and so on.

Adam Ingram: We heard from Mr Brannen that, until the recent refresh, the winter resilience programme had been the same for the past 10 years or so. In our budget discussions, we have talked about being a bit more preventative and anticipating future issues in, for example, the design of systems and rolling stock. Have any of the lessons of the past two winters been taken on board in those longer-term plans?

Keith Brown: Yes, they have, although there will be a difference between road and rail in this respect. The roads maintenance review, which I mentioned earlier, was not just about different working practices in other countries but about different design possibilities and the materials that are used to make repairs or when laying roads in the first place. It will be a little more difficult with rail. We have to consider the franchise timetable, as the award of the franchise is the point at which we might see substantial new investment in rolling stock, for example. It is not that the rail improvements have been ad hoc, but the companies have had to be more innovative in what they do under the current franchise.

Having had a winter resilience programme in place for the past 10 years does not suggest complacency. It is simply a fact that the past two winters were quite unlike the previous eight. Although we have drawn many lessons from the past two years, there is always a balance to be struck between investing in expensive capital equipment that may not be used—and being criticised for that—and not having that equipment if we need it during the winter.

It is also true to say that much of the thinking has been informed not just by last winter. Since last winter, which people rightly focus on, we have had a volcanic ash cloud, the highest winds in May for many years and very severe rain in August, which was equivalent to a month's rain falling in two days, all of which presented problems. We also had the remnants of hurricane Katia. Each of those presented challenges to the transport system and has informed what we are doing just now.

I do not know whether that is enough, or whether there are other things that you want to hear about road and rail specifically.

Adam Ingram: You have certainly had an eventful period in office. You mentioned rain; I understand that there have been a number of studies on flooding and drainage on the rail network. What has been done to implement the results of those studies? Is significant work needed there?

Keith Brown: I will let Frances Duffy come in on the detail of that. Not just in winter, but when there is potential for flooding, the Government's resilience room—the Scottish equivalent of COBRA in the UK—comes into effect. The Minister for Environment and Climate Change is involved in that and there is a whole system of flood alerts in different stages that we all tap into, so we get up-to-date information about the likelihood of flooding occurring.

Frances Duffy (Scottish Government): We are aware that key parts of the rail network are susceptible to flooding. It is something that David Simpson, route managing director for Network Rail, is looking closely at because, obviously, flooding impacts on the performance of the rail network. As the minister was saying earlier, we and the Office of Rail Regulation are pressing Network Rail for better performance on that. There has been considerable investment in new pumps at certain key locations on the network. As part of the Edinburgh to Glasgow improvements programme, we are looking at the implications of flooding around Winchburgh if we put more capacity through there.

One of our expectations for the railway in control period 5 will be greater resilience, and that will direct expenditure. As part of its performance activities, Network Rail is looking at different standards, designs and ways of operating across the UK in order to improve things. In Scotland, there has been some investment in flood prevention, through different pumps, but we are also seeing new instances of flooding. We had some very heavy rainwater ingress in Queen Street station, which seems to have been caused by redevelopment work further along the track. We need better communication between the rail network and the local authorities and better planning in order to understand what is happening in locations that might impact on the rail network.

Neil Findlay: This might not be relevant to what you have been discussing, but has there been discussion with public and private sector employers to assist them in applying consistent policies when employees cannot get to work because of weather-related problems? I am thinking about what happens when there is advice given to travel only when essential. To a manager of a company or organisation dealing with that, it can often mean that somebody appears who did not hear the message and says, "Well, I got in," and the next person says, "Well, I heard the message on the radio and I didnae come in." There can be ambiguity about whether that person gets paid or not, and it becomes a bit messy.

