

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP**15 DECEMBER 2009****DIRECTOR'S REPORT**

This report updates the Partnership on various matters of interest and relevance to the work of the Partnership and seeks agreement to related proposals.

1 RECOMMENDATION

- 1.1 That the Partnership notes the various updates and other information provided in the report.

2 DISCUSSION**Forum of Chairs of Regional Transport Partnerships**

- 2.1 The last meeting of the RTP Chairs Forum was hosted by SEStran in Edinburgh on 2 December 2009. The Minute of that meeting will be circulated for information/interest when available. The Minute of the previous Chairs meeting, held in Perth on 9 September 2009, is attached at Appendix A for information. A number of items discussed on 2 December are summarised below.

Alternative Funding Opportunities

- 2.2 As has been reported in previous Director's Reports, RTP, CoSLA and Scottish Government officers are exploring alternative sources of funding for major transport improvements in Scotland. A paper on this is being submitted to the next Joint RTPs/CoSLA Transport Strategy Group meeting on 10 December and any further developments on this will be reported orally. Various options, including Prudential Borrowing and European Funding opportunities, are being investigated.

High Speed Rail

- 2.3 Developments on proposals for a High Speed Rail (HSR) network within the UK and on work on making the case for extension of HSR to Scotland has been outlined at the meetings on 23 June and 22 September 2009 (Reports RTP/09/32 and RTP/09/41 refer). On 23 June the Partnership agreed to reaffirm its support for the extension of HSR to Scotland adding that planned improvements to rail capacity, frequency and journey times, including extension of electrification of the Scottish rail network beyond Edinburgh – Glasgow as envisaged by the STPR, should be implemented to support and complement an overall HSR strategy for delivering enhanced rail connectivity and economic benefits to the whole of Scotland.
- 2.4 The HS2 Group established by the Department for Transport to investigate the opportunities for extending HSR beyond London, initially to Birmingham and subsequently northwards, is due to submit its initial findings to the UK Transport Minister by the year end. As reported on 22 September 2009, the Minister for Transport, Infrastructure and Climate Change has established a

Scottish Stakeholder Group, under the auspices of Transport Scotland, to investigate and demonstrate the economic case for extending HSR to Scotland. This includes officer representation from SEStran, SPT and Nestrans, with the Director of Nestrans representing the interests of the 4 RTPs north of the Central Belt.

- 2.5 Transport Scotland issued, in confidence, a Draft Business Case for comment to all RTPs on 1 October, seeking comments by 9 October, to enable submission of the final Business Case to HS2 by mid-October. The Draft Business Case document, along with Tactran's response which was prepared in consultation with the Chair, are available for inspection in the Members area of the Partnership's website.
- 2.6 The RTP Chairs received a progress report on development and submission of the Business Case for HSR to Scotland on 2 December 2009. This noted that Transport Scotland had submitted the Business Case to HS2 in late October and that not all comments submitted by RTPs had been acted upon. The Executive Summary of the Transport Scotland report is attached at Appendix B and the full report can be inspected at: <http://www.transportscotland.gov.uk/reports/rail/j11298-00.htm>
- 2.7 The delivery of the HS2 report in the New Year will mark an important stage in the development of HSR in the UK. It is hoped that this report will be made available for wider public consultation. It is also hoped that RTPs will continue to be fully engaged in ongoing consultation process, in particular through continued representation on the Scottish Stakeholder Group established by the Minister.

Strategic Freight Issues

- 2.8 The Chairs have requested a report on strategic freight issues at their next meeting in Dumfries on 3 March 2010. This will cover a range of issues, including strategic secure lorry parking; integration of lorry parking with edge of city/town Park & Ride facilities; development of freight consolidation centres etc.
- 2.9 Many of the items highlighted for further joint discussion by the Chairs are already identified and being progressed through the Regional Freight Quality Partnership. It is envisaged that a cross-RTP approach and sharing of "best practice" in these areas will help inform development of the Partnership's own Freight Action Plan.

Meeting with Minister for Transport, Infrastructure and Climate Change

- 2.10 The RTP Chairs have met previously with the Cabinet Secretary for Finance and Sustainable Growth and Minister for Transport, Infrastructure and Climate Change to discuss progress and opportunities for partnership working with Scottish Government and Transport Scotland on delivery of national and regional transport strategies and priorities. The Minister for Transport, Infrastructure and Climate Change is to attend the RTP Chairs meeting on 2 June 2010 in Glasgow, to review progress over the previous 12 – 15 months and consider future priorities.

Single Outcome Agreements (SOAs)

- 2.11 As reported on 22 September, the Director has recently been nominated to represent RTP interests on a national Project Board, which is overseeing the development of Local Outcome Indicators (LOIs) and associated Guidance for SOAs. The Project Board operates under the auspices of SOLACE and the Improvement Service, with input from all statutory Community Planning interests.
- 2.12 The inclusion of a number of Transport Indicators within Version 4 of the Menu of Local Outcome Indicators for SOAs was discussed at a meeting of Scottish Government officials on 5 October, which the Director attended. The LOI Project Board subsequently met on 26th October to consider and agree Version 4 and accompanying Good Practice.
- 2.13 The finalised Version 4 of LOIs was published on the Improvement Service's website on 20 November 2009. The LOI Menu, an accompanying Good Practice Note, and a letter to Council Chief Executives advising publication of these can be viewed in full on the Improvement Service's website at www.improvementservice.org.uk/local-outcome-indicators/.
- 2.14 The new LOI Menu includes a total of 59 recommended Indicators of which 6 relate specifically to transport :-

LOI 27 : Number of Persons Killed or Seriously Injured in Road Accidents

Monitors the number of people killed or seriously injured (all persons and children) in line with 4 indicators and associated 2020 national targets outlined in the Scottish Road Safety Framework published in June 2009. This information is already routinely collected by Police and Councils.

LOI 45 : Satisfaction with Public Transport

A subjective, perception-based measure of overall customer satisfaction with public transport, as indicated by responses to Scottish Household Survey questions on public satisfaction with a range of public services at Local Authority level.

LOI 50 : Numbers and Percentage of Children Walking or Cycling to School

Monitors the number of children using active travel modes on the journey to school, as indicated by Scottish Household Survey. It is envisaged that this measure will be supplemented through time by the annual "Hands Up" survey of school travel behaviour undertaken by Sustrans.

LOI 51 : Percentage of Journeys to Work made By Public or Active Transport

Monitors the proportion of adults travelling to work by mode – car, public transport or active transport – with particular emphasis on the proportion using more sustainable modes, as indicated by the Scottish Household Survey at Local Authority level.

LOI 52 : Percentage of Driver Journeys Delayed Due to Congestion

Monitors drivers' perception of whether their journeys are delayed due to congestion, as indicated by the Scottish Household Survey. This is not an actual measure of time lost due to congestion. Separate discussions have

been held with Transport Scotland and the MVA Consultancy on the development of alternative methods for measuring congestion as a possible means of supplementing/replacing the current Indicator for both RTS and SOA monitoring.

LOI 53 : Percentage of Road Network That Should be Considered For Maintenance Treatment

Indicates the proportion of the road network that should be considered for maintenance treatment, as identified by the annual Scottish Road Maintenance Conditions Survey (samples 100% of A roads; 50% of B roads; and 10% unclassified roads). This information is currently collected annually at Local Authority level and is one of Audit Scotland's specified Statutory Performance Indicators.

- 2.15 In addition to the above transport related LOIs, it is recognised that RTPs and their Strategies will also be important contributors to **LOI 55 : CO2 Emissions Per Capita**.
- 2.16 The LOI Menu is an optional "pick list" developed to support CPPs in the development of locally relevant monitoring of SOA Outcomes. The Menu will continue to be developed and refined as improved Outcomes data is identified and becomes available. The LOI Project Board is due to meet again in the spring of 2010.
- 2.17 The inclusion of the above transport related Indicators is to be welcomed as a helpful recognition and reinforcement of the role that transport and RTPs can play in supporting the delivery of many SOA Outcomes locally and nationally. Tactran is actively engaged with local CPPs in seeking to align the RTS Monitoring Framework and Indicators with SOA Monitoring Frameworks, with a view to maximising consistency and efficiency in performance and delivery monitoring.

