



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

Wednesday 12 June 2013

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INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE
14th Meeting 2013, Session 4

CONVENER

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

DEPUTY CONVENER

Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP)

COMMITTEE MEMBERS

*Jim Eadie (Edinburgh Southern) (SNP)

*Alex Johnstone (North East Scotland) (Con)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*Margaret McCulloch (Central Scotland) (Lab)

*Elaine Murray (Dumfriesshire) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Margaret Burgess (Minister for Housing and Welfare)

Colin Cook (Scottish Government)

Nigel Don (Angus North and Mearns) (SNP)

Lindsey Henderson (Scottish Government)

Jacqueline Pantony (Scottish Government)

Gil Paterson (Clydebank and Milngavie) (SNP) (Committee Substitute)

Nicola Sturgeon (Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

Committee Room 2

Scottish Parliament

Infrastructure and Capital Investment Committee

Wednesday 12 June 2013

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

Broadband

The Convener (Maureen Watt): Good morning and welcome to the 14th meeting in 2013 of the Infrastructure and Capital Investment Committee. I remind everyone to switch off their mobile devices as they impact on the broadcasting system but I also note that some committee members might be looking at their papers in digital format. We have received apologies from Adam Ingram, for whom Gil Paterson is attending as substitute.

The first item of business is evidence from the Cabinet Secretary for Infrastructure, Investment and Cities on broadband. This update was offered at the cabinet secretary's infrastructure update session in March. I welcome to the meeting Nicola Sturgeon and, from the Scottish Government, Colin Cook, who is deputy director of digital strategy and programmes. I invite the cabinet secretary to make opening remarks.

The Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities (Nicola Sturgeon): Thank you, convener. Given what we are discussing this morning, it is appropriate that some members are viewing their papers on digital devices.

I appreciate the opportunity to update the committee on the Government's broadband work. We discussed the issue at my previous appearance at committee in March, and this session provides a good opportunity to go into things in a bit more detail. Before I take questions from members, I will run through some of the headlines.

Shortly after my appearance here in March, Highlands and Islands Enterprise signed a contract with BT to deliver next-generation broadband across the Highlands and Islands. Not only is that a key and very important step on the road to fulfilling our ambition to become a world-class digital nation, but it represents investment of £126.4 million in what is, without a shadow of a doubt, one of the telecommunications sector's most complex civil engineering programmes. It is worth highlighting some of the details of the project, because they are impressive in scale and complexity.

The Highlands and Islands project will deliver a fibre backbone stretching from Campbeltown in Argyll to Brae on Shetland, via new network nerve centres in dozens of towns, including Oban, Fort William, Aviemore and Ullapool. It will involve laying more than 800km of fibre on land; I have not calculated this myself, but I am told that that is enough to cross the Skye bridge 1,400 times. In addition, 400km of subsea cables will be laid to serve remote locations such as Islay, Jura, Stornoway and South Uist.

The project is enormous in scale and complexity and will have to deal with some of the most rugged terrain not just in Scotland or the UK but in Europe. Detailed technical and survey work is already under way, and HIE and BT expect to announce the first communities to be upgraded this autumn, with the first homes and businesses connecting to fibre by March 2014. The new network is expected to deliver next-generation broadband access to 84 per cent of premises in the Highlands and Islands and will provide a platform for future economic development and regeneration across the region.

The second piece of the jigsaw in the step change programme is a £156 million investment to provide next-generation access for the 27 local authorities and two national parks in the rest of Scotland. That has been negotiated against an incredibly demanding timetable. We and local authority partners are geared up to have all the required approvals in place and to make a decision on the tender this month, and we are preparing to move into the deployment phase of the project as quickly as possible after contract award.

Members will appreciate that, as the rest-of-Scotland procurement process is on-going, I am, by necessity, limited in terms of the details that I can give about supplier negotiations, but I will be happy to provide the committee with a detailed update after the summer recess, by when—I very much hope—implementation will be under way. However, I can say that the success of the step change programme will be based on the partnership that has developed between the Government and local authorities and which has seen 14 local authorities identify an additional £50 million to meet local needs and priorities on top of the coverage that is being provided from the national funding pot. At the same time, we are focused on delivering the national target of providing next-generation access to more than 85 per cent of premises across the whole country and on ensuring that all other premises have, as a minimum, access to infrastructure that is capable of providing basic broadband.

That is my update on the step change programme. Although that is the biggest part of

our broadband policy, I want to briefly mention some other aspects. Community broadband Scotland is a £5 million initiative to support rural and remote communities and to help them deliver broadband solutions in their own areas. Work is under way in the first six communities that have been selected for support, and we expect them to be connected in the coming months.

Our demonstrating digital programme is about showcasing the art of the possible through trials and demonstrations of new or emerging technologies to give people today a glimpse of what digital technology can offer in the future. We have also launched the digital dialogue, which is a programme of events, seminars and demonstrations to stimulate debate and allow us to test ideas about the digital future, a key part of which was last month's digital Scotland conference in Edinburgh.

