

LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

Tuesday 20 April 2004
(Afternoon)

Session 2

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LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

10th Meeting 2004, Session 2

CONVENER

*Bristow Muldoon (Livingston) (Lab)

DEPUTY CONVENER

*Mr Andrew Welsh (Angus) (SNP)

COMMITTEE MEMBERS

*Dr Sylvia Jackson (Stirling) (Lab)

*Mr Bruce McFee (West of Scotland) (SNP)

Michael McMahon (Hamilton North and Bellshill) (Lab)

*Paul Martin (Glasgow Springburn) (Lab)

*David Mundell (South of Scotland) (Con)

Tommy Sheridan (Glasgow) (SSP)

*Iain Smith (North East Fife) (LD)

COMMITTEE SUBSTITUTES

Bill Butler (Glasgow Anniesland) (Lab)

Colin Fox (Lothians) (SSP)

Mr Kenny MacAskill (Lothians) (SNP)

Mr Brian Monteith (Mid Scotland and Fife) (Con)

John Farquhar Munro (Ross, Skye and Inverness West) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Jonathan Pryce (Scottish Executive Enterprise, Transport and Lifelong Learning Department)

Nicol Stephen (Minister for Transport)

CLERK TO THE COMMITTEE

Eugene Windsor

SENIOR ASSISTANT CLERK

Alastair Macfie

ASSISTANT CLERK

Euan Donald

LOCATION

Committee Room 2

Scottish Parliament

Local Government and Transport Committee

Tuesday 20 April 2004

(Afternoon)

[THE CONVENER opened the meeting at 14:05]

Items in Private

The Convener (Bristow Muldoon): I welcome members of the committee and members of the public and press. The first item on the agenda is to consider whether to take items 4 and 5 in private. Item 4 is consideration of the committee's draft annual report and item 5 is consideration of an approach paper on a proposed inquiry into the Transport (Scotland) Act 2001. Do members agree to take items 4 and 5 in private?

Members indicated agreement.

Subordinate Legislation

14:06

The Convener: Before we move on to the evidence-taking session, we have to deal with agenda item 2, which is to consider seven pieces of subordinate legislation.

Road Works (Inspection Fees) (Scotland) Amendment Regulations 2004 (SSI 2004/84)

The Convener: No members have raised points and no motion for annulment has been lodged. Do members agree that we have nothing to report on the regulations?

Members indicated agreement.

Parking Attendants (Wearing of Uniforms) (Dundee City Council Parking Area) Regulations 2004 (SSI 2004/85)

The Convener: Do members agree that we have nothing to report on the regulations?

Members indicated agreement.

Road Traffic (Parking Adjudicators) (Dundee City Council) Regulations 2004 (SSI 2004/86)

The Convener: Do members agree that we have nothing to report on the regulations?

Mr Andrew Welsh (Angus) (SNP): The Subordinate Legislation Committee, which referred the regulations to us, had various problems with the drafting. For example, the regulations refer to the secretary of state when they should refer to the Scottish ministers. The Subordinate Legislation Committee was rather unhappy that the drafting seemed sloppy and has given examples of that, including an erroneous reference. Although that is a small point, which has been fixed in a sense, I wonder whether it hides a deeper problem. If statutory instruments are not being drafted properly, is there a problem with the number of draftsmen or with their ability to draft the instruments? We have to get legislation right. I have seen at Westminster that mistakes in drafting can cause enormous problems. Drafting has to be precise and exact so that those involved in the courts and elsewhere can deal properly with legislation.

The Convener: The only action that this committee can take is either not to report on the instrument to Parliament or to move a motion for annulment, which would have to have been lodged in advance of the meeting. I am sure that, if there

is a broader question about inconsistent or inappropriate drafting, the Subordinate Legislation Committee will take it up with the Executive. The convener of the Subordinate Legislation Committee is sitting right beside Andrew Welsh, so perhaps she will reassure the committee about the action that her committee is taking in that regard.

Dr Sylvia Jackson (Stirling) (Lab): I assure members that continuing dialogue between the Subordinate Legislation Committee and the Scottish Executive takes place both informally and at various meetings. Generally, the position appears to be improving, although there are still glitches when the draftsmen are busy. I assure members that the Subordinate Legislation Committee is taking up the issue.

Mr Welsh: I am happy to hear that and I wish the Subordinate Legislation Committee well in pursuing the matter because, if there is a deficiency in drafting arrangements for Scottish legislation, it has to be sorted out. It is important that the Scottish Executive has sufficient drafting staff to enable it to do something other than simply copy previous bills.

The Convener: Is it agreed that we have nothing to report on the regulations?