Scottish Government Draft Budget 2010/11

- 2.18 The Scottish Government published its Draft Budget 2010/11 in September. The Transport, Infrastructure and Climate Change Committee wrote to Tactran, SEStran and Nestrans on 13 October 2009, inviting the Partnerships to give evidence on the Transport Budget on 27 October.
- 2.19 After consultation with Chairs it was agreed that the Directors of all 3 Partnerships would attend to give evidence. A copy of the transcript of the session is included at Appendix C for information.
- 2.20 As outlined in the separate report on the Partnership's Core Revenue funding, the Draft Scottish Budget contains a significant reduction in the Scottish Government Transport Directorate Budget for Transport Strategy and Innovation, which is cut from £8.6 million in 2009/10 to £6.6 million in 2010/11. However, as outlined in the Core Budget Report, the Cabinet Secretary for Finance and Sustainable Growth, in giving evidence to the Parliament's Committee on 3 November, indicated that there should be no impact on the operating or running costs of RTPs as result of the spending proposals in the Draft Scottish Budget.

3 RESOURCE IMPLICATIONS

3.1 This report has no direct or additional financial or other resource implications.

Eric Guthrie
Director

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NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing this Report.

**Meeting of Chairs of the Regional Transport Partnerships
Held in Perth on 9th September 2009**

Minute of meeting

Present: Cllr Will Dawson, Chair, TACTRAN (Chair)
Cllr Duncan MacIntyre, Chair, Hitrans
Mr Eddie Anderson, Deputy Chair, Nestrans
Cllr Alistair Watson, Chair, SPT
Cllr Russell Imrie, Chair, SEStran
Cllr Brian Collins, Chair, SWESTRANS
Cllr Caroline Miller, Member, ZetTRANS
Cllr Alison Hay, COSLA

In attendance: Dave Duthie, HITRANS (DD)
Derick Murray, Nestrans (DM)
Rodney Mortimer, SPT (RM)
Alex Macaulay, SEStran (AM)
John Nelson, SWESTRANS (JN)
Eric Guthrie, TACTRAN (EG)
Michael Craigie, ZetTRANS (MC)
Anil Gupta, COSLA (AG)
Ashley Roger, TACTRAN

Item

Action

1. Welcome & Apologies

Cllr Will Dawson, TACTRAN, as host RTP, took the Chair, welcomed everyone to the meeting.

EG gave a short presentation highlighting current priorities and initiatives within the TACTRAN region. Following the RTS approval in June 2008 TACTRAN had developed 4 sub-Strategies for Buses; Park & Ride; Travel Information; and Walking & Cycling. The RTS Delivery Plan had been also been progressed and approved by the Partnership Board on 23rd June. He went on to outline the key projects TACTRAN are currently progressing including :-

- RTS Monitoring Framework;
- Regional Transport Model;
- Tay Estuary Rail Study;
- Park and Ride around Dundee, Perth and Stirling
- DRT pilots;
- Travel Planning and Health and Transport Action Plan;
- Freight Quality Partnership, including bidding for ERDF funding for rail connection into Dundee Port and work on freight consolidation centres at Perth and Dundee;
- Capital Programme of £1.98 million in 2009/10 and 2010/11 funding cycling infrastructure; Park & Ride delivery; DRT; improved road access to Dundee Port

Angus Council were progressing additional RTS projects

including the upgrade of Arbroath Bus Station and upgrading the A935 and A92. DM noted that if the A92/A935 upgrade was to be progressed, Nestrans would be happy to look jointly at this.

Cllr Collins asked whether TACTRAN were doing any work in relation to car parking at Ninewells Hospital. EG advised NHS Tayside has a well developed Travel Plan which encourages a modal shift from cars. A hospital link bus route has been established between PRI and Ninewells and TACTRAN is investigating the possibility of this stopping at the proposed Park & Ride site on the A90 at Walnut Grove. TACTRAN are also funding extension to cycle facilities to link Ninewells onto the NCN. TACTRAN Liftshare is also actively promoted.

Apologies were noted from:
Cllr Kevin Stewart, Chair, Nestrans
Cllr Allan Wishart, Chair, ZetTRANS
Bruce Kiloh, SPT

MC confirmed that Cllr Allan Wishart has resigned as Chair of ZetTRANS owing to other commitments. Cllr Dawson requested MC pass on thanks and wished him well. It was agreed that a letter should be sent by the Secretariat on behalf of the Chairs thanking Cllr Wishart for his contribution to the Group. RM

2. Note of Chairs Meeting on 3 June 2009

The Minute was agreed as a true record, subject to amending Branch 16: Date of Next Meeting to read 9th September.

3. Matters Arising

DD advised he is waiting on the conclusions from the HIE study on Rural Garages and this would be reported to a future meeting. DD

RM confirmed he had sent a letter to Cllr Fraser Macpherson.

RM confirmed he has received some information on how Transport Scotland will engage with RTPs regarding STPR and advised that he will prepare a paper on this topic when all RTP information was received. RM

AG advised he had spoken to Brussels and future editions of the European Bulletin update will now be circulated to all RTPs and if anyone required any further information to let him know. AG

4. Alternative Funding Workshop

AM presented paper.

During discussion, the Chairs noted:-

- Cllr Watson noted the Aberdeen Case Study was good and asked how the Gogar interchange was being funded? Cllr Imrie confirmed funding was from the City of Edinburgh Council as part of the section 75.
- Cllr Watson suggested that the private sector could be a funding source, maybe by charging a land acquisition tax

once the infrastructure is in place. Cllr Imrie suggested that following recession the private sector are no longer able to fund projects.

- DM advised there was “no appetite” for precept in the North East and requested that this option be removed from the paper. Cllr Watson confirmed there is an appetite for this in the West of Scotland and SPT could not agree to removal.
- DM confirmed that Nestrans do not wish to be statutory consultees to the planning process.

It was agreed:-

- Cllr Hay to report back CoSLA comments on this paper following discussion at the Exec Group on 11th September and the Resources & Capacity meeting. Cllr Hay
- To write to Jim Mackinnon requesting that RTPs be included as consultees in regard to the planning process. RM
- To remove the word “statutory” and change to “voluntary” consultees to the planning process. AM
- Note the paper and consider its use as background for forthcoming discussions with CoSLA and Scottish Government. AM

5. Minutes from the RTP/CoSLA Joint Transport Group

AG presented the minutes for noting. There has been some difficulty in finding a date for a meeting with MEPs but AG is still progressing. AG agreed to amend the minutes to show each Chair was representing the RTP and not their Council. AG

6. Single Outcome Agreements

EG presented paper.

During discussion, the Chairs noted:

- Thanks to Cllr Hay for writing to the Local Authorities, as this had supported RTP engagement within SOA processes.
- There had been a Local Outcome Indicator Partnership Board on 31st August, which had been attended by SPT, when it had been indicated that the next update of the SOAs would be spring 2011.

The Chairs :

- Endorsed the nomination of EG as the RTP Representative on the Local Outcome Indicator Project Board. EG
- Requested that further progress on SOA Performance Monitoring be reported to future meetings, as appropriate. EG
- AG to clarify the date SOAs are next to be updated. AG

7. High Speed Rail

DM presented paper.

During discussion, the Chairs noted:

- Greengauge21 are due to make a public announcement

on 16th September.

- Cllr Imrie advised he had been at the Stakeholder meeting on 4th September. Lord Adonis was awaiting Scottish input. Cllr Imrie emphasised that building in Scotland needed to be started at the same time as in England. The Scottish Government have endorsed the project and all party support should be forthcoming. However, the UK Shadow Transport Minister, Theresa Villiers, had announced that HSR will stop at Leeds so there is a big challenge for Scotland to ensure inclusion in this project.

The Chairs agreed:

- To ensure that RTPs are able to influence the outcomes of the HSR discussions. All

8. Access to Healthcare

DD presented paper.

During discussion, the Chairs noted the positive progress being made by each RTP in engaging with Health Boards and other CPP groups on Health and Transport issues.

The Chairs Agreed:

- To write to the Health Minister, Transport Minister and Cabinet Secretary confirming the RTPs commitment to engaging and working with the Health sector to establish the best Access to Healthcare taking into account budget constraints, climate change targets and demographic challenges. DD/RM
- To present the paper to Ronnie McColl.

9. Dates & Venues for Meetings in 2010

RM presented paper.

It was agreed that next meeting on 2 December 2009 will be held in Edinburgh, hosted by SEStran.

It was also agreed that 2010 dates and venues would be :-

- Wednesday 3 March in SWESTRANS
- Wednesday 2 June in SPT
- Wednesday 1 September in Nestrans
- Wednesday 1 December in Hitrans.

10. Discussion with David Middleton, Chief Executive, Transport Scotland

David Middleton (DM) thanked the Chairs for their invitation to meet and discuss areas of joint interest and opportunities for collaborative delivery of improvements to Scotland's transport network and systems. He noted that Transport Scotland and Scottish Government's main focus was on re-starting the economy and transport investment priorities needed to reflect this. The Forth Replacement Crossing (FRC) remains a key focus for Transport Scotland along with the other 3 STPR priority projects – Edinburgh to Glasgow Rail Improvements; Aberdeen

– Inverness rail enhancements; and Highland Main Line rail enhancements. Cllr Imrie and Cllr Watson commented on the importance of the FRC making suitable provision for multi-modal access in support of wider economic and environmental sustainability objectives.