Taken together, those programmes are a very ambitious but absolutely essential programme of work. These days, broadband infrastructure is as critical as road and rail to the nation's overall infrastructure and it is essential that we do what needs to be done and invest what needs to be invested now to ensure that we have a world-class infrastructure that people can use and take advantage of.

I am happy to answer members' questions.

The Convener: Thank you very much, cabinet secretary. Elaine Murray will begin the questioning.

Elaine Murray (Dumfriesshire) (Lab): The Highlands and Islands procurement contract has now been finalised, but is the rest-of-Scotland procurement contract still on schedule to be finalised next month?

Nicola Sturgeon: Yes. As I indicated in my opening remarks, we are up against a very challenging timescale in the rest of Scotland; indeed, that timescale has been made all the more challenging by the delay in tender return that has been caused by broadband delivery UK's failed state aid application for the superconnected cities programme. That inadvertently necessitated a change to the intervention area for three of the cities that are covered by the rest of Scotland procurement—Glasgow, Edinburgh and Aberdeen—and we have, as a result, had to work with those cities to minimise the impact of that descope and to allow BT sufficient time to remodel the bid. The timescales are challenging but, as I said, we expect to receive BT's tender on Monday. Obviously we will have to give the tender and bid due consideration, but we expect to finalise all contractual details by the end of this month, with final contract signature by the middle of July.

Elaine Murray: The target was to give 90 per cent of Scottish households speeds of between 40 and 80 megabits per second by 2015. Is that on course to be delivered? Will that be challenging?

Nicola Sturgeon: You have encapsulated the ambition for next-generation broadband, which is to give 85 to 90 per cent of households across Scotland those speeds.

The timescales are challenging. As has been made explicit in the contract for the Highlands and Islands project, our intention and ambition is to deliver as much access as possible by the end of 2015. Some of that work will go into 2016, but we are looking at all opportunities to accelerate roll-out. These are big projects but the commitment and the investment are there and we now need to get on and deliver. We have reached that phase with the Highlands and Islands project and I hope that in the next few weeks we will be in that delivery phase for the rest of Scotland.

Elaine Murray: I want to be very parochial for the time being. You might already have seen the letters that I have written to you—either that or they will be coming across your desk soon—about progress in the south of Scotland. As you will know, Dumfries and Galloway Council and Scottish Borders Council have committed fairly significant sums of money to a superfast broadband project for the south of Scotland, but it has been rolled up in the rest of Scotland project and no more information about its progress can be found on their websites. Can you update me on what is happening on that?

Nicola Sturgeon: The information will become more expansive as we go through contract finalisation and into implementation. However, until we receive the BT bid, we cannot be clear about the areas of coverage in the contract, which would allow local authorities to be more specific about the areas of coverage that will be achieved through their additional funding.

I welcome the additional investment that has been committed by 14 local authorities across the rest of Scotland, and the relationship between the Scottish Government and local authorities on this work is very good and strong. The local authority funding is intended to top up provision from the national pot which—as we have said—aims to deliver 85 per cent coverage across the country and a minimum floor of 75 per cent coverage in each local authority area in the rest of Scotland. The money from the national pot will be used before any of the local authority funding is brought in.

Colin Cook (Scottish Government): Borders Council and Dumfries and Galloway Council are two of our biggest contributors to the overall programme. Once the tender is in and has been

evaluated and signed, there will be a short period in which surveys will be carried out to verify some of the assumptions that have been made. As soon as we can, we will develop a national website that covers the rest of Scotland and Highlands and Islands contracts to give people a sense of when the roll-out will happen in their area. There will be total communication once the contracts are signed.

Elaine Murray: That would certainly be useful, because there is quite a lot of frustration in the areas that still have very poor coverage.

Have any lessons been learned in finalising the Highlands and Islands contract that could be used to benefit procurement in the rest-of-Scotland project?

Nicola Sturgeon: We have tried throughout the process to bring about alignment and co-ordination between the Scottish Government and Highlands and Islands Enterprise on the Highlands and Islands step change project, and to provide appropriate feed-through to the rest of Scotland's step change project. The two projects are subject to the same governance, and lessons are being shared between them. It is important to stress that the two programmes have been conducted through different procurement routes, but there is a high degree of similarity between the requirements in the contracts for each project.

It is probably slightly premature, given that the rest-of-Scotland project is still being negotiated, to speak in detail about specific lessons that are being learned from the Highlands and Islands project. Suffice it to say, however, that there is close alignment to ensure that appropriate lessons are learned and carried forward into the final stages of the negotiations for the rest-of-Scotland project.

The Convener: BT won the Highlands and Islands bid, as the sole group remaining in the process. Is that the same for the rest-of-Scotland project?

Nicola Sturgeon: Yes.

