



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

Wednesday 30 October 2013

Session 4

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**Wednesday 30 October 2013**

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**INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE**  
**20<sup>th</sup> 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)

\*Mary Fee (West Scotland) (Lab)

\*Mark Griffin (Central Scotland) (Lab)

\*Alex Johnstone (North East Scotland) (Con)

\*Gordon MacDonald (Edinburgh Pentlands) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Bill Barron (Scottish Government)

Sharon Fairweather (Transport Scotland)

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 30 October 2013*

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

#### Decision on Taking Business in Private

**The Convener (Maureen Watt):** Good morning, everyone. Welcome to the Infrastructure and Capital Investment Committee's 20th meeting in 2013. I remind everyone to switch off their mobile devices, because they affect the broadcasting system. Some members will, however, be consulting their tablets, as we provide committee papers in digital formats.

Agenda item 1 is a decision on taking business in private. Does the committee agree to take in private item 4, which is consideration of the evidence from the Cabinet Secretary for Infrastructure, Investment and Cities on the draft budget for 2014-15, and to take in private its future consideration of the draft budget report?

**Members** *indicated agreement.*

## Draft Budget Scrutiny 2014-15

10:01

**The Convener:** Agenda item 2 is evidence from the Cabinet Secretary for Infrastructure, Investment and Cities and from Scottish Government officials on the Scottish Government's draft budget for 2014-15, as part of the committee's scrutiny process. This year, the committee has adopted a different approach. Rather than focus on specific aspects of the draft budget, the committee has conducted a wider evaluation of the Scottish Government's performance in delivering its priorities, as set out in the 2011 spending review, in the areas that fall within the committee's remit. Having said that, I suspect that specific questions will be asked on some details of the draft budget.

I welcome the witnesses: Nicola Sturgeon is the Cabinet Secretary for Infrastructure, Investment and Cities; Bill Barron is the head of investment and local strategies group in the Scottish Government's housing supply division; Janet Egdell is deputy director in the Scottish Government's infrastructure and investment unit; and Sharon Fairweather is director of finance at Transport Scotland.

I ask the cabinet secretary to make opening remarks.

**The Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities (Nicola Sturgeon):** I thank the committee for giving me the opportunity to be here. I know that, as the convener outlined, the committee's budget scrutiny this year is concentrating on evaluating the Government's performance on delivering our purpose and strategic priorities through how our national indicators perform and through the progress towards meeting our seven high-level purpose targets.

Over the next two years, as has been the case in past years we will seek to ensure that we are equipped to deliver the outcomes, objectives and priorities that are set out in the programme for government, the Government's economic strategy and the national performance framework. Our draft budget sets out our proposals for using the resources that are at our disposal to deliver our purpose. We will invest to support economic recovery, create jobs, boost housing and continue progress towards a low-carbon economy. We will provide record numbers of apprenticeships, support small businesses, deliver free higher education and protect household incomes through the social wage and continuation of the council tax freeze.

There is no room for complacency, but signs are emerging that the investment decisions that the Government is taking and the policies that we are pursuing are beginning to work. Gross domestic product statistics show annual growth of 1.2 per cent in Scotland, in comparison with 0.3 per cent for the United Kingdom as a whole. The employment level has risen by 45,000 over the year, and our employment rate of 72.4 per cent sits higher than the UK employment rate of 71.6 per cent. The unemployment level is down by 19,000 and, at 7.4 per cent, our unemployment rate is slightly lower than the UK's rate of 7.7 per cent. The youth unemployment level has fallen by 12,000 over the year, and the youth employment rate is higher than the corresponding rate across the UK. Although, there are signs of progress there is, of course, no room for complacency.

That is why our spending plans remain focused on accelerating economic recovery through investment. We have an investment programme of more than £8 billion over the next two years, which it is estimated will support 50,000 full-time equivalent jobs across Scotland. As the committee is well aware, it is estimated that each additional £100 million of public sector capital spending supports about £160 million in output in the wider economy, and investment of that scale is estimated to support about 1,300 full-time equivalent jobs, about 60 per cent of which will be in construction.

We seek all the time to improve our measurement of community benefits, such as youth employment. To address the cuts to our core capital budget that we have seen in recent times we are switching funding from resource to capital, utilising capital receipts and pursuing revenue-funded investment through the non-profit-distributing programme and the regulatory asset base rail enhancements. We are doing all that while committing no more than 5 per cent of our future total departmental expenditure limit budget on the costs of our revenue-funded investment programme.

Some of our major infrastructure projects are showing signs of real progress. The Queensferry crossing will be delivered on time and within a cost estimate that, since 2011, has reduced by £145 million. Work continues—again, on time and on budget—on the new south Glasgow hospitals project and the major refurbishment programmes across the health service. The schools for the future programme will deliver 67 new schools across Scotland, 11 of which are already complete and operational. As the committee is aware, construction is under way on the City of Glasgow College and Inverness College.

I will comment briefly on housing. The budget enables us to deliver on our very important

commitment to provide 30,000 new affordable homes over this parliamentary session. Since the publication of the 2013-14 draft budget, the housing and regeneration budget has been augmented.

In September, we also announced a reallocation of £10 million from fuel poverty budgets to create a fund for local authorities to spend to mitigate the impact of the bedroom tax, which brings the welfare imperative of the budget into focus.

Penultimately, transport makes a significant contribution to our wellbeing as a country economically, socially, and environmentally. It is vital that we have an efficient and sustainable transport system, both to increase sustainable economic growth and to ensure that we are making progress towards a low-carbon economy. Since the spending review, the Government has allocated more than £200 million to reduce the carbon impact of transport. On current allocation plans, more than £300 million will support low-carbon transport over the period from 2013-14 to 2015-16.

Finally, Scottish Water is also extremely important. In the next two financial years, Scottish Water will continue to deliver the improvements that are required of it by ministers. In 2014-15, Scottish Water plans to deliver the improvements to our water and sewerage services as set out in its delivery plan and as agreed with ministers. The improvements for 2015-16 will be agreed in 2014, as part of the process to determine customer charges for the next regulatory period of 2015-21.

I hope that very quick overview is helpful to the committee in setting the general context for our discussions this morning, but I look forward to getting into more detail when you ask the important questions.

**The Convener:** Thank you very much, cabinet secretary.

I will start with questions about progress on the purpose targets. To what extent is the national performance framework—in particular, the purpose targets—used as a decision-making mechanism to determine or prioritise policy and budgets across Government and within your portfolio? Given the frameworks that we work under, is the process target-driven?