The Chairs referred to the opportunity that the current economic conditions presented for Transport Scotland and RTPs to work collaboratively on delivery of projects. Specific projects highlighted by the Chairs included upgrading the A82/A83 and A75/A76; Loch Ryan Port road access; Thornhill Station; Dundee Station; Oban rail service improvements; and strategic Park & Ride. Cllr Miller also highlighted the issue of maintaining transport infrastructure on small islands.

Invitations to meet with each of the RTPs, when more detailed discussion on the various local and regional initiatives highlighted above could be held, were extended by the Chairs and DM indicated his willingness to take up these invitations when appropriate opportunities arose.

There was also discussion on the benefits of establishing ongoing liaison arrangements between the RTPs and Transport Scotland and DM confirmed his support for introducing liaison mechanisms to enable regular dialogue at both official and RTP Chairs levels.

It was agreed:

- To schedule a separate meeting with DM to discuss the options for the A82/A83. RM
- To schedule regular liaison meetings with Transport Scotland. RM

11. AOB

It was agreed that Cllr Dawson would Chair the afternoon meeting with CPT.

Cllr Dawson advised the meeting that RM was retiring from SPT and extended on behalf of the Chairs Forum their best wishes for the future and their thanks for all of his hard work and contributions to the Group, including in the capacity of Secretariat over the past 2 years.

12. Date of Next Meeting

Date of the next meeting is 2nd December in Edinburgh.

**High Speed Rail Strategic Business Case, Transport Scotland, October 2009,
Executive Summary**

There is a growing body of evidence of the potential benefits that could arise from a high speed rail link from Scotland to the rest of the UK. This has come from a variety of sources, covering business groups, environmental groups, as well as Government bodies. In response to this, the Scottish Government has instructed Transport Scotland to develop this Strategic Business Case, which will feed into the detailed appraisal to be undertaken later in the year by High Speed Two on behalf of the UK Government.

The purpose of the Strategic Business Case is firstly to establish the case for change and the need for investment; and secondly to provide a suggested way forward for the scheme.

The Government Economic Strategy (2007) sets out the core Purpose for the Scottish Government:

To focus Government and Public Services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

Edinburgh and Glasgow are key to Scotland's economy, with their city centres alone contributing 30% of Scottish output; data from the Strategic Transport Projects Review suggests that the city regions could make up more than 70% of Scotland's economy. Supporting the development of these two cities is a key part of the Government Economic Strategy. Linkages to London and the south are important for these cities, as they facilitate commerce and industry, and in particular the export of financial and business services, which together make up more than 25% of Scotland's exports to the rest of the UK. Good rail links are twice as important to these industries as to other sectors in the Scottish economy.

The principle of high speed rail cross-border links, which is set out as an aspiration in the National Planning Framework for Scotland Two, is clearly compatible with the Scottish Government's strategic objectives, in particular the following objectives for transport:

- Making connections across and with Scotland better;
- Improving reliability and journey time; and
- Maximizing the opportunities for employment, business, leisure, and tourism.

Edinburgh and Glasgow are not only key contributors to the Scottish economy in their own right, but they are also catalysts of economic growth in the rest of Scotland.

This study has reviewed the potential benefits of a high speed link, and its results will feed into the business case being developed by High Speed Two, which will be presented to the UK Government in the beginning of 2010. The Scottish Government will work closely with High Speed Two over the coming months to ensure that the case for bringing high speed rail to Scotland is fairly represented.

From reviewing the available evidence, it is clear that extension of the high speed line all the way to Scotland represents the best option. Even under conservative assumptions, a high speed line will deliver the most significant economic welfare

benefits to Scotland, and only a full line will deliver the step change in journey times which is required to achieve modal shift from air to rail, with the associated environmental benefits. Indeed, current evidence suggests that a high speed rail line will only be able to deliver reductions in UK carbon emissions if it is extended to Scotland.

Failure to bring the high speed line to Scotland will disadvantage the Scottish economy, particularly the tourist industry. A limited development of high speed lines in England will mean that cities in England unfairly benefit compared to those in Scotland, as they attract more visitors, and make Scotland appear the poor relation of the UK.

The high speed line will attract more development to Edinburgh and Glasgow, supporting the Scottish Government's aim to develop the cities into a single economic mass.

The merits of different alignments will be examined in more detail at the next stage of the business case development process. At this stage, the Scottish Government's preference is for a line which splits north of the border to provide direct access to both Glasgow and Edinburgh. This will provide the best opportunity for balanced development between the two cities, which, by maximizing the amount of room for development to occur in, will help ensure that the potential of high speed lines is fulfilled in Scotland.

The Strategic Business Case provides a rationale for intervention and enough evidence for a scheme or project to be allowed to proceed to development. At this stage of the project, detailed information on the commercial, financial, and management arrangements for the project has not been developed. These aspects will be advanced by High Speed Two, with involvement from the Scottish and UK Governments as required.

Scottish Parliament

Transport, Infrastructure and Climate Change Committee

Tuesday 27 October 2009

[THE CONVENER *opened the meeting at 14:00*]

Decision on Taking Business in Private

The Convener (Patrick Harvie): Good afternoon. I welcome everyone to the 23rd meeting this year of the Transport, Infrastructure and Climate Change Committee. I remind everyone present that all mobile devices should be switched off for the duration of the meeting.

There are four items on the agenda. Item 1 is to decide whether to take items 3 and 4 in private. Item 3 is consideration of the evidence that we will hear during our budget scrutiny, and item 4 is consideration of a proposal for attendance at the climate change conference in Copenhagen. Do members agree to take those items in private?

Members *indicated agreement.*

The Convener: We will now hear from another panel of witnesses, as part of our budget scrutiny. I welcome Derick Murray, director of the north east of Scotland transport partnership; Eric Guthrie, partnership director of the Tayside and central Scotland transport partnership; and Alex Macaulay, partnership director of the south east of Scotland transport partnership. Thank you for joining us to answer questions. Would you like to make some opening remarks before we begin questions?

Alex Macaulay (South East of Scotland Transport Partnership): Rather than take up the committee's time before questions, I refer members to the note that I have provided on the issues that are of concern to me as director of SEStran.

Eric Guthrie (Tayside and Central Scotland Transport Partnership): A number of the issues that we would normally have raised are covered in Alex Macaulay's submission. That is true of all three of us. I apologise for not submitting written evidence; the timescale did not permit that, as I was away. I am happy to proceed to questions.

The Convener: Many thanks. I turn to some of the background issues. Earlier this afternoon, we spent some time discussing the cancellation of the GARL project. We are also aware of future constraints on spending that may arise either as a result of diminished budgets or as a result of major projects such as the additional Forth road bridge. In that context, what are the challenges for transport policy makers regionally and locally in the next few years?

Alex Macaulay: I will kick off. The committee has heard other witnesses say that in the current climate the Scottish Government does not have an easy task in producing a budget for the Parliament. As regional transport partnerships, we face

circumstances that may be unique. Members may recall that my last appearance before the committee two years ago took place immediately after the budget announcement that shifted capital budgets from regional transport partnerships to local authorities. We have also had the concordat, single outcome agreements and the removal of ring fencing from budgets.

Quite rightly, local authorities have taken the opportunity to reprioritise their spending. Ever since I have been involved with local government, it has wanted to do that and has argued for the removal of ring fencing from budgets. That has now happened, and local authorities have started to take advantage of it.

I quote statistics in my submission that compare the capital allocation that my regional transport partnership had from the Scottish Government with the spend of my eight partner authorities last year on regional transport projects. The net result of last year's budget, this year's budget and the committed budgets for next year of the eight partner authorities is that we have about 42 per cent of the money that the authorities inherited from the previous regional transport partnership's strategic budget. My conclusion—it does not necessarily apply to all the regional transport partnerships, but it applies to mine—is that unless a major priority shift takes place in local authorities, we will be unable to deliver the regional transport strategy as outlined in the strategy document and its associated delivery plan.

I see the difficulties for the Scottish Government and the fact that the spend on transport is significant in the Scottish Government's budget. I support much of the spend, but a gap is developing. Scottish Government spend focuses—rightly—on strategic national priorities and local authority spend focuses on the local priorities that are dearest to constituents' hearts. The gap in the middle is that the equally important strategic regional priorities for transport investment are not being funded to the same extent as they were before the 2007 budget decision. My major concern as a representative of SEStran is that the regional expenditure gap is developing. Unless changes are made to central Government allocation or local government priorities, the regional transport strategy will not be delivered in the envisaged timeframe. That is the significant point, but I understand fully that changing the position will not be easy, given the concordat between central and local government.