Jim Eadie (Edinburgh Southern) (SNP): Good morning, cabinet secretary. How do we ensure that sufficient safeguards are built into the Highlands and Islands contract, which has been agreed, and the forthcoming contract for the rest of Scotland, in order to ensure that high standards of work are delivered?

Nicola Sturgeon: One of the contracts has been—and the other is being—rigorously negotiated to ensure not only that they are capable of delivering on our targets, ambitions and commitment, but that they do so to a very high standard.

For the rest-of-Scotland project, there are a range of protocols in place involving the project team, the Scottish Government, local authority teams, utilities departments and BT to ensure that we are able to maintain quality. If needs be—and we hope that this will not be the case—there are processes in place to ensure that speedy action can be taken to correct failings.

Members will be aware of the fine that was recently levied on BT by the Office of the Scottish Road Works Commissioner in relation to a number of failures involving BT Openreach. BT is anxious to demonstrate that it is learning lessons from the failings in that exercise and that it will apply that learning in rolling out the contracts.

Jim Eadie: That is helpful. It is perhaps inevitable, given the scale and ambition of what is being proposed, that there will be failures from time to time. The key issue for the public and for the committee is to ensure that any fines that are levied on the contractor—BT, in this case—are met by that contractor and not by the taxpayer.

Nicola Sturgeon: Absolutely. Fines are a matter for the Scottish road works commissioner, and a consultation is about to take place on raising the maximum level of such fines.

Fines are important if any company fails in its obligations, and the resulting bad publicity is also a deterrent. The contracts are high profile and there is a great deal of expectation around them, with regard not only to what they will ultimately deliver, but to the quality of work along the way.

We will work with the various parties to ensure that we minimise concerns about the quality of work and that we implement the contracts to ensure that they are fulfilled to the highest quality.

10:15

Jim Eadie: Finally, you talked about the investment by BT and by the Scottish Government and from the partnership with local authorities. Are you satisfied that sufficient investment is being made to deliver our ambitions on broadband?

Nicola Sturgeon: Yes. We have got the funding pot topped up for the rest of Scotland by an investment of £50 million from 14 local authorities. As I indicated, the allocation of our national funding pot is that £126.4 million goes to the Highlands and Islands, £5 million goes to the community broadband Scotland initiative and the rest of the money goes to the rest-of-Scotland project, which is topped up by the contribution from local authorities. There is therefore significant public investment in delivering essential national infrastructure. I believe that that investment will allow us to meet our targets and achieve our

ambitions to give people the access and the speed of broadband to which they aspire.

The Convener: What would happen to the £50,000 that would be raised from a fine?

Nicola Sturgeon: That is a good question. The Scottish road works commissioner levies the fine. I do not have the answer at my fingertips, so we will provide that information to the committee.

Margaret McCulloch (Central Scotland) (Lab): It is very important to put the broadband infrastructure in place. People and businesses must also be encouraged to support and to know how to use the technology. What work is being done to support businesses, particularly small and medium-sized enterprises, in using the technology?

Nicola Sturgeon: That is a very good question. It is understandable that there has been as much focus as there has on provision of the infrastructure, because we cannot achieve any of our ambitions if the infrastructure is not in place. However, it is important to stress that although the infrastructure is essential, it is not sufficient for us to become the world-class digital nation that we want to be. That will depend on businesses and individuals making use of the infrastructure and using technology to transform how they live their lives and do business.

We have a range of initiatives under way to try to improve digital participation in Scotland. We have a digital participation charter and a ministerial advisory board, which Fiona Hyslop chairs. We also have a digital assistance database, which is intended to help to signpost the public to training opportunities in digital services. We are identifying in each of the 32 local authority areas digital champions who will have a specific role in supporting communities to identify the barriers to digital access and helping them overcome those barriers.

We have worked closely in recent months with our enterprise and skills agencies and with key industry representatives to set out how we can build on existing measures to support businesses in making the transition to a digital economy. I recently announced additional funding of £7 million to take forward the recommendations that came from that work in order to ensure that we provide businesses with support, training and guidance to realise their ambitions in making the transition to digital working. The funds will also support businesses that can benefit from the digital economy on the supply side of the economy.

Alex Johnstone (North East Scotland) (Con): When the cabinet secretary appeared before the committee in March, we were told that £240 million of public sector funding had been secured for the step change programme that would last until 2015.

What is the breakdown of how that money has been allocated so far?

Nicola Sturgeon: As I said, the breakdown is that £126.4 million is for the Highlands and Islands project, £5 million is for the community broadband Scotland initiative and the remainder is for the step change programme for the rest of Scotland.

Alex Johnstone: Is there any further detail on how the remainder of that money will be broken up?

Nicola Sturgeon: The remainder of the money will be the whole sum that supports the contract for the rest of Scotland.