**Nicola Sturgeon:** The national performance framework, the purpose of the Government and the purpose targets are important tools in guiding the decisions that we make as a Government overall, and in decision making in individual portfolios.

The purpose and the national outcomes are a vision and a description of the type of country that we want to create. They set the strategic direction

for the Government and therefore guide the decisions that advance that strategic direction. The budget—not only in this portfolio, but across all portfolios—very much reflects that strategic direction.

If you look specifically at the infrastructure investments portfolio and our spending plans, the ways in which they support delivery of the national outcomes are set out in the form of a strategic overview in the portfolio chapter of the budget. The Scotland performs indicator dashboard is how we measure progress towards that vision and the strategic direction that we set. It is intended to be a snapshot of how Scotland is doing as a society and how we are measuring up on delivering that strategic vision.

If you like, the whole framework provides a national stocktake of how we are doing, so in that sense it is an important tool in guiding the decisions that we take. Obviously, that applies to budgetary decisions as well as more broadly to decisions on setting our policies and overall direction.

One important caveat that I would make—although it is not really a caveat; it is just to give further explanation and context—is that the Scotland performs framework is predominantly made up of long-term outcome-focused indicators. Some of the indicators are about public perception and attitudes, so—necessarily and inevitably—they can sometimes be at some distance from individual policy programmes and policy decisions. Therefore, it can be hard to draw an absolutely straight line from spend to outcomes, particularly as we are sometimes dealing with long-term outcomes and complex multiyear changes. It is important to see the performance framework as providing that strategic direction, underpinned by the indicators that allow us to measure progress. This committee, as any committee does, has to take care not to think that a straight line can always be drawn between individual spending decisions and particular outcomes, given the long-term and often complex nature of the changes.

I hope that those comments succeed to an extent in giving some context on how the performance framework guides budgetary and other decisions.

**The Convener:** How much of that is dependent on cross-departmental working? You cannot operate in silos. Do conflicts arise because of discussions with other departments?

**Nicola Sturgeon:** There are never conflicts in those discussions. As the committee is well aware, the way in which our Government is structured is designed to promote cross-portfolio working; that is the whole point of the national performance framework. We have indicators across all the

portfolios, but they are all working towards delivery of the overarching purpose. That forces joined-up and integrated working, which is the whole intention. As the Government discusses and finalises the budget, although individual ministers and cabinet secretaries have particular responsibilities within their portfolio areas, the Cabinet and Government as a whole seek to ensure that the entire budget works towards delivery of the outcomes and that purpose.

Off the top of my head, I can think of two areas in which, although responsibility and some of the funding sit in my portfolio, other portfolio areas are just as important to delivery of what we are trying to achieve. The work on digital infrastructure and digital participation is an example and another is sustainable travel and things such as cycling to which, although the responsibility sits squarely within my portfolio, different budget lines contribute. There is very much a cross-portfolio and cross-Government objective behind meeting the overall objectives that we set.

**The Convener:** The Scottish Government has in place several mechanisms for getting high-level policy advice, including the Council of Economic Advisers and the national economic forum. How are those bodies used to test progress against the purpose and targets? Do they influence resource allocation to help to achieve progress?

**Nicola Sturgeon:** Those are important and influential advisory groups that discuss aspects of Government policy and performance on an on-going basis. The direct line that I would point to is that those advisory groups very much help to develop, steer and measure progress against the Government's economic strategy. The draft budget sets the spending plans, which are about ensuring that the spending contributes to delivery of the economic strategy, and then—to go back to my commentary on the national performance framework—to delivering the outcome of that. Those advisory groups very much feed into the overall framework.

I am sure that we will come on to talk about welfare, which is a good example of where, in recent times, as a minister I have had to take decisions that will certainly contribute to our overall purpose but which have been driven or necessitated by external factors. There will always be occasions when the Government must take decisions on that basis. However, the point of having the framework and the advisory groups that feed into it is to ensure that the decisions that we take contribute wherever possible to the bigger picture.

10:15

**Gordon MacDonald (Edinburgh Pentlands) (SNP):** The Scottish economy saw in the second quarter of the year its fourth consecutive quarter of GDP growth, which included 2 per cent growth in construction. In your opening remarks, you highlighted that Scotland is achieving a higher growth rate than the rest of the UK. Do you think that the Government is on target to match the GDP growth rate of small independent European Union countries by 2017? How has your portfolio contributed to that?

**Nicola Sturgeon:** As I indicated in my opening remarks, the recent GDP statistics have given some cause for optimism. Our target is to match the UK; I gave the year's statistics that show that we have exceeded the UK growth rate, although we still have work to do to match the growth, over a long period, of comparable countries elsewhere. We have, as I said, reason to be optimistic about that, but we should not be at all complacent. The economy is showing signs of recovery, but most commentators would point to the fragility of the recovery and the need to remain very focused on doing everything possible to support and underpin it and to give it more momentum.

The infrastructure portfolio has played a significant part in ensuring that we have seen that recovery and growth, and that it will continue. I mentioned in my opening remarks some statistics; every £100 million of capital investment will deliver £160 million in economic output, which will deliver in excess of 1,000 jobs. I do not think that we can underestimate the significance of capital investment. A key and recurring theme of the Scottish Government's narrative around economic recovery is the importance of capital investment to kick-start and then give momentum to recovery. What we have seen so far suggests that we have done the right things, but we need to keep doing them as much as possible.

**Gordon MacDonald:** We need to do as much as possible, and the Scotland Act 2012 gives the Scottish Government the ability to borrow up to £296 million in 2015-16. To what extent will that borrowing facility be used and how will it support growth in the economy?

**Nicola Sturgeon:** We intend to make maximum use of our ability to invest in capital infrastructure. I mentioned in my opening remarks the 5 per cent rule, which means that we need to keep our overall revenue commitments to within that 5 per cent limit. Our decisions are geared towards ensuring that we can do that. I suppose my answer to the question relates very firmly to my answer to Gordon MacDonald's previous question in that although we are seeing encouraging signs in the economy, there is absolutely no excuse for taking the foot off the gas.

When the new borrowing powers come into force, they will still be limited and constrained. However, I think that the people of Scotland will look to us to ensure that we maximise our ability to invest, and we will do that. We will do it responsibly and sustainably—unlike, I venture to suggest, what previous Governments did through the private finance initiative and public-private partnerships. We need to ensure that the decisions that we make on investment will not in years to come overburden Governments with unsustainable revenue commitments. That is why the 5 per cent discipline is important.