The Convener: Regional transport partnerships are—at least in theory—composed of a collection of local voices, but you say that spending constraints would be more likely to have an impact on strategic regional objectives than on the transport elements of your local authorities' single outcome agreements.

Alex Macaulay: That has been SEStran's experience in the past 18 months or so. Over and above that, I suspect—although I have not done the analysis—that changes are being made in local priorities, which are moving away from transport to social services and other pressures on local government spending.

In the past year or so, we have tried with reasonable success to attract European Commission money into the region to co-fund projects. As I am sure members know, funding of 40 or 50 per cent from the European Union can be obtained for appropriate projects. However, even obtaining that has proved difficult, because it is difficult for local authorities to provide the match funding to attract European funding into the region. That will increasingly constrain the innovation that we can bring to bear in finding alternative funding sources.

Eric Guthrie: There are some similarities between us and what Alex Macaulay said about the SEStran area, but you will not be surprised to hear that we are all different. Our equivalent of the statistic that Alex Macaulay quoted is that we receive just under 60 per cent of the RTP capital grant that was allocated to the partnership prior to 2007-08. The money is still coming through into what we define as a joint regional transport strategy programme and is roughly £1.98 million a year.

In the context that Alex Macaulay just outlined, our regional transport strategy delivery plan, which has been refined a couple of times to take account of the STPR and other matters, is sitting at about £985 million over the lifetime of the strategy, which is quite a chunk of money. However, roughly £680 million of that relates to STPR projects, which we embed in our delivery plan. In relation to the projects that we define as regional, our regional transport strategy aspiration is to deliver roughly £303 million in capital terms across the lifetime of the strategy. Given a current spend rate of £1.98 million a year, it is clear that there is a significant gap.

We wish to discuss several projects that we define as regional with the Scottish Government because we regard them as containing national priorities. I include the Dundee station enhancement, various park-and-ride projects not currently covered by the STPR and multimodal access to our key ports at Dundee, Montrose and Perth. Ideally, we would like to have seen those projects in the STPR, but they did not make their way on to the list of 29 projects.

I see single outcome agreements as an opportunity to revisit the debate about how the regional transport strategy delivery plan projects can be resourced. It is true that, as signatories to the single outcome agreements, all regional transport partnerships are working hard in our areas to influence how the priorities that begin to emerge through the single outcome agreements consider transport as a key enabler of economic development in particular, but we also want to look at environmental objectives. That is very much work in progress, but we see it as a potential opportunity. It is early days as far as that discussion is concerned, but we are working hard in that area and looking at how we can include in the action plans for single outcome agreements a number of the key regional transport strategy projects.

Derick Murray (North East of Scotland Transport Partnership): The situation in the north-east is slightly different in that 100 per cent of the money previously spent is currently spent through Nestrans. The money that was allocated to Nestrans previously by the local authorities is still there. A good reason for that is probably that a lot of work has been done locally by the Aberdeen city and shire economic forum. The forum is a public-private enterprise that was set up to bring together the local authorities and the private sector. It has produced a business and economic manifesto based on achieving the Government's priority of sustainable economic growth. The manifesto sets out seven priorities, the top two of which are an integrated transport strategy and quality of life in the north-east region. The work that has been done to identify those major priorities for the north-east keeps transport high on the agenda for the local authorities.

We have spent a lot of time and effort trying to align the policies put together by ACSEF with the structure plan to pursue an economic growth strategy that the regional transport strategy supports. We have tried to align those policies with the national policies through the strategic transport projects review and the local policies through the two local councils' local transport strategies and the local development plans. We have managed to achieve alignment of all those policies from national through regional to local levels. That profile makes it easier for us to invest.

We have a regional transport strategy that costs £1.6 billion. Of that, the Nestrans budget is about £34 million over the period of the plan. It is clear that Nestrans will not deliver the regional transport strategy on its own; we need the support and help of other delivery partners. Transport Scotland gets 60 per cent of that £1.6 billion, which is quite a lot of money. How are we going to deliver on that? We have a fair degree of Government commitment to help us to achieve the western peripheral route, the Balmedie to Tippetty dualling project, the Haudagain roundabout and the Aberdeen to Inverness railway.

We believe that the north-east economy sits at a critical point. The economy is largely based on energy and North Sea production is perhaps reaching its peak. The economic manifesto that has been produced has taken all that into account and looks forward to how we can continue to contribute positively to Scotland's economy. We have decided to go for sustainable economic growth through our structure plan. We need to globalise what we do. In Aberdeen, we have the world's centre of excellence in subsea engineering, which we want to maintain, expand and start to export. There are opportunities for expansion into all energy, as opposed to just the oil and gas sectors.

We believe that we have an opportunity in the coming period, given the Government's commitment to the various projects and the private sector commitment to upgrade our airport and provide a runway extension. We also have the Menie estate proposal and the energetica corridor. We believe that all that investment will create the conditions that will allow the necessary economic growth over the next period. We see this not as a transport issue but as an economic development issue.

Alison McInnes: You have spoken about the impact of the changes in funding. I have said before in this committee that we should review the impact of the withdrawal of the capital funding. If we combine that with the future constraints that we are talking about and the focus on the Forth road bridge and other major projects, there will be a potentially disastrous gap between ambitions for your areas and delivery. Surely it is not only a matter of things slowing down. Do you have a sense that you might have to review your strategies comprehensively in order to be able to take things forward?

Alex Macaulay: I think that you are right. The past is the past and we can live with and deal with it; the challenge for us is the future. On the major projects that were identified in the strategic transport projects review, we all know that there are some big chunky spenders in the first few years. The net effect of that is that there will be virtually nothing left, other than the big four projects, until 2016. In effect, that means that Transport Scotland's ability to work in partnership with regional transport partnerships to move forward on the wide range of other good projects in the STPR is very limited.

That is a major constraint for us. The natural reaction in a constrained budget environment is to go for the low-hanging fruit—the relatively cheap projects that will give good returns on the money. That tends to be the retreat position when one is strapped for cash. Our ability to do that is very constrained, because we as a country are committed to the major projects that dominate the early years of the spend profile. That is an issue for us.

RTPs are statutorily obliged to keep their regional transport strategies under review. The guidance note requires us to do that every four years, which is certainly what SEStran intends to do. We are actively engaged with SESplan, which is the strategic

land use planning authority that covers almost the same land area—the boundaries are slightly different—as SEStran. We are providing the necessary strategic regional transport input into the land use planning process. Aligning the land use impacts with our transport analysis will facilitate a review of our regional transport strategy.

However, there is no question that the budgetary constraints that we will all face in future are a significant issue. The regional transport strategies are billed as 15-year documents that should be reviewed roughly every four years. Given the current economic climate, there is no question but that they will need to be reviewed at least every four years if not more often than that.

Eric Guthrie: I take the view that we have begun to address Alison McInnes's point in the way that we have aligned our strategy. As the committee will be well aware, all RTPs reviewed their strategies during 2007-08 and, in effect, stripped out the interventions, which were placed in separate delivery plans. That is what I referred to earlier—I heard the reaction from members—when I mentioned that we intend to deliver £303 million of the £985 million of projects, given current levels of expenditure. The strategy is subject to the statutory review that Alex Macaulay mentioned. We have also tried to align the strategy with the strategic development plan and with local development plans, so tactran faces many of the same issues as SEStran.

As far as we can see at the moment, the broad thrust of the strategy's objectives will have continuing relevance. The delivery plan is deliberately not prioritised. It does not attempt to prioritise the totality of the regional transport strategy and the various—largely capital but also revenue—implications that need to be delivered. Rather, the delivery plan provides a framework within which we can seek through time and progressively year on year—there will be a link back to single outcome agreements, as I mentioned earlier—to determine what our revenue and capital programmes might be. We have decoupled the capital and revenue programming from the delivery plan, which describes what we think will be required to deliver the regional transport strategy over the next 15 years. Over time, that might change as we review the regional transport strategy every three or four years.

For this year and next, we are working towards producing a two-year capital and revenue programme to cover the period on which we have certainty. That is the £1.98 million per annum that I mentioned earlier. We will progressively review that and look for other funding opportunities. The comments that were made about partnering with the private sector and looking for opportunities in Europe are equally relevant to tactran.