As I said in response to Elaine Murray, an additional £50 million has come from 14 local authorities, which will be spent in those specific local authority areas. Exactly where local authorities intend to spend the additional sums will become clearer when the contract is signed and we know the coverage of the main contract.

Alex Johnstone: On the £50 million-plus that has come from local authorities, it is interesting that only 14 local authorities out of 32 have become engaged in part funding the project. Why are only 14 local authorities contributing?

Nicola Sturgeon: Those are decisions for local authorities. It is important to point out that the 14 contributing local authorities in the rest-of-Scotland project represent the areas that have the lowest commercial coverage. They are outwith the central belt and city areas, where there is a higher level of commercial coverage and, therefore, not the same need for state intervention.

In essence, the public money is to fill the gaps in commercial coverage. Combined, the 14 local authorities cover almost 80 per cent of the landmass of the rest-of-Scotland area, which for the most part corresponds to our target area of intervention. The local authorities that have made the contribution are those that have the lowest level of commercial potential and so need to spend to compensate for that.

Alex Johnstone: At first glance, some people might worry that the differing levels of funding might result in different levels of service across Scotland. Are the differing levels of funding designed to even out the level of coverage?

Nicola Sturgeon: The rest-of-Scotland project will, together with the Highlands and Islands project, deliver the 85 per cent coverage country-wide. Within that, there will be a floor in each local authority area of 75 per cent coverage. That will come from the £240 million national funding pot. Therefore, the local authorities that have contributed money will have done so to get to coverage above the 75 per cent minimum. I should say that it is a minimum and that the national

scheme might get some local authorities above that level. However, to be honest, it is unlikely that all local authorities will have the same level of coverage when the scheme is delivered, which is why it is important that there is the minimum, or floor, of 75 per cent coverage, so that we achieve a degree of consistency.

Obviously, for areas that will not be covered by the scheme, particularly rural and remote areas, initiatives such as community broadband Scotland become important, because they are about finding solutions that will cater for some of those areas.

Alex Johnstone: Are Scotland's local authorities doing their bit as part of the programme?

Nicola Sturgeon: Undoubtedly, that is the case.

Alex Johnstone: Are there any weak spots?

Nicola Sturgeon: Local authorities have to make careful judgments about whether and to what extent they contribute. Authorities such as Glasgow City Council are in a different position from authorities in rural areas, because of the extent of commercial roll-out and coverage that will be possible. I am happy that local authorities are working with us on the project and are, where it is in the interests of the populations that they serve, putting their money where their mouths are.

The Convener: It is fair to say that the UK Government, under the auspices of BDUK, is the overarching body that is responsible for delivering broadband throughout the UK. It seems to have got itself in a bit of a mess over the superconnected cities project, which has fallen foul of European Union state aid regulations. Do you want to comment on that? Can anything be done to support, for example, Edinburgh in resolving the situation?

Nicola Sturgeon: It is disappointing that the superconnected cities programme has fallen into difficulties. As you said, it is a UK programme and not one that the Scottish Government was directly involved in. The problems have materialised around a failure to get state aid clearance. In short, that means that the programme cannot deliver broadband infrastructure. The three cities in Scotland that were in line for inclusion in the programme were Edinburgh, Aberdeen and Perth. As a result, they are having to remodel their plans away from infrastructure provision towards things like vouchers for SMEs. As I said earlier, that has had a bit of a knock-on effect on our rest-of-Scotland planning.

We are collaborating with Scotland's cities through the Scottish cities alliance. We have been assisting the three cities specifically with redesign of their superconnected cities plans and we want to ensure that any future funding for broadband in

cities is planned properly from the outset, in conjunction with the European Commission, in order that we do not fall foul of state aid rules. We are working with the cities as closely and collaboratively as we can and we see the cities alliance as a way of taking forward that collaborative work. However, there is no getting away from the fact that the serious hampering of the superconnected cities programme is a blow to those cities—and a blow more generally.

The Convener: Are you aware of how BDUK got into that situation? As I understand it, the rules from Europe have not changed.

Nicola Sturgeon: I can only speculate that there was a failure to properly plan ahead and to get all the necessary approvals in place before, so it got ahead of itself in terms of the programme. Colin Cook will correct me if I am wrong or fill in any technical details; in short, state aid cannot be used to provide infrastructure in urban areas where it is deemed that commercial roll-out would be viable. That is the problem in a nutshell. Why BDUK did not predict that or get it resolved at an earlier stage is a question that would have to be directed at BDUK.

The Convener: You might remember that ACSEF—Aberdeen city and shire economic future—which was the city and shire working in partnership, had a fairly good worked-up bid. I do not have the quotation here, but your predecessor said to the committee that funding of that work would not be held up because the rest of Scotland had to catch up. All that work seems to have gone by the wayside because BDUK is talking about cities as if there is a ring fence around them, and not about the hinterland of cities being part of a wider economic unit.