**Gordon MacDonald:** You said that every £100 million of investment creates 1,000 jobs. It has been suggested that the purpose target dealing with cohesion shows worsening performance due to a reduction in the employment rate in three of the worst-performing areas. To what extent does your portfolio have a role in addressing that through transport, housing, digital infrastructure and so on? Have you adjusted your spend to assist the worst-performing areas?

**Nicola Sturgeon:** The cohesion target is one of the small number of targets that are showing worsening performance; it might be worth focusing on the reason for that. The increased gap in performance in that has been driven by a reduction in the employment rate of the three worst-performing regions in the country that has been higher than the reduction in the employment rate for the three best-performing areas in the country. That has resulted in a widening gap.

I shall answer the rest of the question in two parts. My portfolio has a big role to play for two reasons, the first of which is the overall investment in capital infrastructure that I have spoken about—it is estimated that every £100 million supports 1,300 jobs. The regeneration part of my portfolio is significant too, because our regeneration spend is specifically targeted at areas of multiple deprivation, so overall construction, coupled with the focus on regeneration, means that we have a big part to play. The new City of Glasgow College, which is one of the NPD projects that are under construction, is expected to create 170 new jobs during construction, with 40 modern apprenticeships and lots of work experience opportunities in the city of Glasgow, which is one of the more deprived parts of the country. That is a good example of capital investment and regeneration working hand in hand.

Overall, we have put a strong emphasis on job creation, particularly around youth employment—and our commitments include the youth employment guarantee and the record number of modern apprenticeships—in order to ensure that we are doing what is needed to bring our performance on that target back to where we want



it to be. The prevailing economic conditions obviously bear heavily on such targets, but we are nevertheless focusing on using the powers and resources that we have so that we can influence that as much as possible.

**Jim Eadie (Edinburgh Southern) (SNP):** I shall get the easy question out of the way first. It has been suggested that all Governments need to balance conflicting and competing objectives. You said in your opening remarks that the Government has a commitment to promote economic recovery and a low-carbon economy, but it could be argued that there is a tension—I will not go so far as to call it a conflict—between those objectives.

The Government is committed to the Aberdeen western peripheral route and the Queensferry crossing, which are clearly examples of capital investment driving economic recovery, but its own second report on proposals and policies—RPP2—tells us that 75 per cent of transport emissions are generated on our roads. Do you sense that there are tensions between competing objectives? How does the Government resolve those tensions when making expenditure and investment decisions?

**Nicola Sturgeon:** Did you say that that was the easy question?

**Jim Eadie:** Yes.

**Nicola Sturgeon:** I look forward to what comes next.

I always hesitate to use the word tension, because it sounds a bit too pejorative, but all Governments have to balance costs, benefits and risks and ensure that their overall approach strikes—as far as it ever can—the right balance between competing priorities.

The scenario that you have outlined in your question is no different. You make a valid and important point about the contribution of transport to meeting our overall climate change and carbon reduction targets. Transport Scotland itself assesses changes in emissions as part of its standard transport appraisal process, and the carbon account for transport reports on the emissions for all major programmes, so there is a keen focus on that as we plan and take decisions about major transport projects.

The other point that I would like to make is slightly wider. Our strategic investment in the road transport network ultimately supports the low-carbon agenda, whether by providing better links for efficient public transport, creating the infrastructure needed for the new generation of low-carbon vehicles, or taking traffic off local roads.

Although we must be absolutely serious about ensuring that decisions on big transport projects

are guided by the appraisal process that I mentioned, it would be wrong simply to see road programmes as bad for that agenda, because they can often contribute to it if we plan properly and take the right factors into account. I would not describe it so much as a tension; it is more a case of there being a necessity and an imperative to balance sometimes competing priorities.

**Jim Eadie:** That was helpful.

You mentioned the difficulties in drawing a line between Government spend and outcomes, but there are some examples with which it is possible to do that. I am thinking specifically of energy efficiency and home insulation, and the Government's investment in that direction. I understand that between 2002 and 2011 there was an increase in the number of energy efficient homes, to the extent that 65 per cent of homes in Scotland now have a good energy efficiency rating.

With that in mind, and given the remaining challenges around home insulation—I think that there are still 0.5 million homes that would benefit from having solid wall insulation—how reassured are you that, within the economic and financial constraints, the Government is committing sufficient resource to meet those objectives?

**Nicola Sturgeon:** We are committing very strongly to the objective of making our homes as energy efficient as possible. Our home energy efficiency programmes encapsulate three different programmes: our area-based scheme, affordable warmth and the energy assistance package. Taken together, the funding sources for those programmes are in excess of £200 million a year. Around £70 million—going up to £79 million next year—of that is direct Government investment.

I am not getting into an intergovernment competition; I simply say this as an observation: we are continuing to ensure direct Government investment in those programmes, while, in England, the UK Government has all such programmes reliant on funding from the energy companies. That gives an indication of the priority and importance that we attach to home energy efficiency, which we do for a variety of reasons.

You mentioned the contribution that transport makes to cutting carbon emissions. Housing is another big contributor, so we need to focus as hard as we can on that. Also, the more energy efficient that homes are, the lower that people can keep their energy bills, which is a key concern at the moment. I spoke last week about how, if we had full powers here, we would want to fund these things differently, to take the pressure off household energy bills. Nevertheless, the way that

we are committing to the schemes is an important indicator of their importance.

You are absolutely right to point to the progress that has been made by not just this Government but predecessor Governments, but we still have lots of work to do. It is important that we ensure the right levels of funding to achieve that.

**Jim Eadie:** The RPP2 document, which the Government published, has estimates of the costs of delivering housing carbon emission reductions: £517 million in 2014 and £524 million in 2015. I am interested to know how you decide which policy levers or budgets to use when you are seeking to meet such objectives.

**Nicola Sturgeon:** The figures in RPP2 that you cited—the estimates that are deemed necessary to spend to meet our targets—are figures for the whole of society; they are not just figures for Government spend. They encapsulate spending by local government, the wider public sector and private individuals. Meeting climate change targets and carbon reduction targets is a shared agenda; it is not just for Government, although the Government has a big part to play in making sure that we meet those targets.

In my answer to your earlier question I spoke about the home energy efficiency programmes, which are one concrete example of how we take spending decisions that are specifically geared towards meeting particular objectives. That is a significant sum of money that is part-funded by us and part-funded by the energy companies. Over the three-year period the Government will spend about £0.25 billion on fuel poverty and energy efficiency. We also have low-carbon transport budgets.

As I said, we cannot always draw a straight line between a budget decision and one of the outcomes, but you are absolutely right that, in this area, it is much easier to do that. All of those decisions are very much geared towards meeting the indicators in the performance framework and the challenges that are set down in RPP2.