Keith Brown: Yes, we have given that some thought. There are constraints that operate in that area and there is only so far that the Government and the police authorities can go. We see it as our responsibility to make the advice that we give clearer, although it can only be advice. We cannot tell people, "Stay in your homes and do not go to work." We cannot do that kind of thing, but a lot of work has been done to make the advice that we give clearer. That work has been done in conjunction with the Met Office so that what we are saying is consistent. We want employers and employees to realise that, if we are saying to avoid travel, that is pretty clear advice. It will be down to individual employees to decide whether to avoid travel and down to individual employers to decide how to react if employees do not come to work because of disruption. We have had other discussions, most recently with housing associations and local authorities, about what they might want to consider. For example, Stirling and Clackmannanshire share education and social work services. If someone can get to a school in Stirling, even though they work in one in Clackmannanshire, why should they not go to the nearest one, if possible?

A different culture operates in other countries, which seem to have more of an understanding between employers and employees about when they should turn up for work. There is an interesting example in Washington, where there is a federal initiative to tell people exactly that. An announcement is sent out at 4 o'clock in the morning—you may happen to be looking at your mobile phone at that time—about whether the federal Government will, essentially, close for the day. We do not propose to do that here, but elsewhere they are looking inventively at how they can give people the right advice. People are also able to stay in their workplace overnight if the travel conditions are too severe. We will continue to review the question, but in most instances the individual employee and the company concerned will make such decisions.

Neil Findlay: Will any guidance be provided?

Keith Brown: Our role is to give advice. If we can provide as much information as possible to an individual before they make a journey and, obviously, if the employer has the same access to that information, they can both see the options. I remember in 1979 walking from Wester Hailes to Newington in Edinburgh through some very heavy snow to get to work and, when I turned up, my employer, far from showering me with gratitude, said, "Why are you late?" An employer has access to the same information about the weather conditions and knows where their employees live, and we have simply said that people should act reasonably in those circumstances.

That issue is probably even more crucial for drivers for freight companies and so on. On the continent, especially in France, employers have an understanding of the road conditions and drivers will take a decision to park up on a road that they feel to be dangerous. In other countries, employers seem to understand why drivers would do that while keeping an eye on potential abuses.

We do not provide guidance other than the advice that we give about the travel conditions. The decision is left to employers and employees.

The Convener: Thank you. Obviously, we have had some unusual weather events already this year, including now, when it is particularly mild for November. I wonder whether the Met Office has given you any indication whether it will be a severe winter. Perhaps when we close this evidence session we should ask Alex Hill from the Met Office, who is sitting behind you. I thank you all very much for the evidence you have given us today—[*Interruption.*] I am sorry, I thought that we had finished. We must move on to the roads maintenance review.

Gordon MacDonald: Given that the "National Roads Maintenance Review" highlighted the strategic framework for change, can you explain what that framework is and how it will be delivered by roads authorities?

Keith Brown: May I first say something that I forgot to mention earlier? If the committee is interested, I am assured by Transport Scotland—I am sure the same would be true of ScotRail and Network Rail—that we would be happy to host the committee on a visit to the control room or even one of the trunk road operating companies' headquarters if you want to see some of the issues in dealing with winter demand. That is a standing invitation for any point during the winter if you want to come and see that work at first hand.

The roads maintenance review was based on trying to tackle the constraints of budget and resources at a time when Audit Scotland had identified a substantial backlog in the amount of work to be carried out. That work has been taken forward in two summits with all the stakeholders, including the Society of Chief Officers of Transportation in Scotland, which comprises officers in local authorities with responsibility for the roads network; the Convention of Scottish Local Authorities; the councils themselves; and the trunk road operating companies. At the first summit, we had substantial exhibitions from different companies involved in innovation in roads. After the second summit, which took place last week, I feel that we have an awful lot of common ground, especially with the councils, which are the relevant roads authorities for their areas.

12:00

Those summits have produced about 30 options, many of which can be implemented very quickly. Indeed, I have spoken to the president of COSLA, who addressed last week's summit, and the organisation will consider those options at a leaders meeting on 18 November. If, as I hope, COSLA approves that particular paper—in fact, I wrote to COSLA the day after the summit, encouraging it to do so—we will be able to take certain early and longer-term actions. We will come back to the issue over the winter and hope that, in the spring, we will be able to move to the next stage with some of the other options.