Nicola Sturgeon: I absolutely understand the frustration that is felt. As I said, there is a limit to what we can say on behalf of BDUK because superconnected cities was a programme in which it was very much the lead. However, I am more than happy to ask BDUK, on the committee's behalf, to provide more information about what went wrong and how it is trying to put it right.

Colin Cook: It is worth saying that Aberdeenshire Council is the largest contributing local authority to the rest-of-Scotland programme, so we are taking forward its ambitions within that programme. Through the cities alliance we are working with Aberdeen, Edinburgh and Perth in particular to see how we can meet the connectivity requirements that they had identified for the urban broadband fund through different routes, if that is possible. As the cabinet secretary said, that may be things like promoting the use of voucher schemes to try to encourage the market to fill those areas.

The Convener: A UK Government report said that the BDUK projects were red or red/amber, which I presume means they are not going anywhere very fast and that there is serious doubt about them. Have you or the Cabinet Secretary for Culture and External Affairs had any discussions with your opposite numbers at the UK Department for Culture, Media and Sport to ensure that Scotland's interests are being taken into account?

Nicola Sturgeon: I have not had any direct discussions with UK ministers on that particular report, but the Scottish Government keeps in close contact with the UK Government, as is appropriate, on all those matters. The Major Projects Authority review, which I think is what you are referring to, was an exercise in which we had no direct involvement. It was undertaken by the UK Government's Major Projects Authority and looked at the range of broadband projects that were being supported by BDUK and identified a risk that delivery timescales would slip beyond 2015.

It is fair to say that there are some capacity issues in the UK Government in terms of broadband delivery. We, too, are working to challenging timescales and are not immune to some of the complexities around this work. On the previous question, there has also been the wrangling between the UK Government and the European Commission about state aid approval.

For our part, we are focused on delivering these major step change programmes with as much infrastructure as possible being delivered before the end of 2015. That means ensuring that we are working with suppliers and local authorities to pursue any opportunities to accelerate the roll-out. We have focused hard on delivering against the targets that we have set ourselves.

10:30

Jim Eadie: That takes us nicely on to future work and monitoring. The Scottish Government has indicated that it intends to develop a new overarching measurement framework for the digital strategy that will allow Scotland to measure its progress against the various targets that it is seeking to achieve. Will you provide some detail on the types of measurements that you plan to include as part of the framework and the work that will be necessary to establish how such measurements can be collected?

Nicola Sturgeon: Some detail on that is set out in the digital economy strategy. In particular, there is an attractive diagram that tries to set out how we are going to do it. I will try to explain it as coherently as I can.

The first thing to say is that the measurement framework that we published for the digital

economy as part of the digital economy strategy is focused on the digital economy, but it also has an application for the broader digital strategy. Basically, we are looking to measure progress in the digital economy across both the supply side of the economy and the demand side.

On the supply side, a range of businesses have opportunities, whether that is in providing infrastructure, digital products or skills to support the growth of the digital economy. The potential indicators around measuring success on that side are, to a large extent, official statistics. We can look at gross value added per head, the number of enterprises that are working in the area, business set-ups as a proportion of total business growth, employment in knowledge-intensive sectors, and the employment rate. We will look at the provision of official statistics to allow us to demonstrate, over time, the success that we are having on the supply side of the digital economy.

On the demand side, it is more about companies' adoption, usage and exploitation of the digital potential. Potential indicators of adoption are the percentage of premises that have next-generation broadband coverage, the percentage of businesses with broadband access and the percentage of businesses that do not have that but have access to basic broadband. On usage, we will look at the percentage of businesses with a website, the percentage of businesses that either buy or sell online and the percentage of businesses that use public authorities' electronic procurement systems. On exploitation, we will look at the percentage of businesses that have adapted their business strategy as a result of digital technology.

Those are the potential indicators that we are looking to work up to give us a clear measurement framework. Having run through some of that at speed, I will be more than happy to provide the committee with regular updates as we define the indicators and start to measure progress against them.

Jim Eadie: Is it possible for your colleague, Mr Cook, to update us on the timescale for the publication of that type of data?

Colin Cook: We have a commitment to update or review progress against the digital strategy every year. The previous update was published last September. We will publish another one around that time this year, and it will include the new framework.

Jim Eadie: Will all the indicators that the cabinet secretary ran through be included in that update?

Colin Cook: The update will set out the framework that we intend to use. As the cabinet secretary outlined, some of the indicators are

populated by official statistics. Some might require additional work and might not be collected in time for the September update, but the framework will be set out.

Jim Eadie: There might be a diagram or two.

Nicola Sturgeon: Undoubtedly.

Gil Paterson (Clydebank and Milngavie) (SNP): The London Olympics were described as the Twitter Olympics. Athletes and spectators were in continuous contact with each other, sharing images and comments as events happened. Are there plans for Scotland, in 2014, to pick up where London left off? Will our Commonwealth games be the first multimedia Commonwealth games?