10:30

**Alex Johnstone (North East Scotland) (Con):** I want to move on to the subject of digital infrastructure and the digital economy. The budget line for that in this year's budget shows a small rise. Will the cabinet secretary outline the rationale for that budget line?

**Nicola Sturgeon:** The small rise in the budget line for digital in the infrastructure portfolio reflects the allocation of capital consequentials in 2014-15, which will be utilised to deliver the digital infrastructure as part of the next-generation digital fund. The bulk of that fund sits within the rural

affairs and environment portfolio, principally because much of the impact and benefit of the programme is felt in rural areas. However, the small increase in the infrastructure portfolio is a contribution towards that, which comes from capital consequentials.

**Alex Johnstone:** Can you clarify what you expect to achieve with the resource that is allocated in your budget line?

**Nicola Sturgeon:** As you know, our step change infrastructure programme is delivering next-generation broadband infrastructure through the Highlands and Islands project and the rest of Scotland project. Both of those contracts are now let and BT is working on them—roll-out plans are being prepared as we speak. The funding in my portfolio contributes towards that overall programme.

**Alex Johnstone:** Does the measure that has been selected as the national indicator for digital infrastructure sufficiently disaggregate and give meaningful information about what you are achieving?

**Nicola Sturgeon:** Again, that goes back to my answer to the convener's first question. Scotland performs provides a strategic direction for policy making, not just in Government but across the public sector. It provides a direction to move us towards outcomes-based policy interventions. That is as true with digital as it is with any other aspect of policy making.

The "Improve digital infrastructure" indicator in the performance framework measures the proportion of residential and non-residential premises that are within postcodes where next-generation broadband is available. That is the indicator that we use to measure our progress towards the overall objective in the performance framework. For that, we use Office of Communications data along with data that local authorities and commercial companies provide. That data also helps us to identify the intervention areas for the step change programme.

There is a strategic direction in the performance framework, and indicators are the way in which we measure progress. In this case, the specific indicator is on improving digital infrastructure.

**Alex Johnstone:** You say that the indicators allow you to measure progress. Do they adequately assist in making decisions and prioritising in the current budget and future ones?

**Nicola Sturgeon:** Yes. The question is specifically about digital. As I said, the indicator measures the proportion of premises that have access to next-generation broadband. We use the available data to identify the intervention areas for the step change programme and to understand

and allow us to model likely coverage levels. In a very direct sense, the way in which the resources for the programme are allocated to certain areas is driven by the data that underpins the performance framework.

**Alex Johnstone:** We all instinctively talk about budgets in relation to the provision of physical infrastructure. However, one thing that the committee has become aware of over time, and which has become an increasing problem, is that we can provide physical infrastructure but it might not actually be used.

For example, we have heard from academics who say that the infrastructure is important but the use to which it is put and its effective connectivity is what drives outcomes. Is the cabinet secretary content that enough is being done to help, for example, small and medium-sized enterprises and hard-to-reach individuals to make best use of the infrastructure that is being made available?

**Nicola Sturgeon:** I am absolutely of the view that we are increasingly mindful of the need to do that. In a second, I will run through some of the things that we are doing to ensure that we are focusing on that as much as we need to.

I think that you are right that much of the discussion that we have had around digital in Scotland to date has been around infrastructure. There is a very good reason for that, which is that the infrastructure has been lacking. It is a bit difficult to get into a meaningful discussion with people about participation if they do not have the infrastructure to make that realistic for them. It has therefore been the right focus of the Government to deal with the infrastructure problem. The step change programmes are in place, and the infrastructure will increasingly be there.

I do not underestimate that there will continue be parts of the country where the infrastructure remains a real challenge; nevertheless, the step change programme will make a significant step change in the provision of infrastructure. We have to get to a stage—and we are trying—in which we encourage people to take the infrastructure for granted and switch the discussion much more to digital participation. That means digital participation by individuals in their everyday lives as well as digital participation by small businesses.

There are massive economic advantages in small businesses using the internet much more as part of their daily business needs and requirements, but there is also a massive economic impact in terms of encouraging businesses to get in there and provide the applications and suchlike that will allow us to take advantage of the infrastructure. We are therefore increasingly focusing on the participation side, as

we move towards having the infrastructure in much better shape.

We are putting in place a number of things at the moment. For example, in partnership with the Scottish Council for Voluntary Organisations we have appointed a director of digital participation, who will take up their post in the next few weeks to try to reinvigorate the agenda. We have published “Scotland’s Digital Future—Supporting the Transition to a World-leading Digital Economy”, which sets out proposals to build on what we are doing just now and better support businesses in particular to make the most of the infrastructure that will be in place. We announced earlier this year that there will be £7 million to implement the report’s recommendations and complement the resources that are already in place. Working with Scottish Enterprise and Highlands and Islands Enterprise, we have also established a digital Scotland business excellence partnership.

There is therefore a whole work programme to ensure not only that we have the infrastructure in place but that businesses and individuals are equipped to take best advantage of it.

If the committee is interested in this area, I can provide much more detail in writing about the participation side, if that would be helpful.

**Alex Johnstone:** Thank you very much.

**The Convener:** We move on to the issue of water, on which Adam Ingram has some questions.

**Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP):** Cabinet secretary, why is water not specifically mentioned in the national performance framework? That is surprising, given the importance that is given to the hydro nation concept, all the opportunities that are opening up to make Scotland perhaps a world leader in technical innovation, and some of the marketing possibilities that we have. Is the lack of reference to water in the NPF not downplaying and perhaps demotivating the sector?

**Nicola Sturgeon:** The sector and Scottish Water as an organisation are not specifically mentioned in the NPF, but there are other sectors that are not mentioned in it, either, and no organisations are mentioned in it.

The absence of a specific mention should not in any way, shape or form be taken to mean that we do not understand, appreciate and want to build on the contribution that Scottish Water and the water sector generally have to make in fulfilling some of the objectives in the NPF. If you look down the list of indicators, for example, you will see a number to which Scottish Water’s activities will contribute to achieving. I would not want to

understate the importance of Scottish Water and I do not think that it is possible to overstate it.

We have seen the evidence of that approach in the past year or so in the passage of the Water Resources (Scotland) Bill and the development of the hydro nation agenda, which contribute to ensuring not only that Scottish Water continues, as it is now, to be a very well-performing water company in public hands—as I am delighted and proud to say for the benefit of at least one member of the committee—but that we harness and make use of our abundant water resource more generally.