We have set up a framework within which we can seek to take account of the current constraints, which look set to increase as we move forward. We hope that our framework will be able at least to take account of the reality as we work through those, but we also hope that we will be successful in persuading both our partner authorities and other partners to maintain spend on transport and, where appropriate, to increase it. As I have already pointed out, if we do not do that, there will be an impact on our economy. The points that Derick Murray made apply equally to the tactran area. Many of the projects in our regional transport strategy are critical to the economic sustainability of our region. That is what it is all about.

Derick Murray: Let me give the north-east view.

We have a number of pre-STPR projects that are supposed to be in place before the strategic transport projects review period starts in 2012. Those include the Aberdeen western peripheral route, the Balmedie to Tipperty improvements, the Haudagain roundabout and the Aberdeen to Inverness railway line, the timescale for which straddles the current period and that of the STPR. We hope that those early projects will be progressed. We also hope that our alignment of policies will create a priority for our projects. We have identified the need for the projects and we have identified their impact, so we hope that they will attract a high priority.

There are going to be difficulties ahead—we can all see that. Our way of dealing with that and ensuring that some of the things that we want to put in place are achieved is to work in partnership with Transport Scotland, Network Rail, the local authorities and the private sector by putting our budgets together. For a number of our projects, we think that joint funding is the way to go. The most obvious example of that is the Aberdeen western peripheral route, which is 19 per cent locally funded. Laurencekirk station, which has just reopened, was 20 per cent locally funded. We are discussing with Transport Scotland the option of delivering strategic park-and-ride facilities in the north-east using 70 per cent local funding. We are also talking to Transport Scotland about the possibility of making a significant contribution to a station at Kintore.

We recognise that there are difficulties, but to achieve what we are trying to achieve—the economic manifesto and the structure plan growth—we must overcome those difficulties. If we can put things in place jointly, so much the better.

Alison McInnes: I am interested in the discrepancies in funding from local authorities between the three different partnerships. Derick Murray said that 100 per cent of the previous funding for Nestrans still flows through, whereas Eric Guthrie said that tactran receives 60 per cent of previous funding and Alex Macaulay put the figure for SEStran as low as 42 per cent. Those are significant discrepancies, which are perhaps explained by the differences in the partnerships. Mr Macaulay has eight different councils to negotiate with, which means trying to make his organisation's presence felt in eight single outcome agreements. Mr Guthrie has four different authorities to deal with. Can you talk a bit more about the impact of that kind of negotiation on your staffing resources?

Alex Macaulay: I think that it is intrinsic in the establishment that we have. My staff resources have been frozen since 2007—there has been no change. One of the major differences between our partnership and the other partnerships is that, at the outset when the budget change took place, my board and I took the view that we would not transfer all the budget that the local authorities had inherited from the regional transport partnership back into the regional transport partnership. At that time—it is still the case, to a large extent—the projects that we sought to see delivered with that money were projects that the local authorities had been developing for the past 10 years. They had the designs for them and knew the projects inside out, and they would have delivered them anyway. I did not want to pull the money back into SEStran only to give it back to the local authorities to deliver the projects. You could argue that that was naive of me and that, in retrospect, it would probably have been better for me to pull the money into the centre and deal with it in that way, but we did not do that. In the SEStran region, we have trusted our partner authorities to deliver what they have agreed to deliver within the delivery programme of the regional transport strategy. I think that they will deliver those projects, but they will probably not deliver them in the timescale that we all envisaged. I think that they will get there, but it will take a lot longer.

Within SEStran, we have focused on identifying the areas in which the local authorities either cannot deliver or are not involved in delivering at present. You will see from our written submission that one of the projects that we are directly delivering and for which we are currently assessing the tenders is real-time passenger information roll-out. We have it in Edinburgh and we are rolling it out in East Lothian and the Borders using European structural funds with match funding from our partners in East Lothian. Unfortunately, Scottish Borders Council was unable to find match funding, so we have had to find that from our revenue budget rather than from our capital budget—that is indicative of the budgetary constraints that our partners are under.

We have focused on that type of project. We have another one that involves examining the possibility of a dry port. I heard some discussion earlier about the possibility of freight facilities grants being shared among different developers—that is part of the dry port concept. Again, the match funding for that is coming from SEStran rather than from the partner authorities.

With regard to the projects that local authorities had ownership of, we felt that there was no way we would pull money into the centre just to give it back again. Such an approach would simply introduce duplication of effort. However, we have taken the lead and commissioned work on a number of new projects including the feasibility of an outer orbital bus rapid transit system around Edinburgh, the reopening of the Levenmouth railway and the extension of the Stirling-Alloa-Kincardine railway to Rosyth and then into Edinburgh via the Forth bridge. As the projects develop and the economy recovers, we will be the lead authority in their delivery. SEStran's pragmatic approach probably explains the differences in share.

As for staff resources and negotiation, the fact is that partnership working is not easy and takes a lot of effort. Our resources are stretched to the limit; we have eight partner local authorities, all of which are members of community planning partnerships. Those eight community planning partnerships have been divided among four members of staff—in other words, they have two each. That work takes up a lot of time, but significant advantages can flow from it. For example, our engagement with the health and education sectors might have a significant effect on the smarter choices agenda, which is a softer agenda focusing on demand-responsive transport, the sharing of transport facilities and approaches that are based more on revenue than on capital. We are happy to do that work, but we have to carry it out within our constrained resources. Of course, that just means that everyone has to work that wee bit harder.

Alison McInnes: Could the Government implement any policy initiatives or changes to assist you in dealing with some of these risks and threats?

Eric Guthrie: We are probably more in need of a change in priority than a change in policy. There has been a lot of discussion about funding. Like our colleagues in Nestrans, we have aligned our regional transport strategy pretty well with the national transport strategy. There is not much space between them; indeed, I believe that they are very complementary. We have also carried out the downward alignment between our strategy and councils' strategies, and that work is now embedded in the single outcome agreements.

In some areas, we feel that greater priority could be given to what Alex Macaulay has called the low-hanging fruit and what I would call quick wins. I suggest that one of those quick wins might be found in project 8 in the strategic transport projects review,

which concerns strategic park-and-ride projects, specifically that serving Dundee. We are using our revenue budget to develop various projects in partnership with Transport Scotland, our partner authorities and—south of the Tay—SEStran. At the moment, we are looking at south Tay and east Perth; we are about to look at west Dundee; and I hope that we will soon look at south Stirling. If spend on strategic park and ride were to be advanced, we could achieve a number of our economic and environmental objectives. Such schemes would be relatively low cost—I suggest that in strict capital terms each of them would be of the order of £2 million—and other opportunities to partner with the private sector on the bus delivery element of the projects would, I hope, address some of the revenue consequences of our delivery plan. I believe that we need that kind of emphasis rather than any change in policy per se.

Our partnership board broadly supports the STPR and three of the four priority projects that affect our area: the Forth replacement crossing, the electrification of the Glasgow to Edinburgh line and Highland main line improvements. However, we feel that the priority that has been given to strategic park and ride and improvements to the A90 in and around Dundee should be reviewed and that those projects should come forward earlier than the current prioritisation might imply.

I will return to Alison McInnes's earlier question, if that is okay, and clarify the capital allocations issue. The 59 per cent figure that I mentioned relates to what I would call former regional transport partnership capital grant, although the situation is slightly more complex than that. Within our councils, other funding comes through to transport projects—including regional transport strategy projects—which, in some cases at least, are funded from the council's own capital programme. The position is not as discrete as the statistic might suggest, but I give it as a comparator with what Alex Macaulay said about the position in SEStran.

On staffing, we are a fairly lean organisation. We have an approved model 1 structure of eight staff. We are currently sitting at six staff, including me—we have been working at that level on the basis that we will review staffing levels within the regional transport partnerships as and when we move into delivery.

On Alex Macaulay's comment about the transfer of funding, my view is that it is not important who delivers the projects; the important thing is that they are delivered. We have never taken a view on whether funding should transfer back to tactran or stay with the councils. Ideally, we would like a situation in which a regional budget is constructed from contributions from all our partner authorities, and the partnership, in discussion and agreement with our partner councils, agrees the regional priorities and programmes accordingly on a regional basis. The difficulty with not having that collective situation is that it is difficult to adopt a regional approach to programming. At the moment, by definition we are spending money in two areas rather than across the region because our capital funding is coming largely from two of our partner authorities. I wanted to clarify that point.

Derick Murray: I will do what Eric Guthrie did and answer the two questions at the same time, if I may.

On the first question, it is perhaps easier for us because we have only two local authority partners and we are a city region—we recognise that that helps. However, we have a desire to work together. We have two councils that want to work together and with Nestrans to achieve things, and we have senior councillors who give their

time to the board. That has been the case for the 10 years or so for which the board has been in place.