Members indicated agreement.

Road Traffic (Permitted Parking Area and Special Parking Area) (Dundee City Council) Designation Order 2004 (SSI 2004/87)

Private Hire Car Drivers' Licences (Carrying of Guide Dogs and Hearing Dogs) (Scotland) Regulations 2004 (SSI 2004/88)

The Convener: Is it agreed that we have nothing to report on these instruments?

Members indicated agreement.

Non-Domestic Rating (Rural Areas and Rateable Value Limits) (Scotland) Amendment Order 2004 (SSI 2004/91)

The Convener: Is it agreed that we have nothing to report on the order?

Iain Smith (North East Fife) (LD): I agree that we have nothing to report on the order, but I would like to welcome it, particularly with regard to the two areas in my constituency that are having the rating relief expanded to include them. I have been campaigning for years—since I was a councillor, in fact—to have Stratheden and Springfield added to the areas that qualify. I am glad that the Executive has reviewed the provisions and included those areas.

The Convener: Thank you for that, Iain. Is it agreed that we have nothing to report on the order?

Members indicated agreement.

Non-Domestic Rates (Levy) (Scotland) Regulations 2004 (SSI 2004/92)

The Convener: Is it agreed that we have nothing to report on the regulations?

Members indicated agreement.

Budget Process 2005-06

14:11

The Convener: Agenda item 3 concerns the budget process 2005-06. We will take evidence from the Minister for Transport, Nicol Stephen, who is supported today by Geoff Pearson, Jonathan Pryce, Claire Dunbar-Jubb and David Brice from the Scottish Executive. I ask the minister to make some introductory remarks on the budget process.

The Minister for Transport (Nicol Stephen): I welcome this opportunity to speak to the Local Government and Transport Committee on the budget process. Jonathan Pryce and Geoff Pearson are directly involved in policy and implementation and David Brice and Claire Dunbar-Jubb are directly involved in the accounting and financial aspects of the department. I hope that, between us, we can answer all your questions.

It is useful to speak to the committee at the early stages of the 2005-06 budget process. We are also at an early stage of the 2004-05 spending review process. Although I cannot speak publicly about that process—it is an internal process in which the Enterprise, Transport and Lifelong Learning Department has to make a pitch alongside the other departments—I can say that we hope to achieve as much as we can in the outcome of the review and that it will be helpful to get the views of committee members about priorities. Hearing the committee's views adds strength to the process.

As for our priorities, I remain firmly committed to the major programme of new infrastructure investment that we have already announced and that was a central and important part of the partnership agreement. We have always said that the programme is a long-term one that will extend across several spending review periods. For that reason, Andy Kerr, the Minister for Finance and Public Services, has decided to allow us to commit publicly to a programme of £3 billion of investment in transport infrastructure over a 10-year period.

That programme will give everyone who is involved in the transport sector and all users of transport—in one way or another, we are all users of transport services—the confidence that we can commit to major, long-term projects. Some of those projects—for example, the Edinburgh airport rail link and the M74 extension—are highly significant. They are among the largest projects that have been attempted in the transport sector in Scotland for several decades. Some of the projects that we are talking about have a value of upwards of £0.5 billion.

14:15

Today, I announced the progress that we are making on the first phase of the redevelopment of Waverley station, which will involve a commitment of around £150 million. There has been some talk of the full Waverley redevelopment being pared back and reduced in cost by the removal of some of the retail aspects. I should emphasise that all the options for the full redevelopment of the station, which will take place over a period of years and which goes beyond the first phase to which we made a commitment today with the initial design work, will involve expenditure of £0.5 billion or more. Our commitment to Waverley and to improving the rail facilities there and the quality of service to passengers is significant.

My key objective is to deliver those projects to which we have made a public commitment and to ensure that the funding and the project management are in place to achieve that. For that reason, the coming period will be a busy time—2005-06 will be an active year. Work will be in hand on a number of matters in which the committee will have a close interest.

We are making significant progress on the re-letting of the rail franchise, which is likely to be another major investment for the Scottish Executive. It is difficult for me to say too much on that today, because the process is at a sensitive stage. We hope to announce the preferred bidder for the franchise shortly, but I would be happy to give the committee as full an update on the position as I can.

We are about to launch a consultation on the concessionary fares schemes that we outlined in the partnership agreement. We intend to introduce free off-peak nationwide travel for elderly and disabled people and a concessionary fares scheme for young people. That consultation will be available for the committee and others by the end of April.