Scottish Water and the water sector are very important. In Scotland, we should be really proud of the sector and be determined to maximise it; through the agendas I have spoken about, we are.

**Adam Ingram:** The current regulatory period ends in 2015 and the output monitoring group has reported regularly on agreed measures and targets that we have heard described as Scottish Water delivering traditional services. Can Scottish Water deliver more to the purpose and purpose targets and will there be changes to the monitoring regime for the new regulatory period up to 2021 to reflect that?

**Nicola Sturgeon:** There are two or three different parts to that question.

Over the past number of years, Scottish Water has always tried to up its game and deliver more. It has been extremely successful in doing that. I say that as a constituency MSP a large part of whose constituency was without water last night as a result of a burst water main. I should bear that in mind when I answer the question.

Scottish Water has always taken the view that it should seek to maximise its performance, so the short answer to your question is that I am sure that it can do more and will be at the front of the queue in trying to ensure that it does more. I mentioned the hydro nation agenda. Scottish Water is very committed to that and excited about the opportunities of it.

The second bit of your question was about the monitoring arrangements that are in place to ensure that Scottish Water delivers on the objectives that we set for it.

The output monitoring group was set up specifically to monitor the delivery of Scottish Water's investment programme and to ensure that customers receive the improvements in services for which they pay through their water bills. In my estimation as the minister who has been responsible for Scottish Water for just over a year, that monitoring framework works well. Therefore, I have no plans to change it.

On the content of the objectives that we set for Scottish Water, as you know and as you alluded to in your question, work is under way to finalise the investment requirements and customer charges for the next regulatory period. Setting those for the 2015 to 2021 period involves discussions on the targets and monitoring arrangements that we set for Scottish Water, so it is a live discussion.

Overall, my view is that Scottish Water is a high-performing organisation. We now have lower average water bills than the average water bills in England, which is a huge success. Scottish Water has challenged itself and continues to do so, and we have robust monitoring arrangements in place for it.

**Adam Ingram:** I will finish with a specific question on a budget line. The Scottish Government has created a new applied research fund of £5 million. What are your objectives for that research fund?

**Nicola Sturgeon:** That fund is specifically designed to support the hydro nation programme of work, which is associated with the Water Resources (Scotland) Bill, which went through the Parliament earlier this year. As committee members will remember because they were all involved in the passage of the bill, it places a duty on ministers to develop the value of our water resources. The programme of work around the hydro nation agenda is designed to help us to deliver on that duty.

The work that is in hand under that budget line includes setting up a programme of postgraduate hydro nation scholars to develop our academic expertise further. In partnership with the enterprise agencies, we are supporting new Scottish products to be tested and brought to market through the development of an innovation service. There is also support for climate justice projects to help to improve access to water and sanitation in sub-Saharan Africa.

That is the kind of work that the budget line supports as part of the broader hydro nation programme.

10:45

**Mary Fee (West Scotland) (Lab):** I am looking at the purpose target section of the national performance framework, and there is little mention of housing in any of the pages of the Scotland performs website. What is your view of the role that housing plays in delivering the high-level economic outcomes? Why is housing not specifically mentioned?

**Nicola Sturgeon:** One of the specific national outcomes in the NPF is:

"We live in well-designed, sustainable places where we are able to access the amenities and services we need."

That is not exclusively about housing, but housing is obviously central to that outcome.

Two specific indicators in the suite of national indicators relate to housing. The first of those is:

"Improve access to suitable housing options for those in housing need".

The indicators are about to be refreshed and that one will be looked at. Given that we have already abolished the priority need distinction in our approach to homelessness, that indicator will be refreshed. The second indicator that relates to housing is:

"Increase the number of new homes".

There is clearly a strong focus on housing in the NPF, and rightly so. We need to make sure that people have the homes that they need to live in. Also, as the committee has discussed many times in the past and will no doubt do so in future, the contribution of housing construction to the wider economy is very important. I would argue that housing is well reflected in the NPF and that the importance and priority that we attach to housing is well reflected in the budget and in our budgetary decisions.

**Mary Fee:** It is right to say that housing plays a central role and that the effect that housing has on other targets and how Scotland performs is crucial. Putting more money into housing creates jobs, regenerates local economies and towns, and has an impact on health and wellbeing. It is therefore a crucial sector and it is vital that that is reflected across the budgets. Are you saying that housing is adequately funded and that adequate resources are being provided?

**Nicola Sturgeon:** My first comment is to agree absolutely with your analysis of the importance of housing, not just for its own sake but for what it contributes more generally.

My second point is a statement of fact. All our budget decisions are constrained by the size of the budget. There might be lots of things that I would like to be able to spend more money on if I had access to more money, but our decisions are constrained by the resources that are available to us.

As members are aware, within that, when extra resources have become available, we have taken a number of decisions to allocate extra resources to housing. Just this weekend, we published on the Scottish Government website a table that the committee, Audit Scotland and others asked for. The table shows additional allocations to housing that have been made since the 2011 spending review. That indicates the importance that we have attached to housing. The draft budget that

we are scrutinising today gives housing an increasing profile, and a combination of direct capital funding and the use of financial transactions means that housing is strongly reflected in the budget.

We are on track to meet our target of 30,000 affordable houses during the current parliamentary session. I say that without a hint of complacency, because we need to stay focused on meeting that target, but we are on track to meet the overall target and the target of 20,000 houses being affordable social rented housing, as well as the target of 5,000 council houses that sits within that.

We can all sit here and say that we wish that we had more money for X, Y or Z, within the amount of money that the Scottish Government has at its disposal, but I am absolutely of the view that we have given strong priority to housing, for all the reasons that we agree are important.

**Mary Fee:** Were the budget increases that have been made in the past year and which the 2014-15 budget consolidates a response to inadequate resources? Was the extra budget provided because you were not going to meet your targets?

**Nicola Sturgeon:** The indicator on increasing the number of new homes is one of the ones that are showing worsening performance, but that is because of the wider market conditions, which relate to private sector house building. We have been and remain on track to meet our Government target of delivering 30,000 homes, which I just spoke about.

The additional allocation of money to the housing budget reflects what I just spoke about—the huge priority that we attach to housing. When we have had the ability to allocate extra money, we have done so. We cannot allocate money that we do not have. When additional money has become available, we have reflected the importance that we attach to housing through allocating extra money to housing. The increases in the housing budget reflect that.

**Mary Fee:** In its recent housing report, Audit Scotland estimated that it would be 20 years before enough homes are built to meet the projected need. Do you dispute that figure?