Nicola Sturgeon: I hope so—that is definitely the ambition. Indeed, it is the ambition of all those associated with the Commonwealth games to ensure that the games fully utilise the technology to bring the experience to as many people as possible, and that those who are physically attending benefit, too.

We—and Shona Robison in particular—work closely with the Commonwealth games organising committee, Glasgow City Council and other partners to ensure that that ambition, which relates not only to the games, but to the legacy that we are aiming to achieve, is met and that we have a world-class digital Commonwealth games.

The fifth Glasgow 2014 progress report, which was published last month, focuses on some of the highlights to date. For example, I am aware that the new Glasgow Hydro arena has been in the news recently. Its digital specification includes a wi-fi system that is capable of supporting 12,000 concurrent users, which is pretty massive. Visitors to the games will be greeted by more than 100 digital screens and totem poles, which are masts that will be positioned around the external landscaping to show people where to go and provide information through a range of digital signage.

Information technology partners are fully engaged in ensuring that we fulfil the digital potential of the games. I hope that the Commonwealth games will meet that ambition not only in a digital sense, but in many other senses and that the digital element will be as good as that for the London Olympics. Given developments in technology, it might even do better—who knows?

The Convener: Thank you very much, cabinet secretary. We look forward to getting the further information that you have promised us.

10:36

Meeting suspended.

10:37

On resuming—

Petitions

Bus Services (Re-regulation) (PE1475)

A90/A937 (Safety Improvements) (PE1236)

The Convener: Agenda item 2 is to discuss petition PE1475, on bus services and fares, which is new to the committee, and petition PE1236, on the junction at Laurencekirk. I welcome to the meeting Nigel Don, the local member for Laurencekirk.

We will deal with PE1475 first. I invite comments from members.

Elaine Murray: The committee will be aware that Iain Gray is preparing a member's bill on bus regulation. The Minister for Transport and Veterans has said on record that he is happy to look at that, irrespective of whether the Government would support it.

Some of the issues that are raised in the petition will be encompassed in the bill. Therefore, we might want to monitor the petition alongside the bill, should it progress. I assume that the bill would come to this committee.

The Convener: Yes, that is right. In fact, that is exactly what I said when I was substituting at the Public Petitions Committee when it first considered the petition. I said that Iain Gray's member's bill would cover part of the petition. I mentioned that the Infrastructure and Capital Investment Committee looked at concessionary travel as part of our annual consideration of the budget and that the issue featured in our community transport inquiry. I also mentioned that we looked at the bus service operators grant during budget time. Therefore, I suggested to the Public Petitions Committee that this committee had the matters under review as part of our routine work.

Do members agree to close the petition and to ensure that Iain Gray is aware of the petition, although I am sure that he is?

Elaine Murray: Given that we look at those matters anyway, I suppose that we could pass the petition on to Iain Gray to see whether his bill will address the issues in it.

The Convener: Is that agreed?

Members indicated agreement.

The Convener: We will now consider petition PE1236, on the Laurencekirk junction. I ask Alex Johnstone whether he wishes to comment on the reply that we have had from Transport Scotland.

Alex Johnstone: I am pleased to see Transport Scotland's reply. It does not give a great deal of information, other than to say that the meeting that took place on 30 April was "productive"; that further meetings will be held later this year to progress the matter; and that Transport Scotland will continue to report to the committee.

We can do little with the information that has been provided, but I am keen to keep the matter on the committee's agenda so that we can monitor the situation in greater detail when there is something to monitor.

Nigel Don (Angus North and Mearns) (SNP): I endorse Alex Johnstone's comments. Transport Scotland's reply is a classic holding letter. My constituents would be grateful if the committee could consider the matter in more detail as and when further information is available.

Jim Eadie: I agree with the previous two speakers, who have first-hand experience of the issue. Transport Scotland's letter says:

"It will take a number of months to collect the data from all relevant authorities".

It would be inappropriate to close the petition while that process is on-going.

The Convener: My only worry, were we to keep the petition open, is that that might give false hope to the petitioner. I am happy to keep it open, if that is what the committee agrees. However, I do not think that we will see any major progress soon and I hope that the petitioner realises that.

The committee has got a result in that members gave Transport Scotland officials a flea in their ear when they appeared before us, which certainly motivated Transport Scotland to discuss the matter on 30 April with the local authorities and the north east of Scotland transport partnership. The official line is that the meeting was "productive". That is true, because action is being taken and surveys are being carried out. I hope that we will get feedback on those surveys when they are completed. Is that what members want?

Alex Johnstone: The petitioner, Jill Fotheringham, has been on the case for nearly nine years. I do not think that she is under any illusions about the potential outcomes or timescales, but we owe it to her to keep the process alive and keep turning the screw until such time as we have a definite outcome, one way or another.

Gil Paterson: Keeping the petition open does not change anything. If I am honest, it neither puts the petitioner in a false position nor puts the committee in an invidious position at a later date. Therefore, it is a good idea to keep the petition open.