Before the summer, we plan to publish a white paper on transport, which will outline how we plan to move forward on the Scottish transport agency and the strengthening of the Scottish regional transport partnerships on which we consulted in the period up to the end of 2003. The transport agency's main mission will be to get things done—to get infrastructure built and delivered, to get services in place, to do that on time and on budget and to bring in the skills that we need to achieve those ambitious plans. We are gearing up for a scale of spend that we have not seen in Scotland in recent years. Some of the projects, particularly those in public transport, will require skills—such as rail skills, bus skills and tram skills—that are not available at present. We will have to recruit new skills, resources and abilities.

As committee members know, the spending review will not be completed until early autumn. When I last appeared before the committee to discuss finance, members were clear about the need for us to clarify some of our targets and objectives and, if possible, to rationalise them to obtain a sharper focus on some of the key priorities and objectives that we all share. At that time, I agreed that we needed to agree on a common basis and on common timescales wherever possible. I also agreed that our targets and objectives should relate more directly to the key policies and programmes that we are delivering through the partnership agreement. I intend to do that through the spending review process.

However, both documents that we are likely to discuss today—the recently published “Annual Evaluation Report 2005-06” and the earlier, green-coloured “Draft Budget 2004-05”—are based on the old targets and objectives, which we all feel need to be updated and sharpened. We have not yet been able to respond to the committee’s concerns and constructive suggestions, but I am determined to deliver those changes and I will make that a priority. I hope to be able to respond wherever possible to the committee’s questions and clarify anything that needs clarifying from my previous appearance before the committee when I gave evidence on the budget.

In conclusion, let me state that even though the intended budget for 2005-06 will be large—£1,056 million, without capital charges—it will not allow us to cover every spending possibility for public transport in which we might want to invest. However, it will bring significant benefits to passengers and the travelling public in rural and urban Scotland. I want to build on those benefits not only in 2005-06, but in the decade that lies ahead. If the projects progress as we intend, travelling and moving goods in Scotland will be quicker, easier and available to more people. That is a key part of our programme for government in Scotland and of our programme to improve Scotland’s transport system.

The Convener: In your introductory remarks, minister, you have certainly covered many of the bases on which we will want to question you further during the meeting.

The Executive document “Building a Better Scotland”, which was published back in 2002, identified five key priorities for action, one of which was transport. This year’s AER gives four broad priorities:

“grow the economy, deliver excellent public services, build stronger, safer communities, and revitalise our democratic frameworks.”

Where does transport now sit in the Executive’s priorities that are identified in those four cross-cutting themes?

Secondly, I know that the Executive will have internal discussions on the forthcoming spending review, but is there a case for increasing transport expenditure during the next spending review period?

Nicol Stephen: I will answer the last point first. There is a case for increasing expenditure in most, if not all, areas of public service. The discipline is to invest wisely by ensuring that we invest in value-for-money projects that support our objectives. Clearly, the Executive has a range of transport policies and priorities that it could support with sensible investment. One of the most obvious of those—indeed, it is at the top of the Executive’s priorities—is growing the economy, for which transport is vital. Transport is important not only in getting employees to their work every day, but in allowing the movement of goods around Scotland and away from Scotland to other parts of the United Kingdom and overseas.

We also have an important role to play in strengthening communities. Sensible investment can help to improve the environment of local communities and to improve safety. That is why targets to reduce the number of accidents and injuries, particularly on our roads network, are so important.

Well-targeted transport investment can help to revitalise communities. There is no doubt that, both for our deprived urban communities and for some of our most remote rural areas, it is important that we maintain and, where possible, increase investment. Good examples of that are the ferry and air service lifeline links. We are making a significant commitment to all the cross-cutting objectives within the Executive.

The objective that I should emphasise most strongly relates to the economy of Scotland: we are helping to develop a sustainable economy and to improve the flow of passengers and goods throughout Scotland. I mentioned the major projects in my introductory remarks. Additional projects include the Airdrie to Bathgate line, which is close to the convener’s heart; the Stirling-Alloa-Kincardine line; the Borders rail link; the work that is commencing on the Larkhall to Milngavie line; plans to improve the Fife commuter services; the Glasgow crossrail project; the Aberdeen crossrail project; and the Invernet rail project. It is possible to see how those projects touch many parts of Scotland and how they can make a significant difference to Scotland’s future economic prospects.

The Convener: In your response, you mentioned some of the projects that I would support and that many members of the Parliament would support. My follow-up question is whether you believe that the welcome increase in transport expenditure over the forthcoming year gives

sufficient capital to complete all the projects that you mentioned. If not, has the Executive decided which projects are the top priorities that would come before any others? If so, can you share that information with the committee? I accept that each of the projects can be justified differently in terms of their value for money to the public purse. Has that consideration been a major part of the Executive's thinking on any prioritisation that has taken place?