It is also probably worth mentioning the work of the Scottish road works commissioner, who examines how utilities and others use the road network when, for example, they close a road to carry out works. Our very full discussion with the commissioner will lead to further developments in his remit, but he has certainly been examining the issue of overpossession, in which a utility might close a road for a week but take 10 days to carry out the works. In other parts of the country, overpossession can lead to severe penalties and we will be looking at that issue.

Moreover, the register of proposed works, which is held by local authorities, lists who will be using a particular road, and we are thinking about how we might refine that to limit the number of times a road has to be dug up and ensure that it is reinstated to the required standard. By and large, such reinstatement happens, but my view is that, even if a road is reinstated as required, when it has been dug up 30 or 40 times it cannot be reinstated to its original condition. We are looking at how we can address that issue with the utilities. It is certainly clear that a lot of options are coming out of the roads review.

Gordon MacDonald: Although the report makes seven recommendations, it points out that implementing them will only slow rather than halt or reverse deterioration in the road network. Can you comment on that?

Keith Brown: There is no question but that budgets play a large part in this matter—and we are increasing the budget in this respect. However, I am responsible for about 6 per cent of the road network, although I point out that those roads require more investment because they tend to be faster roads such as motorways and trunk roads. Given the large part played by budgets and resources, we have emphasised that improvements can be made through better design and better collaboration between roads authorities and by taking the best of current international practice. However, like everyone else, we have to carry out our work within a constrained budget; after all, a £1.3 billion cut is going to be felt in every area of government.

Adam Ingram: When the steering group looked at the research in this area, it suggested nine options for immediate delivery. What do you intend to do about those options and what do you propose to do about the further recommendations on additional research?

Keith Brown: I mentioned one or two of those options in relation to the nine different actions that have been highlighted. Indeed, going back to our previous discussion on winter maintenance, I note that one of the options is to factor lessons learned from the winter maintenance review into roads maintenance. The point might be obvious, but we have to deal with the many different organisations with responsibility in this area.

There are many other recommendations that I am happy to outline, but they are still subject to agreement with COSLA, which is by far the biggest stakeholder with the proportion of the roads network that it covers.

Roy Brannen may want to comment on some of the initiatives.

Roy Brannen: I chaired the review during the summer months on behalf of the steering group, which consists of the Society of Local Authority Chief Executives, COSLA, SCOTS and the Scottish road works commissioner. The nine recommendations emerged from 100 options that were filtered through officers from all those organisations. We felt that the recommendations could start to change the culture of how we as professionals manage the asset that is Scotland's road network.

One recommendation was to set up a national roads research working group. A winter managers' forum took place up in Perth and Transport Scotland and SCOTS led on bringing us and local authorities together to consider winter initiatives. In Ayrshire, one of the councils put forward an initiative that uses alternative products on footways and will undertake a trial of that. Until now, such a piece of work would not have been shared with other partners.

The national working group will ensure that everyone benefits from that type of research, which seems simple, and that is certainly where we want to go. We will use the best resources that we have, and organisations such as Transport Scotland and any of the local authorities can engage in that work and share best practice across the piece.

We also want to examine standards—UK standards in particular—for maintaining our roads safely. With local authorities, we will examine those standards closely and lobby the UK Government and other national roads authorities to ensure that they are fit for purpose. It has been some time since we last reviewed some of the standards, such as the intervention levels for dealing with surface depreciations and those relating to road geometry and wider aspects of road design.

We feel that we can start to work on a number of things now, including building on the best practice that has come out of the discussions. One really positive thing that has emerged is that the group will remain in place for a considerable period of time and will not finish at the end of the spring. Officers are committed to ensuring that we continue to drive forward the work on asset management and the review of how we undertake our business going forward.

Adam Ingram: As the minister mentioned at the outset, all that comes against the background of a declining budget for roads across the country. The Audit Scotland report indicated that we have something like a £3 billion-plus backlog of repairs and maintenance in the roads infrastructure. How will we cope with that? You are looking at improvements in operating and trying to get better value from the work that you are doing, but the backlog seems to be growing.