We have a true partnership approach to delivery. We have set things up in such a way that different partners can take the lead. It does not matter which one does so: the partner with the resources and expertise will lead. The approach crosses the city and shire boundaries, and we also work hard with our community planning partnerships to raise the profile of transport. We have been reasonably successful in doing that, and the approach has helped us to identify links to other bodies as well as to our two councils. We have identified a number of links between what we do, what the health board does and what the universities do. The hard work that we put in to keep the partnerships together pays dividends.

On changes to Government policy that would help, there are one or two little things that would lead to significant improvements. Beyond the specific projects that we discussed, we are looking for relatively small sums of money for things of the type that Eric Guthrie mentioned. Park-and-ride projects are not hugely expensive but they have a big impact, particularly if they are done through partnerships. The fact that we propose to put up some local money as well as use national money makes it easier to finance such projects, which can lead to some fairly significant wins.

The bus route development grant projects were particularly successful. If we could recreate them, we could have some more big hits, again for relatively small sums of money.

Another example that springs to mind is rail freight. I am thinking of the rail environmental benefit procurement scheme—or REPS—grant as opposed to the rail freight facilities grant. Small technical changes to the REPS grant might have a significant impact.

Those small changes are quite technical, and I could send the committee a paper on what we think could be done to make rail freight more useful—particularly the longer journeys from the north-east down to the central belt and down into northern England and beyond. Given the effort that has been put into upgrading the rail gauge to the north-east and creating new rail facilities in the area, such an approach could pay dividends.

The Convener: I appreciate the level of detail that the witnesses are going into, but we have a number of issues to get through and, if we get three detailed answers on each question, we will find it hard to make progress.

Charlie Gordon: I am not advocating a return to ring fencing, but I infer from what Mr Murray said about the bus route development grant, which was a three-year revenue facility that was disaggregated to local authorities, that that money has been spent by local authorities on other things—not necessarily transport-related.

Derick Murray: I understand that that grant was identified for the projects that had been agreed. The money was used to follow through those contracts, and I am unaware of any new contracts being put into place. The money was in relatively small amounts, and where it currently sits within local authority funding—

Charlie Gordon: It was disaggregated so, in the time-honoured phrase, it is in there somewhere.

Derick Murray: It is in there somewhere.

Des McNulty: Mr Murray, you said that the Aberdeen western peripheral route was one pre-2012 project that was part of your strategic plan. However, we are now coming to the end of 2009 and we still do not know what the minister's decision will be. In your professional judgment, is there any way in which that road can be built to the 2012 timetable?

Derick Murray: I sit here with the same degree of anticipation as you with regard to the minister's announcement. I assume that he will be looking at the timetable.

Des McNulty: Can I press you on that? If the minister were to make an announcement next week, bearing in mind the stages that would have to be gone through before construction could start, is it realistic to say that that project could be up and running on the current timescale, which has a target date of 2012?

Derick Murray: It would be reasonable to expect a project of that scale to take three years to construct.

Des McNulty: So there will be at least a one-year delay, following simple mathematics.

It struck me—and I am sure that it struck Charlie Gordon, too, as he has a similar background to me, in that he also started out in local government as part of a regional authority—that you seem to be describing a policy and management framework for transport that should naturally work at a conurbation level, with transport, economic development and other infrastructure being intrinsically linked to one another. However, we have moved away from a situation in which there is a link between the political and institutional management of that situation. There was a disaggregation of local authorities and an attempt, under the previous Administration, to put in place multi-authority regional transport organisations. Following that, money has been taken away from the regional transport authorities and disaggregated to the unitary authorities, and now you are trying to get that money back.

That structure is not going to work, is it? In fact, you are doing very well to try to get something out of it. From what you said, you seem at least to be managing to hold on to the money in north-east Scotland because you have built up consensus and commitment, but the structure plainly does not work. Money is being drained out of the transport budget to go elsewhere. Much of your effort is, in a sense, to overcome the structural inconsistencies in the system rather than to engage in what I presume you really want to do, which is to plan and deliver transport projects. Is that a fair summary? Alex Macaulay has been part of the same system, so he will have been through the process in the Lothians. It seems to me that successive decisions by different Governments have left us trying to reconstruct something out of building blocks that do not fit together.

Alex Macaulay: I add a caveat to this answer by saying that it is from Alex Macaulay and not necessarily from the SEStran board, which you will know is made up of delegates and representatives from the local authority partners, who I suspect would not wish to see the re-establishment of the sort of integrated regional body that was described.

I must say that the way in which we are operating certainly does not make life easy. I have had long experience with, first, Central Regional Council, then Lothian Regional

Council, then the City of Edinburgh Council unitary authority, and eventually with SEStran. We often ask why we do not just get on with things rather than go through all the negotiations and discussions that we have to undertake at a partnership level. However, there is a balance involved, which is that the moves that have been made on community planning partnerships have the potential for bringing major benefits to society because they break down the horizontal barriers between local government and the other major players who provide services to the population of Scotland. I would not therefore say that the situation was all bad.

Intuitively, we think that it would be nice to have a regional body that has responsibility for regional land use and transport planning and regional economic development. However, the committee will remember, as we all do, that the regional structure caused some friction at the time. Depending on whether you sat on a regional body or on a district council, you had a different perspective on how successful that particular local government structure was.

This sounds simplistic, but the people with whom you deal are the key. If they are open minded enough, we can make any management system work. However, if minds are closed, then no matter how good the management system is, it will not work. There are legitimate issues for local government in wanting to identify its own local priorities. Who am I, as a transport person, to say that social work or education is not a bigger priority than transport? Fortunately, that is not for me to opine on; it is for the politicians, as the decision makers, to have their views on that.

There are therefore real advantages for local government autonomy in the de-ring fencing of budgets. In my own area, the result in the first year of operation appears to be that money is not being spent to the same extent on regional transport priorities. That may change; we will keep plugging away to see. All we can do is argue our case for the services that we are here to provide.

Des McNulty: I will be a bit more specific. When you talked about where the money is going from and what is not getting done, I think that all three of you talked about specific transport projects. Can you point us in the direction of a service approach? Are we losing out not on big projects but on the development of local bus services, the introduction of demand-responsive transport and the development of local and regional rail services?

Alex Macaulay: I would have answered that question earlier, when responding to Alison McInnes, but the convener hurried us on.

The Convener: I tried.

Alex Macaulay: We all know that the public sector has difficulty committing to long-term revenue spending, which is a big issue. It is easier for it to commit to capital spending, because it can see an end to paying back the debt. Long-term revenue spending is a different issue, but changing hearts and minds and attitudes towards travel has serious implications for revenue spending. In my view, the focus must be on how we achieve modal shift. That can be done through the smarter choices agenda and the travel planning agenda. It is disappointing that at the end of this financial year the central travel planning budget for regional bodies will dry up to nothing, as it will be initiatives such as it that change people's attitudes.

I make no apology for using the term "low-hanging fruit", because that is where real benefits can come. Research into what have been described as softer options—they

are certainly not easy—indicates that we can expect to recover at least £10 in benefit to society from every pound that we invest. Unfortunately, the strategic transport projects review focused on transport projects, rather than the smarter choices agenda, which is being bypassed.

If we are to reduce emissions, investment in trunk roads must be focused on areas of major congestion. I will not list those areas, as members know where they are in the areas that they represent. On public transport, there is a debate about whether we should invest heavily in rail—which involves longer-distance journeys and for which the capital costs are quite big—or in buses. The statistics indicate that at least five times as many trips are taken by local bus as by rail. In my view, we would get a bigger bang for our buck if we invested in buses. Again, that would involve a shift from capital spending to revenue spending, which is a difficult budgetary choice to make.

I support Derick Murray's comments about bus route development grant. I would like the Government to examine carefully what it is spending on concessionary travel. I know that the committee has debated that issue and that a review of the scheme concluded that it should continue to provide the same level of service to the customer, but the management of concessionary travel needs to be examined much more carefully to ensure that we get better value for it. We also need to link bus service operators grant to environmental objectives. There is the potential to increase spending on that, if we see benefits coming through in reduced emissions.

All of the projects in which we are investing are good ones—I am not saying that they are bad projects—but a minor policy shift in transport that gave a greater share of the budgetary cake to revenue investment, rather than big, expensive capital investment, could produce significant benefits.

Shirley-Anne Somerville: I understand that it was made clear from the outset that the travel planning budget was for two years, so it can come as no surprise that it is ending at this point, although I understand your disappointment. What moves were made among the partners to try to ensure that funding continued in a different way for something that was such a success? Were attempts made to find alternative sources of funding? Are other authorities continuing that because they have seen that travel planning has been a success and they have had two years' notice that it was coming to an end?