Nicol Stephen: I believe firmly that the programme to which we committed in the partnership agreement is deliverable and affordable. Clearly, we are dealing with a significant budget and a significant group of projects, which will require to be actively managed not only over one spending review period, but over a number of spending review periods.

It is important that we plan as early as possible for the future projects that will build on the foundations and on the work that is being done to deliver the first phase of new infrastructure investment. That is why I am keen to look at, for example, the case for the Glasgow crossrail project, the Aberdeen crossrail project and some of the projects that we have not firmly committed funds to in the same way as we did with some of the earlier projects. We need to ensure that we are actively looking at where we can get best value for money in new public transport projects.

It is important to emphasise that, although we are shifting the balance of spend towards public transport, we want to continue to make a significant commitment to our roads network. We have to look at some of the smaller-scale projects that are important to local communities, such as bypass schemes and grade-separated junctions in sections of the trunk road network where there have been accident problems.

By using the Scottish transport appraisal guidance, we can start to identify the projects that should receive priority funding for the future and, by actively managing the whole transport budget, we can deliver the commitments that we made in the partnership agreement and maintain momentum.

It would be wrong to focus all our resources on delivering for five or 10 years the projects that we identified in the partnership agreement in summer 2003 and to bring down a barrier on further, follow-on projects. I want both to deliver the core projects that the partnership agreement identified and to prepare for the future. I want to give communities confidence that their time will come, that there will be further transport investment and that we have the opportunity to improve rail and bus services and the roads infrastructure in all parts of Scotland.

14:30

The Convener: So it is your firm belief that the partnership agreement's proposals are entirely fundable from existing resources.

Nicol Stephen: That is correct. When we negotiated the partnership agreement, it was important to establish that its projects were affordable and could be delivered. I am confident that we will deliver them. I am also determined not to set the partnership document as the high-water mark of our ambitions, but to start considering other projects and encouraging them to go forward. We find, to our frustration, that transport projects have long lead-in periods. For example, private bills must go through the parliamentary process. It is important that we start to examine the opportunities for further investment in public transport in Scotland and carefully identify the costs. As we establish the new transport agency and develop expertise—which has been sadly lacking for too long in Scotland—in the new schemes, we will get better at identifying costs and likely timescales.

We must also be flexible about how we fund projects. We will not always simply fund them through traditional capital investment methods. We will consider public-private partnerships and innovative ways of funding, such as significant developer contributions for appropriate projects and leveraging value where we can from the benefit that, for example, a new rail line or a new railway station can bring to a community and an area. We need to be as innovative as possible, while being determined to deliver current projects and further projects in the future. That is the core message.

Mr Welsh: Delivery is important, but can you give us a clearer idea of your priorities? For decades, the old Scottish Office cut spending on roads and transport more than it cut spending on anything else. You said that you cannot do everything. Given your limited funds, can you give us a clearer idea of your priorities and of why you chose them? We have heard generalisations, but I want you to be clearer about where you think you are going.

Nicol Stephen: On roads, we have been doing work on the M8/A8. We have plans to upgrade the A80. Work that is under way at Auchenkilns roundabout represents an investment of more than £20 million. Three phases of development will upgrade significantly the section of the A80 from Cumbernauld into Glasgow. We are determined to proceed with the M74 extension. Last week, I opened the dualling of 14km of the A1 from Haddington to Dunbar. There are on-going works on the A9 to introduce crawler and overtaking lanes. We are proceeding with a series of investments. I mentioned bypasses earlier; we are

considering the Dalkeith bypass and moving forward with STAG appraisal work there. We are also proceeding with work at Maybole.

I always try to emphasise our commitment to public transport, but we are also investing significantly in roads and not all of that work is in the main urban areas. For example, the recent official opening of the road from Arisaig towards Mallaig was accompanied by an announcement that the final section of single-track trunk road in Scotland, and I think in all of the UK, will be upgraded over the next couple of years, with plans for the upgrade of the road from Arisaig to Loch nan Uamh.

Much significant work is being done, but my priorities for the future are to do more of the smaller-scale schemes, such as bypasses and underpass and overpass schemes, which can help make access to our trunk roads safer, reduce the number of road accidents and make the roads generally safer, particularly for children and young people. Investing in initiatives such as 20mph school safety zones and home zones, to make cycling and walking to school safer and to ensure that traffic speeds are reduced outside all Scotland's secondary and primary schools in urban and rural areas, will also be a priority.

Such initiatives come at relatively lower cost than the big, prestigious projects, but I think that they are exceedingly worth while, given their benefits to communities and their impact on road safety statistics.