**Nicola Sturgeon:** No. I am very familiar with the contents of Audit Scotland's report and I broadly agree with Audit Scotland's analysis of housing demand. We all know the factors that are at play and which are increasing demand for housing not only now but for many years to come.

The Government has a central role to play in meeting that demand, but it must also be met through supporting recovery and performance in private sector house building. For example, we recently announced the Scottish version of the

help to buy scheme, which is intended to stimulate demand and in turn the supply from private sector house building.

We know the challenge. As I have said, we can all sit here and say that we wish that we had more money to do more but, with everything that the Government is doing on housing, we are maximising our ability to maximise the supply of new housing.

We have talked about the overall budget. In recent months, we have announced other initiatives that are intended to improve the supply of housing and housing for rent in particular. We have announced that, in the forthcoming housing bill, we will take the final steps to abolish the right to buy—that is the second time this morning that I will have pleased Alex Johnstone. We have also announced an increase in the subsidy level for registered social landlords and councils that are building new houses.

I would say this, as I am a minister who represents the Government, but I honestly do not think that anybody who was being fair and objective could look at everything that the Government is doing and come to any conclusion other than that we are serious and determined in maximising what we can do on housing, although they could of course say that they wished that the Government could do more.

**Mary Fee:** The indicator on improving access to suitable housing for those in housing need has been virtually achieved. Will you consider changing that indicator to cover a wider suite of housing need issues than just homelessness?

**Nicola Sturgeon:** I apologise if I did not say this, but I am pretty sure that I said in answering your first question that, as part of the general refresh of indicators, the indicator on improving access to suitable housing options for those in housing need would be refreshed, for the reason that you cite—that we have abolished the priority need distinction in our approach to homelessness. That process has not been undertaken yet, so I cannot say today what the outcome of the refresh will be, but we will look at an appropriate indicator for the future.

**The Convener:** I will ask about the geographical allocation of resources for housing. We in the north-east have huge pressure on social housing and housing for people who have less income than is earned in the oil industry. How does the allocation of resources for housing reflect the demand for housing throughout the country?

**Nicola Sturgeon:** I will let Bill Barron provide some more technical detail but, when it comes to the housing budget, we have an allocation process for 30 councils. The allocation for Glasgow City Council and the City of Edinburgh Council is dealt

with separately—as you know, that sits in the transfer of management of development funding—TMDF—part of the budget. We have an allocation formula that is agreed with local authorities, which I will ask Bill Barron to say a bit more about.

**Bill Barron (Scottish Government):** Last year, we agreed with the Convention of Scottish Local Authorities the allocation formula for the 30 councils other than those that are covered by the TMDF budget. We looked at all the different types of pressures that lead to housing need and the group identified four of those: market pressures, which are strong in the north-east; deprivation, which leads to the need to replace housing, regeneration programmes and the like; rurality, which is a strong dimension; and homelessness. That fourth pressure is not like the other three, which are long-standing issues. Whether there is a specific acute homelessness issue in particular areas is a more short-term issue. It is necessary to balance those four indicators, so we now have a formula that takes them together, and balances and weights them. Hopefully, that means that each of the councils gets a fair share.

The various pressures tend to balance one another out. The areas that face strong market pressures, those that face regeneration pressures and those that are rural areas tend to be different, so it is not as if a huge amount of money gets redistributed to particular areas.

The other point about market pressures is that areas such as the north-east can benefit a great deal from some of the other initiatives that we have that are not part of the allocation process for the social housing programmes. They include initiatives such as the national housing trust, the shared equity schemes and the help to buy scheme, which will make a big difference in such areas.

**Nicola Sturgeon:** I am sure that the committee already has access to it, but we can provide detail of the allocation policy if that would be helpful.

**The Convener:** Yes—thank you.

**Jim Eadie:** I have a couple of short questions about the Scottish welfare fund and the steps that the Scottish Government is taking to mitigate the impact of welfare reform.

The Scottish welfare fund came into operation in April of this year. It replaced the social fund that the Department for Work and Pensions provided. What additional moneys has the Scottish Government made available to support the work of the Scottish welfare fund?

**Nicola Sturgeon:** The Scottish Government has made available in the region of £9 million of additional money a year. I think that the figure is £9.2 million, to be precise. As you indicated, the

responsibility for the old social fund, which covered crisis loans and community care grants, was transferred to the Scottish Government, along with a budget for that. In our estimation, the budget was not high enough to deal with demand at the time, let alone the increased demand that we anticipated would arise as a result of the welfare changes, so we took the decision to top that up by £9.2 million. The budget confirms the continuation of that.

**Jim Eadie:** The fund will be managed by local authorities but will be underpinned by guidance from the Scottish Government. What steps can the Scottish Government take, in partnership with councils, to ensure that the money that is available is utilised fully and that councils are not tempted to use it to plug gaps elsewhere in their budgets?

**Nicola Sturgeon:** That is an extremely important question, because we want all that money to go towards helping the people that it is intended to help. We have worked closely and well with COSLA and local authorities in establishing the fund, which was established in pretty short order.

I make the committee aware of the fact that the fund has been established on a transitional basis. It is delivered by local authorities but, as you said, it is underpinned—if that is the right word—or governed by national guidance, which has just been amended slightly to take account of some of the early experience of the fund's implementation. It is our intention to put the fund on a statutory basis. In other words, we will take legislation through Parliament to ensure that it is underpinned not by guidance but by statute. I think that that is an important commitment.

11:00

We are working closely with local authorities to make sure that there is consistency across the country in relation to decision making, while making sure that there is also local flexibility, which is important.

Perhaps surprisingly, our early experience has been that the fund is under-applied-for, perhaps because it is new and there is not sufficient awareness of it. We are working hard to try to raise awareness and make sure that everybody who can benefit from the fund is benefiting from it. We will continue to work closely with local authorities to make sure that that happens.

The Welfare Reform Committee, to which I have already given budget evidence, is obviously closely involved in scrutinising and keeping track of performance in this area.

**Jim Eadie:** It would be helpful to maintain a dialogue with organisations such as Citizens

Advice Scotland, because it would be a concern if people who applied early in the year were able to access funds but people in similar need who applied later in the year found that the money was not available.

**Nicola Sturgeon:** We have close on-going dialogue with organisations such as Citizens Advice Scotland. In fact, one of the other things that we have done as part of our welfare reform mitigation measures is give additional funding to front-line advice agencies, including Citizens Advice. What they are finding, not surprisingly, is that there is quite a significant increase in demand for their services. We have tried to meet some of that extra demand through extra funding.