Alex Macaulay: As far as my own authority is concerned, I have reallocated funding from other areas towards the work that the travel plan officer is currently doing and was doing more intensively in previous years using the Scottish Government budget. Other areas of investment have taken a hit within a very limited revenue budget, and I have moved money to sustain investment in travel planning within the SEStran budget. It is a high priority for us, and the best thing that we can do in the circumstances is to reallocate funds to it from within our own budget.

Rob Gibson: I will turn to the national transport objectives. What are the implications of constrained public spending on the ability of regional transport partnerships and local authorities to contribute to things such as, first, the national strategic target or indicator of achieving modal shift on journeys to work and, secondly, the national transport strategy strategic outcomes—in other words improved journey times and connections, reduced emissions and so on? Can any of you answer in terms other than those that you have put on the record today?

Alex Macaulay: I will respond very briefly, because I know that I have said more than my share today.

I agree with Eric Guthrie that the regional transport strategies are very much in line with the national transport objectives. The national transport strategy objective of economic growth will be difficult. My assessment is that if we do not have continued investment in transport it will be difficult to get us out of the recession that we are in. It will also be difficult in respect of social inclusion and accessibility to remote rural areas. We all know the problems that we are having with bus services being withdrawn and with marginal services, non-supported services and so on.

The NTS objective on the environment has to be the priority because a major issue is looming on the environment and emissions. Transport is one of the worst offenders, and it is the only one in which emissions are growing. Very difficult targets have been set by Government for emissions reduction.

We all share the safety target in the NTS objectives. The safety record on the roads in the UK is pretty good compared with other countries, so, although nobody would say that safety is not a priority, you have to question whether it is the number 1 priority.

Integration is an interesting issue, and a lot of money is being allocated to integrated ticketing, electronic ticketing and so on. I throw out to the committee the statistic that one ticket, which is the integrated ticket for east central Scotland, currently attracts about 3 per cent of the public transport market. There are a number of reasons for that, but integrated tickets in the passenger transport authorities in England make up about 3 to 5 per cent of the market. Although we would all support integrated ticketing as something that makes public transport easier to use, the vast majority of public transport trips are single-operator trips. I accept that longer distance journeys need to be a bit more integrated, but we must look quite critically at how we address integration. Do we have 100 per cent integration for everyone or do we target integration to the areas of greatest need? Generally, it will not be easy.

Derick Murray: My answer will be briefer than Alex Macaulay's brief answer. We have a number of projects, which we think will come off during the next few years. Beyond the major schemes, we have many other projects, which are mainly bus based. Most of Nestrans's budget is aimed at enabling us to lock in benefits from major schemes. We have done the work to learn what opportunities will be created for us when the major schemes are in place, and we have included that in our delivery plan. We have a period of major investment in and around the Aberdeen western peripheral route, followed by much more localised investment in projects such as bus priority measures, to increase opportunities for modal shift.

Eric Guthrie: I will be equally brief. Modal shift is probably the area to which we have given most focus during the past couple of years in our revenue and capital programmes, and we will continue to focus on it next year. I mentioned the importance that we attach to park and ride. We are also developing local rail services, and we have submitted to Transport Scotland the Tay estuary rail study, on which we worked closely with Transport Scotland and Network Rail.

The travel planning agenda was mentioned. We are disappointed that funding will reduce, albeit that we received prior warning that that would happen. Like SEStran, we must switch funding around in our budget. In an ideal world, we would put more into travel awareness and active travel development.

Modal shift is a key area on which tactran is focusing much of its energy. As part of that effort, we are considering opportunities for more sustainable movement of freight, for example by funding a study to learn whether Highland Spring, at Blackford, can get more of its freight on to rail, and by considering the ports at Dundee and Montrose. Modal shift currently accounts for a large part of our motivation.

Rob Gibson: You have touched on issues to do with the climate change targets, about which I was going to ask. We can see where you are coming from in that regard. The contribution to sustainable economic growth was mentioned. Now that we are trying to get out of the crunch, it might be necessary to revisit the priorities in the transport budget. We have talked about a shift from capital to revenue on a small scale; what other approaches stick out as being potentially helpful?

Eric Guthrie: I talked about reprioritising some of the quick-win projects in the STPR. Such opportunities in part take account of the financial constraints that exist. Tactran has said that it would support advancement of such projects as a way forward in the financial circumstances that we face, which would also contribute to the environmental objectives that you referred to.

Cathy Peattie: Some of my questions have been answered, but I want to explore a couple of matters. Alex Macaulay suggested that we need to consider better approaches to concessionary travel. How could the scheme be tightened up in a way that would benefit the people who use it?

Alex Macaulay: The concessionary travel scheme provides an excellent service to passengers. I cannot see how it could be improved for passengers; it is great for them. However, we need to tighten up the scheme's internal management, by considering the levels of remuneration that go back to the bus companies. The provision of free travel to a sector of society generates additional travel—the concept of price elasticity of demand is well known. If we generate more travel, and if that travel is remunerated on the basis of the full undiscounted fare, as I think that it is, it can be argued that the public purse is not getting best value for money.

There needs to be a tight managerial regime, to ensure that the key principle of a concessionary travel scheme for the operator is that they should be no better off and no worse off. My perception is that currently operators are no worse off—and I question whether they are a bit better off. We need to consider the issue carefully. That came out of the review of concessionary travel, which concluded that the Scottish Government did not want to change the level of service to the passengers but would review—I cannot remember the exact phrase—the management of the scheme to ensure that it provides best value for the public purse.

Eric Guthrie: Alex Macaulay is right. The legislative position in relation to concessionary travel is that the subsidy is provided to the user and not to the operator, who should technically be no better or worse off. However, I think that, at the end of the day, the transport industry considers the concessionary payment to be revenue—bottom-line revenue, as it currently stands. My concern, and my one reservation with regard to what Alex Macaulay said, is that a reduction—if that were to be the consequence of any review of the operator reimbursement—could put at risk the existing operation of the public transport network, which would be a fundamental issue for RTP and RTS strategic objectives.

I agree with the principle of what Alex Macaulay said but a bottom-line question would need to be addressed: if the budget were to be adjusted downwards, what would be the consequences—unintended or otherwise—for sustaining the public transport network that is a key part of not only our regional transport strategies but the national transport strategy?

Cathy Peattie: The transport budget is dominated by a limited number of substantial spending lines. Is there scope for redirecting spending from large capital projects towards a number of smaller-scale projects that might have more impact? For example, a Grangemouth transport hub might make a substantial difference. I refer to projects such as that.

Alex Macaulay: That is a leading question, Cathy. You were looking at me, were you not?

We need to be careful with the major investment that is in train. If we are contractually committed and have started, we must finish. The worst thing that we can do is to start major projects and not complete them for one reason or another, so any rephrasing of the early investment projects would need to involve projects that have not yet started.

Far be it from me to argue against further investment in the Grangemouth hub—I refer to one of its elements in my written submission—but, in relation to shifting investment, the opportunity for slowing down the juggernaut of the major projects that are in train will arise not in the coming financial year or even the next one, but further into the future. If Scotland is faced with such difficult decisions—and it will be—we should seek a closer alignment between the strategic transport projects review and the national planning framework against the background of hitting environmental targets and achieving modal shift. The package of investment that is intended for the Grangemouth hub is fundamental to the Scottish economy and we should consider how best to align investment so that the national priorities that are in NPF 2 are more easily delivered.

Cathy Peattie: If I hear you correctly, you are talking about projects that have not already started. A number of existing projects would be enhanced if they were to be prioritised; that is what I am interested in. I use Grangemouth as an example, but there are other projects. It seems quite expensive, but in the grand scheme of things—compared with building a Forth bridge, for instance—investing in what is there already would make a substantial difference. I am interested in the prioritising.

Alex Macaulay: I know that you are interested in that, and I am deliberately not responding by saying, "Cut such and such a project and invest in something else."

Cathy Peattie: I am not asking you to do that.

Alex Macaulay: That is not for me to decide; it is for the committee to make a recommendation to the ministers on that.

I return to the low-hanging fruit. The projects that are not multibillion-pound projects can provide a very good rate of return for their limited level of investment. Having said that, it is not for me to argue against the replacement Forth crossing. As you can see in my submission, my board is very supportive of it, subject to us getting it right.

Cathy Peattie: I am not necessarily arguing against it—I am using it as an example.