Margaret McCulloch: It is important to see the result of the evaluation report. Transport Scotland says in its letter that it has gathered the information and that it will take a couple of months to collect and evaluate the data from all the relevant authorities. It would be a good idea to get an estimated completion time, so that we can review the report.

The Convener: Steve Farrell, the clerk, has told me that it is likely to be completed by the end of the year. Do members agree to keep the petition open?

Members indicated agreement.

The Convener: I briefly suspend the meeting until the next set of witnesses arrive.

10:44

Meeting suspended.

10:56

On resuming—

Subordinate Legislation

Mobile Homes Act 1983 (Amendment of Schedule 1) (Scotland) Order 2013 [Draft]

The Convener: The third item of business is to hear evidence from the Minister for Housing and Welfare on the draft Mobile Homes Act 1983 (Amendment of Schedule 1) (Scotland) Order 2013. The draft order is laid under affirmative procedure, which means that the Parliament must approve it before the provisions may come into force. Following this evidence-taking session, under agenda item 4 the committee will be invited to consider a motion to recommend approval of the draft order.

I welcome the minister, Margaret Burgess, and her supporting officials: Ben Haynes, senior policy officer in the housing services and regeneration division; Lindsey Henderson, team leader in the housing services and regeneration division; and Jacqueline Pantony, principal legal officer of the Scottish Government. I invite the minister to make some opening remarks.

The Minister for Housing and Welfare (Margaret Burgess): The purpose of the draft order is to protect vulnerable mobile home residents from exploitation by unscrupulous site owners while ensuring the viability of the many well-run privately owned sites, which are often family-owned small and medium-sized businesses.

The order amends the Mobile Homes Act 1983 to improve statutory protections for the permanent residents of mobile home sites. Those protections are known as implied terms. They set out the rights and duties of site owners and mobile-home residents and are automatically included in agreements between owners and residents.

If approved, the order will update existing implied terms. The changes include removing the scope for site owners to block residents from selling their homes. The order will also introduce some new terms for the benefit of residents. They include a resident's right to undisturbed possession of their home, provisions regulating how pitch fees are set and criteria for the recognition and consultation of a residents association.

The majority of the changes in the order will also apply to Gypsy Traveller sites that are run by local authorities and registered social landlords, as well as to privately owned sites. We consulted separately on how the proposed changes would affect Gypsy Traveller communities and it was

decided that, due to the mobility of persons in that community, the provisions on selling and gifting mobile homes should not be applied to Gypsy Traveller sites that are run by local authorities and RSLs.

If approved, the order will be made under a power that enables ministers to amend the implied terms for all agreements, including existing ones. That means that the changes will benefit current residents as well as people to whom they may sell their homes in future.

We recognise the sensitivities in relation to the implied terms that govern the sale of a mobile home. The site owner as landowner and the resident as home owner both have legitimate interests in sales. A full consultation was carried out and I am confident that a fair balance has been struck between the property rights of the site owner and those of the resident.

We are grateful for the help that the residential mobile homes stakeholder group has given in the development of these significant and positive reforms. We want to improve the rights of residents while recognising the legitimate interests of site owners.

I ask the committee to recommend the draft order for approval.

11:00

Elaine Murray: I welcome the draft order. I have a number of residential sites in my constituency and have been aware over the years of unscrupulous owners. For example, people might believe that their council tax is part of their rent but then get a council tax bill or be charged for utilities without there being any way for them to check that the charges are fair or are monitored in any way. Can you say a little more about the protection that the legislation offers occupiers and how you will raise awareness of that? It is important that site owners who have been indulging in such practices know that they will not be able to get away with it any longer.

Margaret Burgess: The protections for owners will be laid out in an agreement between the site owner and the resident on the site. There will be a statutory duty to lay out that information, which will cover things such as charges for fuel and utilities and pitch fees, which will be reviewed annually. As I said in my introductory remarks, the resident will have the protection of having full possession of their property. That is not the case at the moment, as some unscrupulous owners who have come on to premises have moved mobile homes and the residents to a less-favourable site. The legislation will cover all of that and the residents will be protected under it.

The cross-party group in the Scottish Parliament on park homes has been helpful in bringing together the order and in notifying its members of what is happening. The group is one way in which we will be able to get the message out, including to site owners. We will want to ensure that everyone in a mobile home and all site owners are aware of the changes.

Elaine Murray: Will the legislation apply retrospectively? Will people who are currently resident in a mobile home have increased rights?

Margaret Burgess: Yes. If approved, the rights will apply to everybody from 1 September.

Elaine Murray: The other issue that was raised with me by an occupier is the issue of the 10 per cent commission. Some people are still unhappy about the idea that the site owner can get up to 10 per cent commission.