Keith Brown: That is a good point. The figure that Audit Scotland mentioned was £2.25 billion, which is a concern for all roads authorities, but I must focus on what Transport Scotland controls. Consideration comes down to the fact that with budget constraints as severe as they are—and they are more severe than at any time that I can remember during my time in local authorities, at the Parliament or in Government—we need to get more for the money that we have.

From memory—although I could be wrong on this—I do not think that the Audit Scotland report gave a very good indication of how the situation developed. It gave some figures, but not for how the backlog has grown over time. I know from my time in local authorities the cliché that the roads maintenance budget is one area that you can look to if you have a tough budget settlement, as it is an area of discretionary spend. It may well be the case that the same attitude prevailed centrally. Not that long ago, in the previous session of Parliament, there was a move by one of the committees to cut the winter maintenance budget by £15 million.

We recognise the constraints. The backlog has existed for some time. We would like more capital expenditure, not least because it can allow us to make major improvements to roads, and some contracts have future maintenance costs factored in. If we had additional capital, we could do an awful lot more, and that has the benefit of employing a lot of people, who then pay tax rather than receive benefits, because such work is labour intensive. Also, now is the very time when we can get fantastic deals for our money. Earlier, the cabinet secretary mentioned the new Forth road crossing, for which there are huge potential savings because of the point in the economic cycle at which the contract was let. Many companies and individuals are hungry for such work, and we would love to give it to them, but we must live within our budget, as must local authorities.

Given that situation, although we are increasing budgets, if we are to make progress, we must seek efficiencies, joint working and collaboration and the use of best practice and new design solutions. If we receive consequentials money, we can use that. If we had borrowing powers, we could do more. I used to be a member of Clackmannanshire Council, which is a small council but which has more borrowing powers than the Scottish Government has. The council has no trunk roads or motorways in its boundaries so it has to look after all its roads, but it can borrow money and we cannot. Those are the sort of constraints that we must live with. We need to be inventive in responding to the challenge.

The Convener: As we have no more questions, I thank the minister and his team. I suspend the meeting briefly to allow the witnesses to leave.

12:11

Meeting suspended.

12:13

On resuming—

Petition

Essential Ferry Services (Governance) (PE1390)

The Convener: The next agenda item is further consideration of PE1390, by Professor Neil Kay, which calls for the setting-up of an independent expert group to consider and recommend institutional and regulatory options in relation to the provision of competitively tendered Scottish ferry services under EC law.

The committee last considered the petition at its meeting on 5 October this year, when it agreed to question the Minister for Housing and Transport on the issues that are raised in it following the publication of the Scottish Government's ferries review. Following that meeting, Professor Kay wrote to me to express concern about the way in which his petition had been processed and considered by the committee and to request that his petition be withdrawn. Copies of the correspondence, my reply and a further e-mail from the petitioner confirming his request that the petition be withdrawn are attached as an annexe to committee paper ICI/S4/11/8/3. I invite members to consider the petitioner's request for the withdrawal of PE1390.

12:15

Neil Findlay: I have a couple of confessions: I do not know and have never met Professor Kay; and I have no great knowledge of or expertise in ferries—I do not know whether other committee members do; if so, I will bow to their knowledge. My concern relates not particularly to ferries but more to the Parliament, its credibility and the parliamentary process. I do not want to make a party-political comment—my comment is more parliamentary.

Professor Kay raises the significant issue that we dismissed the petition when the process presented us with selected information and we were given no rebuttals or contrary evidence. That is unfortunate. If we consider such matters again, my concern is that we must do so in the clear knowledge that we have all the information that is available.

Jamie Hepburn: I confess that my only intimate knowledge of ferries is from taking the Arran ferry regularly as a boy.

I hear what Neil Findlay says, but he is incorrect to say that we dismissed the petition. We did not dismiss it; we were actively considering it. We decided to defer our active consideration to a more appropriate juncture, further down the line. That was not unreasonable.