As a general comment about our response to welfare reform, I would say that this is not a position that any of us particularly want to be in. However, the working relationships between us, COSLA, the third sector and voluntary organisations have been very good because we are all very focused on the objective of mitigating, as far as is possible, the impact of some of these cuts on the most vulnerable people in our society.

**Jim Eadie:** The Government has made £20 million available for mitigation of the impact of the underoccupancy penalty, or bedroom tax, across Scotland. That money is managed by local authorities. I want to be clear—because there is a debate about the amount of money that is being made available—that the money was made available as a result of a request by Shelter Scotland, which the Government has met in full. It is the legal maximum that is permitted under the regulations that were passed by Westminster.

**Nicola Sturgeon:** The short response to both of those points is yes. Shelter Scotland proposed that we provide a top-up. Councils have what are called funds for discretionary housing payments, the money for which comes from the DWP. The regulations that govern all that allow councils to top up that money to a maximum of 150 per cent. That is the legal limit.

**Jim Eadie:** What would be the impact of the Government or councils exceeding that legal limit?

**Nicola Sturgeon:** We have no legal route to make more money available. The £20 million that we have provided this year allows councils to top up their discretionary housing payments by the maximum permitted. In the past couple of weeks, we have given a commitment that we will provide up to £20 million again next year. The reason I say “up to” is that we do not yet know what the DWP will provide to councils for discretionary housing payments. If it provides less next year than it is providing this year, topping it up to 150 per cent will result in our providing less than £20 million. We have committed to providing resources next

year to allow councils again to top up their discretionary housing payments by the maximum that is legally allowed.

**Jim Eadie:** So the maximum level does not change.

**Nicola Sturgeon:** What a top-up to 150 per cent amounts to will depend on the base budget. The base budget for next year is not yet determined by the DWP. We would be delighted to be proved wrong on this, but we would not expect the DWP to give more money next year than it has given this year. In fact, if I was a betting person, I would say that it might give less than it has given this year. Whatever that amount turns out to be, we have given a commitment to enable councils to top up again next year to that legal maximum of 150 per cent.

**Mark Griffin (Central Scotland) (Lab):** There have been falls in the expected expenditure on capital land and works and in the Queensferry crossing costs. How much of that is due to costs reducing and how much to a slowing down of capital works?

**Nicola Sturgeon:** There are two parts to that question, I think. On the capital land and works budget—Sharon Fairweather may or may not want to say more on this—there is reduced investment in 2014-15 compared with in 2013-14. In 2013-14, the budget covered a number of roads schemes such as the A75 Hardgrove, the A75 Dunragit, the A77 Symington, the A82 Pulpit Rock and the A82 Crianlarich schemes. The budget reflects the fact that the investment in 2014-15 is estimated to be less than that.

On the Queensferry crossing, to which I alluded earlier, the costs have been revised down to a range of £1.4 billion to £1.45 billion, which amounts to a total saving of £145 million on the Queensferry crossing since 2011. That is an unmitigated good news story. The project is coming in—she touches wood as she says it—on time and under budget, and that is something to be celebrated.

I ask Sharon Fairweather whether she wants to say any more about the capital land and works budget.

**Sharon Fairweather (Transport Scotland):** The only other thing to bear in mind is that both the M8 NPD scheme and the Aberdeen western peripheral route NPD scheme should be into construction in 2014-15, which will be a big boost to construction spend, although the schemes are through the NPD programme.

**Mark Griffin:** A lot of the public sector transport spend focuses on roads and the economic return that they provide. When economic growth continues to increase and starts to stabilise, as we

hope it will, will your department's priorities shift away from roads to other areas of transport and focus on environmental measures as well as economic ones?

**Nicola Sturgeon:** Our decision making as a portfolio will continue to be guided by the strategic direction, the performance framework and the economic strategy that I mentioned earlier. It is important that, notwithstanding the changing economic and financial climates, we keep discipline in how we guide our decisions.

On your point about transport spending being heavily focused on roads, I have already spoken about the importance, during a recession, of maximising construction spend in order to stimulate the economy, but even when the economy recovers, there are other important drivers for ensuring that we have a transport network—which includes roads, rail, public transport and aviation—that supports the continued economic performance of the country, to ensure that we are as competitive as possible and that our transport links are conducive to business investment and growth.

Our decisions in the future will be guided by that strategic direction, and ensuring that we have an integrated, well-performing transport network will continue to be one of the key priorities in decisions on spend in my portfolio.

**Mark Griffin:** Has there been modelling of the future revenue costs of maintaining the new roads that are being prioritised?

**Nicola Sturgeon:** On the revenue costs for the AWPR, for example, which is an NPD scheme, I return to the answer that I gave earlier about the overall 5 per cent ceiling on the revenue commitments through our borrowing for capital investment.

Are you talking about on-going maintenance? There are particular lines in the budget, as you can see, for on-going roads maintenance. Clearly, investment in new roads contributes to making sure that we have a highly maintained road network, but our on-going budget commitment helps us to ensure that our existing road network, as well as new parts of the network, can be properly maintained in future.

**Mark Griffin:** On motorways and trunk roads, there seems to be a realignment in the budget from structural repairs to network strengthening. Our briefing from the Scottish Parliament information centre states that the budget is moving away from renewal and maintenance of roads towards things such as bridge maintenance. Is that briefing correct?

**Nicola Sturgeon:** I do not have the briefing in front of me, so I do not want to say whether I think



that it is correct or not, but I am more than happy to come back to you in writing on the SPICe briefing element of your question.

On the generality of your question, maintaining and ensuring that we can safely operate trunk roads is of enormous importance, for obvious reasons. Equally important is continuing to improve key connections, so all of that must be balanced in the overall transport budget. Our motorway and trunk road budget for 2014-15 is £639 million, and around a quarter of that will be invested directly in maintaining and managing the trunk road network. New connections are clearly important, but maintaining what we have already got is important as well.

As I said, I am happy to have a look at the specific section of the SPICe briefing that you mentioned, and to come back to you with further observations. Sharon Fairweather may wish to comment.

**Sharon Fairweather:** Our road network is made up of a number of components. It is not just roads; we have thousands of bridges on our road network, and there are also culverts, drains and ancillary equipment, so we break down the budget between different areas to achieve a balance in prioritising where the spend needs to go. It is split between network strengthening, improvement and structural repairs, all of which are part of the road network. That is how we break the budget down between different elements.

**Mark Griffin:** Is it safe to say that, in this budget year, the focus is moving more towards network strengthening?

**Sharon Fairweather:** It is based on prioritisation of what needs to be done on the road network and where, and which bit of the road needs repairing.