Margaret Burgess: We looked at that issue carefully, and it was one of the more contentious areas. However, some sites are well managed, well looked after and in good locations, which is reflected in the sale price that a resident will get when they sell their property. Also, the commission is a considerable part of the income for some owners, which are small and medium-sized businesses. There is not a huge turnover of mobile home sales in a year, and the commission is a considerable part of a site owner's business income, which they will use to keep the site up to date. We looked at the issue and we felt that it was fairest to keep the commission.

Alex Johnstone: As the minister pointed out in her introductory remarks, although most of the provisions apply to Gypsy Travellers, there are a couple of specific provisions that do not cover the occupants of Gypsy Traveller sites that are owned by local authorities or registered social landlords. Can the minister say a bit more about those specific omissions?

Margaret Burgess: Those omissions are to do with the terms of the 10 per cent commission on sales, as some Gypsy Travellers on RSL and local authority sites do not own their mobile home—it is owned by the local authority. In addition, by their nature, Gypsy Traveller communities travel and are not permanent site residents, unlike the otherwise generally elderly population of residential sites. It was therefore felt that it would be unfair to include them in those provisions.

I do not know whether Lindsey Henderson wants to add to that.

Lindsey Henderson (Scottish Government): No. That is pretty accurate.

Alex Johnstone: Do those omissions in any way prevent Gypsy Travellers from receiving the

same protections that other members of the community receive?

Margaret Burgess: No—not in terms of access to their home and the other rights that apply. They will still have all of that. However, they will not have to give the site owner 10 per cent commission, because they are not deemed to be permanent residents on the site.

Alex Johnstone: So the omissions do not create any disadvantage for the Gypsy Traveller community.

Margaret Burgess: No, they do not.

The Convener: I have a number of mobile-home sites in my constituency. In preparing the legislation, did you get an idea of the percentage of mobile homes in such sites that are owned by the park owner and let out as opposed to being used only by the person who owns the mobile home?

Margaret Burgess: I may ask my officials to answer that. The legislation deals with the agreement between the site owner and the home owner in residential sites rather than holiday sites or rental sites. Lindsey Henderson might want to add to what I have said.

Lindsey Henderson: That is right. The implied terms that the order will amend deal with the situation where a resident of a mobile home owns the mobile home and rents the land from the site owner. Those terms do not apply in the case where someone is renting the whole thing.

The Convener: Nevertheless, mobile homes on such sites are rented out by the park owner. What protection do those people have in the sorts of situation to which Elaine Murray referred and where the home is not up to standard? Does that come under other legislation?

Lindsey Henderson: I think that it might come under other legislation—

Jacqueline Pantony (Scottish Government): Perhaps I can answer that. The Mobile Homes Act 1983 applies to any agreement under which a person is entitled to station a mobile home on land and to occupy the mobile home, so I think that that would probably cover the scenario where someone is renting a mobile home. The protections would cover all residents.

The Convener: I can think of situations in which a mobile home should really be demolished because it is no longer wind and watertight. If a mobile home is not insulated properly, the bills for liquefied petroleum gas can be around £200 a week and people cannot really afford that. What protection do people have in that situation?

Margaret Burgess: We can get back to the committee on that in writing, because there might

be licensing issues as well. We will come back to you specifically on the issue of rented properties, if that is acceptable.

The Convener: You mentioned that the legislation was drawn up with the help of park residents associations. How widespread are such associations in mobile-home parks across the country?

Margaret Burgess: My understanding is that the majority of parks have some representative. Certainly, I know that each of the several mobile-home parks in my constituency includes someone who has a connection to one of the representative groups—there are some national groups and some smaller groups. We simply wanted to ensure that we get the message out to every mobile-home site and to every local authority that licenses such sites. That is a key way of getting the message out there.

The Convener: As you will be aware, the only written submission that the committee has received is from the British Holiday & Home Parks Association, which wants to redress the balance between park owners and home owners or tenants. Are you content that the various issues that the association raises have been sufficiently addressed?

Margaret Burgess: We are satisfied that we have the right balance in response to the British Holiday & Home Parks Association's comments. We are satisfied that we have struck the correct balance.

The Convener: Unless members have any further questions, I thank the witnesses for their evidence.

Agenda item 4 is our formal consideration of motion S4M-06853. I invite the minister to move the motion.

Motion moved,

That the Infrastructure and Capital Investment Committee recommends that the Mobile Homes Act 1983 (Amendment of Schedule 1) (Scotland) Order 2013 [draft] be approved.—[*Margaret Burgess.*]

The Convener: Does any member wish to speak to the motion?

Alex Johnstone: I just want to say that the order will provide vital protection for owners and residents of mobile homes that are on sites owned by other people. We have been lobbied to provide such protection for a long time. Although the minister said that she would need to contact us in writing on one or two issues, I do not think that those are substantive and I am keen to see the order approved by the committee today.

Motion agreed to.

The Convener: Thank you very much.

11:10

Meeting continued in private until 12:28.

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