Charlie Gordon: At the risk of labouring the point, I return to the strategic transport projects review. Glasgow airport rail link has been cancelled, and there will probably be slippage in the delivery of existing capital infrastructure projects. The prioritisation of the new Forth crossing contributes to the general anticipation of future constraint on the funding of transport spending. I had intended to ask you about the implications for the 29 projects that are set out in the STPR, and your specific local and regional concerns, but I think that you covered that issue in response to earlier questions.

I will cut to the chase. In view of the pressures that are building up, should Transport Scotland and the Scottish Government be thinking about extending the delivery timescale for the STPR, for example by delaying it from 2020 to 2032?

Alex Macaulay: It is an inevitable consequence of constrained budgets that the delivery programme will extend. My perception—others might correct me if I am wrong—is that we do not know what the priorities are in the STPR at present. Those priorities have not been established.

Charlie Gordon: If they are all priorities, there are no priorities.

Alex Macaulay: Aye. We do not have a programme to extend. We have an indication from the minister of how long the STPR is intended to cover, but when we are tight on budgets, it is inevitable that the programme will extend. However, we really need to know what the programme is because at present we do not know what the priorities are in the STPR.

We will argue for the priorities that we have given the committee today—the areas in which we can see that there are real difficulties. We cannot even make any early progress on some of the smaller projects, which are significant at the regional level. When we add them together, they are significant at the national level, but individually they are perhaps not nationally significant. We need to know from Transport Scotland and the Scottish Government what the programme is before we can make any comment on how it may or may not extend into the future.

Eric Guthrie: I am sure that we are all working hard at that. I have mentioned some of the projects that we are working on. One of the things that we welcome in the draft budget, on page 38, is an identified increase next year of roughly £2 million assigned against the STPR. If I have read the budget document correctly, that is for bringing forward development of the STPR. Collectively, we hope that that will provide Transport Scotland with the ability to work with us more proactively than it has been able to do on the availability of funding for developing the STPR work programme. We would find that helpful, and it would probably equip us better to answer the member's question about that programme.

Derick Murray: We hope that the work that ACSEF has done has set a priority so that when projects that we would like to implement and other things that we would like to do in the north-east are considered, they are considered within that priority. We must also bear in mind that we have a window of opportunity and that we need to build a critical mass while we still have the energy industry in the north-east. We therefore have two things going.

Partnership working and local funding as well as national funding can help to ensure the delivery of projects within a quicker timescale. We are working with Transport Scotland to try to achieve that, and I hope that some of our partners are as well. Not

all the costs need necessarily fall on the national budget; some costs can fall on us. We could therefore put things on the ground sooner than they might have been.

The Convener: Does it not stand to reason that we cannot put in place a full list of priorities to 2020 or 2032 because we do not know what the political priorities will be? We do not know how quickly oil prices will rise, where economic activity will happen or what the technological changes in electric vehicles will be over such a time period, and we do not know how the price of carbon will be costed into the economy. How can we possibly say now what the priorities will be in 2025?

Alex Macaulay: I take your point as far as 2025 is concerned, but we all know that major transport projects have a long gestation period. If we do not allocate priority to the family of projects in the STPR, we will not start that gestation period and work the projects from the initial concept through the statutory process from design to construction and final delivery.

The Convener: My point was simply that any such list of priorities would be only an expression of how we cut the deck today. That might change tomorrow, next year or during the next session.

Alex Macaulay: Such a list would be that. The perennial problem with transport and a number of other service areas is that they are subject to changes in Government. However, if you ask the private sector what it wants out of Government, it will say that it wants direction and that it wants to know where we are going and when things will happen. If we are to deliver on a very ambitious STPR programme, some thought needs to be given now to relative priorities so that work programmes can start to deliver schemes. It is a fact of life that nothing that the current Government is doing would preclude a change of priorities by a future Government. However, we need to start thinking a bit longer term, because at the moment we do not know when any of the projects will come on stream, and that is unacceptable.

The Convener: There was a little element of being devil's advocate in my questioning.

Alex Macaulay: I know that there was.

Charlie Gordon: I will give you an answer after the meeting as well, convener.

The Convener: You always do, Charlie.

Shirley-Anne Somerville: Does the strategic transport projects review require to be reviewed?

Rob Gibson: Yes or no?

Eric Guthrie: My answer continues from what was being discussed. It is clear that the STPR will require development. I have said that tactran broadly supports the STPR, but we would have liked to see other things in it. I would include in its development the potential opportunity to discuss with Transport Scotland and the Scottish Government the ability to include other projects that we would have liked to see in it—projects relating to multimodal or trimodal access to ports, for example. That was not included in the STPR, but it is in the NPF. We think that that still represents a gap in strategic regional infrastructure. Work might also be done on

regionally and nationally important interchanges at Dundee, Perth and Stirling. We hope that that would be a development. Tactran supports the STPR's broad context and content, but we still need to get to priorities.

We refer to STPR project 29, which is in our area, as the project to improve the A90 through or around Dundee, as opposed to a Dundee bypass—the description is part of the issue. The options for some projects in the STPR have not been sufficiently well defined to allow us to know the best way forward. That is a strategic issue, because we are beginning with our colleagues in TAYplan to consider the land use strategy for the TAYplan area. It is clear that something as significant as a potential bypass around Dundee or upgrading the A90 through Dundee has land use implications. Leaving indefinitely an understanding of the options for that will not help. We would be pleased to work with Transport Scotland to produce at least an initial assessment of what that element of the STPR means, which would help to inform the work that is being done on strategic land use planning. That takes us back to the relationship between transport, planning, the economy and the environment.

Alex Macaulay: We are looking for an evolution of the STPR rather than a root-and-branch review. That evolution would take account of changing external circumstances. I agree with Eric Guthrie. We have all signed up to and are relatively supportive of the general direction and thrust of the STPR. We disagree with elements of it, as members would expect, but we agree with many elements of it.

I return to an early question from Patrick Harvie. The strategic development plans that are being produced for our city regions are for 20 years ahead, as far as I recall. We need to start to consider the transport infrastructure in that context. Otherwise, the private sector will not take up development opportunities in due course.

Derick Murray: I will be quick: I am happy to go with what Alex Macaulay said.

Shirley-Anne Somerville: That is a nice short answer—we like that.

My final question is about funding. Considering how to fund transport projects—particularly those that go over more than one comprehensive spending review period—involves challenges. Should the Government consider other mechanisms to fund STPR projects, such as accelerated capital expenditure, which we have used, or borrowing powers?

Derick Murray: Alex Macaulay is the alternative funding man.

Alex Macaulay: I am the alternative funding man—thank you; that is very kind.

My submission refers to support for the Calman commission's proposal for the Scottish Government to have borrowing powers. It is daft that local and regional authorities can borrow—if we could find a revenue stream to support the borrowing—but the Scottish Government cannot. If nothing happens as a result of the Calman commission other than achieving the ability for the Scottish Administration to borrow, that will be a significant step forward.

Eric Guthrie: Alex Macaulay was called the alternative funding man because the regional transport partnerships are actively considering the issue alongside the Convention of Scottish Local Authorities. Prudential borrowing is part of that, but that is work in progress.

All that I will add to what Alex Macaulay said is that we recognise the constraints. We want to do work to identify other opportunities. That will involve discussing with COSLA and the Scottish Government how we might identify opportunities to go forward. As Alex Macaulay said, prudential borrowing is part of that. We are considering European funding opportunities and anything else that might be brought into the frame. That is work in progress that the RTPs hope to conclude in the next few months.

Alex Macaulay: In the draft budget document, the reference to European funding is net zero because it is investment in projects that are funded by European money. Would it not be nice if the Scottish Government could allocate a sum of money that was ring fenced to enable public sector bodies that were bidding for European funding to provide match funding? If there were a pool of money somewhere that was available for match funding for European structural fund projects, European North Sea projects or whatever, local authorities would not have to root around trying to scrape together match funding from within already stretched budgets. That would be of major benefit and would introduce a degree of comfort and certainty for local authorities in making bids for European projects. It would also introduce a degree of credibility and gravitas to a project, as the local authority would be able to say that the project was supported by the Scottish Government as well as by all the other agencies that may be involved in it.

We need to start to consider ways of leveraging in that kind of investment. We all know that the money that is available from Europe is not as great as it was, but it is not insignificant. Significant funding is still available through the European Commission and I do not think that we, as a country, are making the maximum use of it. One of the problems is the difficulty of finding match funding.

The Convener: I thank all our witnesses for the time that they have spent with us. We have overrun significantly and I appreciate the time that you have given us. Your evidence will assist us in questioning the cabinet secretary at our meeting next week and in reporting to the Finance Committee on the draft budget.

We move into private session for the remainder of the meeting.

16:52

Meeting continued in private until 17:39.