Like Neil Findlay, I do not know Professor Kay from Adam. I have read Professor Kay's considerable correspondence back and forth with the committee and I do not really see what the problem is, to be frank. If he wants the petition to be withdrawn, I am minded to do that—that is his decision. However, we did not deal with the petition inappropriately. An element of cutting off one's nose to spite one's face is involved.

Neil Findlay: I apologise for using the wrong terminology. Jamie Hepburn is right—we agreed to consider the petition as part of the ferries review process.

The Convener: Our decision was right. It was up to all of us as individuals to look back on the petition—I read the *Official Report* of the Public Petitions Committee meeting at which the petition was discussed. As we are all fairly new to the subject, it was absolutely appropriate for us to take the advice to consider the petition alongside the ferries review.

It is regrettable that Professor Kay has asked for his petition to be withdrawn, because discussing it in relation to the ferries review would have been relevant. However, we have a request from the petitioner to agree formally to close the petition and that is what we must decide on.

Adam Ingram: Although I have not thoroughly digested all the information, I understand that Professor Kay has significant issues with how the Parliament has handled the matter down the years and not just with how we dealt with the petition. Would it be appropriate to send his criticisms of the Parliament's process to the Standards, Procedures and Public Appointments Committee to consider?

Neil Findlay: I was going to recommend that, too. Professor Kay said:

> "All three documents—the grounds for the Petition, Transport Scotland's response, were all ... posted under Petition 1390 ... But only one of these documents was ... produced as a background paper"

for us. That comment is significant. If other papers related to the petition, we should have had them, but we did not.

I agree with the route that Adam Ingram has suggested. Whether we send the information to the Standards, Procedures and Public Appointments Committee, the Conveners Group or whomever, we must take the matter seriously.

Adam Ingram: He is making certain allegations about the way in which the Scottish Parliament does business and making disparaging comparisons with Westminster and the like. Those points have to be answered. We should not just let it go.

The Convener: I think that you are right. The petitioner has had grievances, not with the Parliament but with the Scottish Government over many years, not just recently. Our decision was to consider the issues raised by the petition at the most appropriate time in our timetable. For that reason, it was not considered necessary to circulate all the material associated with the petition at that particular time.

Neil Findlay: Someone has selected what they deemed to be the relevant information, namely Transport Scotland's contribution, but did not include the other elements. That is part of the problem.

We are dealing with two different issues: the time at which we were going to consider the petition, and the procedures that we go through. I agree with Adam Ingram's view.

The Convener: Would we have made another decision if we had had more material in front of us?

Neil Findlay: That is not the point, convener.

The Convener: All of the information was available online. As far as I can recall, no one objected when we considered when to discuss the petition within our timetable.

Jamie Hepburn: Convener, the decision we have to make today is whether to allow the petition to be withdrawn. We are getting sidetracked by other issues.

Neil Findlay: Two different issues.

The Convener: Let us decide whether to agree that the petition should be closed.

Adam Ingram: I do not think that we have any option.

The Convener: Is that agreed?

Members *indicated agreement.*

Adam Ingram: Convener, can we send it to another appropriate audience?

The Convener: I can ask the clerks to discuss the matter informally with the clerks of the Standards, Procedures and Public Appointments Committee and the Public Petitions Committee to see if this has happened in the past. They could report back to the committee informally.

Adam Ingram: Yes. We need to be able to respond to Professor Kay's allegations as a Parliament, Government or whatever.

Neil Findlay: When we get a report back, we should decide whether to take the issue any further. Adam Ingram has clearly said where he sees it going and I agree with him.

The Convener: In the first instance, our clerks will speak to the other committees' clerks about the way in which this particular petition has been handled and they will report back to us informally.

Neil Findlay: And then we will decide whether to do anything further.

The Convener: Yes.

12:23

Meeting continued in private until 12:39.

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e-format first available
ISBN 978-0-85758-935-4

Revised e-format available
ISBN 978-0-85758-948-4

Printed in Scotland by APS Group Scotland