**The Convener:** Before Mark Griffin continues, Alex Johnstone wants to come in on this point.

**Alex Johnstone:** I want to ask a specific question that just occurred to me as you were speaking. The AWPR contracts are currently under negotiation and discussion, and I do not know as much about them as perhaps I ought to. Maintenance on the trunk road network has been mentioned, and I would like to know whether the NPD contracts that are likely to be signed for the construction of the AWPR will include maintenance over the period of the scheme?

**Nicola Sturgeon:** Yes.

**Alex Johnstone:** Will that be for the whole period over which the scheme is financed?

**Nicola Sturgeon:** Yes, 30 years.

**Alex Johnstone:** Thank you.

**Mark Griffin:** I would like to move on to the indicator for journeys to work by active travel and public transport, which is flat. Why do you think that is and what is the Government doing to change it?

**Nicola Sturgeon:** Trying to change that is obviously important. Throughout the budget you will find ways in which we are trying to achieve a modal shift from car to public transport, and active travel is clearly a long-term agenda. People form travel habits over long numbers of years and they do not change them easily, so it is something that we must prioritise in the short term but stick at in the long term too. Perhaps the long-term nature of such change in some way explains the flatness of the indicator that you have mentioned.

If you go through the budget, you will see a strong commitment to promoting active travel. Jim Eadie has been a strong proponent of increased investment in cycling infrastructure, and we are allocating an additional £20 million to that over the next two years, on top of the £58 million that has already been allocated since the spending review. We also have spending commitments to low-carbon transport, such as the bus investment fund. Therefore, you will see at various points in the budget that commitment to modal shift as well as the commitment to ensure that public transport options, including buses, are as environmentally friendly as possible.

**Mark Griffin:** The committee and organisations that have submitted evidence have called in previous years for a total sum of what is spent on active travel, how it is spent and which budget lines it comes from. Are you able to provide that information to the committee this year?

11:15

**Nicola Sturgeon:** I think that that information is already in the public domain. After the budget debate in September, John Swinney wrote to Patrick Harvie setting out very clearly the contributions that are made to active travel in different Scottish Government budget lines. If that information is not already publicly available—I am sure that it is—we can make it available directly to the committee.

There is always a willingness on the part of the Government to make the presentation of the budget figures as transparent and as easy to understand as possible. You will appreciate, though, that there comes a point when it becomes problematic to further disaggregate different budget lines, because doing that would have a counterproductive effect and make it difficult for the committee to track them compared with previous years. To go back to the theme that has run through this discussion, there is a balance to

be struck in that regard. However, the information that has been provided on active and sustainable travel, particularly the information that was sent to Patrick Harvie, gives a very clear account of where in the different areas of Scottish Government spend that money comes from.

**The Convener:** Jim Eadie has a point to make.

**Jim Eadie:** I put it on the record that I very much welcome the additional investment—I say investment rather than funding—in active travel to bring about the modal shift to which the cabinet secretary referred. However, the point that my colleague Mark Griffin made was entirely the right one because there has been huge frustration that despite additional investment in active travel and cycling, it has not always been possible to isolate in a single budget line what the level of investment actually is. I therefore welcome Mr Swinney's commitment and the further reassurance provided by the cabinet secretary this morning.

**Nicola Sturgeon:** I would simply say that it is not in the interest of Government to hide its light under a bushel in this respect. If we are providing extra money in the area—as we are—we clearly want that to be obvious in the budget. It is in our interest to make it as transparent as possible, subject to some of the complexities that I have spoken about. However, that commitment is there.

**Mary Fee:** One of the things that would have a big influence on active travel is behaviour change. However, as the cabinet secretary has said, behaviour change is a long-term, generational objective. We heard in a previous evidence session that there is a view that not enough is known about what can influence behaviour change. There is not enough information out there about what organisations and workplaces could do to influence behaviour change. It is important that the Government makes the first move, but it is also important that there is partnership working and that information is fed out. What will be put in place to ensure that there is on-going work with partner organisations to encourage the small steps to be taken that will in the long run make a bigger difference?

**Nicola Sturgeon:** That is a big question that covers the spectrum of the Government and our partners, so I am happy to ask for some information to be put together on that for the committee to read at its leisure. I agree with you that we need to do as much as possible to promote behaviour change. When I was health secretary—I am sure that Alex Neil continues this—I was very keen that the health service saw itself as an organisation that was there not just to treat people when they were ill but to promote good health. So, we had the strapline that the health service was a health-promoting health service. That commitment manifests itself in a

variety of ways, such as the health service promoting cycle-to-work schemes for its staff, healthy eating in hospitals and health centres, and so on. That kind of attitude and mindset is important right across the public sector.

I have just been given some information by one of my officials that I can share with the committee. There is a wealth of information about things that are being done to promote behaviour change, particularly the shift to a low-carbon economy. Rather than read it out to the committee, it would probably be more useful to you if I provided the information in writing.

**Mary Fee:** Thank you.

**The Convener:** I thank the cabinet secretary and her officials for their evidence.

I suspend the meeting to allow the witnesses to leave the room.

11:19

*Meeting suspended.*

11:22

*On resuming—*

## Petition

### Blacklisting (PE1481)

**The Convener:** Agenda item 3 is consideration of a new petition, PE1481, on blacklisting in Scotland. The petition has been referred to the Infrastructure and Capital Investment Committee by the Public Petitions Committee because this committee is the lead committee for the Procurement Reform (Scotland) Bill. The issue raised in the petition is tied to matters that will be considered in the bill's scrutiny process. Does anyone have a comment on the petition?

**Mark Griffin:** The petition follows on from work that has been carried out across the United Kingdom that has highlighted blacklisting as a serious issue and a threat to workers who have carried out political activities, which could have affected any member of this committee in their working lives. It is good to see the petition come to the Parliament. It would be worth while asking the organisations that submitted the petition to come and give evidence to the committee during our deliberations on the Procurement Reform (Scotland) Bill.

**The Convener:** I am not sure that we can ask every single one of them, but we can ask representatives. We will have an evidence session on this aspect of the bill. As I said, I am not sure that we can ask a representative from every organisation concerned to give evidence, because we must have a broad spectrum in our panel of witnesses. However, that evidence session is certainly in the work programme for the bill.

Is everybody content that we address the petition as part of the committee's scrutiny of the Procurement Reform (Scotland) Bill?

**Members** *indicated agreement.*

**The Convener:** Okay. As agreed earlier, we now move into private session.

11:24

*Meeting continued in private until 11:37.*



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