Mr Welsh: Such schemes are certainly very desirable, and you have given us information about the bits and pieces, but as far as the road system as a whole is concerned, how do the schemes link together in a comprehensive way, and where are things going for the future?

Nicol Stephen: We need to have a high-quality roads system in Scotland, and we need to continue to invest in some of the missing links in the trunk road infrastructure. I hope that we have explained how the projects that are being undertaken are addressing those missing links. Following the work on the A1, a significant stretch of the road between Edinburgh and the border has either dual carriageway or overtaking or crawler lanes. The improvements to the M8/A8 will make a significant difference to the Glasgow to Edinburgh corridor—or Edinburgh to Glasgow, I should say, given where I am sitting. The A80 works will be a significant improvement not just for people coming from Stirling to Glasgow or from the outskirts of Glasgow into the city centre; they will make a difference for people coming from Inverness, Dundee and Aberdeen to access west central Scotland. All those initiatives aim to fill the gaps in our dual carriageway, motorway and trunk roads network. The most obvious and significant initiative is the M74 extension.

I am determined that, when we consider the trunk roads network and improvements to our dual carriageways and motorways, we examine all the options for improvement and upgrading. That means looking at public transport alternatives far more than we would have done in the past. That means considering investment in the Airdrie to Bathgate line, rather than simply focusing all the investment on upgrading a dual carriageway to a three-lane motorway, which might have been a traditional way of overcoming some of the congestion and transport challenges that we face.

We have been considering bus priority lanes, investment in improved bus services, improvements with light rail and the creation of new tram services. Those initiatives are all part of a switch that involves reopening sections of railway line or opening them for the first time; opening or reopening railway stations; creating a tram system in Edinburgh; and considering ways of improving the transport network in such a way that public transport is valued as highly as, or more highly than, investment in concrete and tarmac.

Mr Welsh: I do not want to prolong this, but, now that you have described the roads network that you would like there to be and the forthcoming rail improvements, can you tell us whether the rail improvements and action to fill the road gaps will actually be completed in the 10-year time span that you have in mind? Will your programme give us that integrated road system?

Nicol Stephen: I believe so. I believe that, over a period of 10 years—although we will not solve all the road and transport problems in Scotland—the projects to which we are committed under the partnership agreement can be delivered. I have mentioned some further projects that I want to get started over the next couple of years, and their delivery will not necessarily be by 2010. Some of the projects will inevitably go beyond that date, but I believe that the core projects can be achieved within that period.

I have with me a list of the projects and their completion dates. The Larkhall to Milngavie rail line is under way; the Stirling-Alloa-Kinross line is due to be open by 2007; construction of the Airdrie to Bathgate line will be under way by 2007; and phase 1 of the Waverley station improvements should be completed by the end of 2007, although the full development of Waverley will be a 10 to 15-year project so will be on-going beyond that date. The introduction of Edinburgh trams is a good example of another project that will straddle the 10-year period, and we hope to get the first line up and running by 2007 although it will take longer to get the full infrastructure in place.

In addition, the construction of the Edinburgh and Glasgow airport rail links should be under way by 2007, and the Borders railway should be completed by 2008. Some of the roadworks that I have spoken about should be completed well before 2010. Those include the M74, the Aberdeen western peripheral route, the improvements to the A78, the Auchenkilns roundabout improvement, which I have mentioned, and the A80 work from Stepps to Haggs. All those projects should be completed in the next three years. We are going to do a lot, and the challenge is to ensure that we deliver all that to the timescales that we have identified and within the budgets that we have identified.

I believe that, if we can manage the budget effectively, we can do more. Under Treasury finance rules, we now have to allow for what is called optimism bias for every capital project. That means that we have to include an element of costing for a major capital project that takes into consideration the fact that there is a tendency—it seems, at times, to be an inevitability—for all significant public projects to run over budget and for their timescales to slip. One such project will immediately spring to all our minds. If we can be active in our management of those projects and deliver to the project estimate costs that we are given by the engineering experts who are involved in such initiatives, we can save money. If we can squeeze out the optimism bias, we can do more work on other projects and develop them more quickly.

We must start to develop a reputation for delivering transport projects efficiently, on time and on budget; we have largely achieved that in relation to roads projects. Andrew Welsh says that we have spent less, but we have still maintained over the period that he mentioned a good deal of expertise and the ability to deliver a grade-separated junction or a dualling project. We can be pretty confident that we will deliver those projects on time and on budget. If we can achieve that for some of our rail and tram projects we will save money on the projected costs, and that has got to be our challenge.

Mr Welsh: As is the case with the project that came to mind, I shall check those projects against delivery.

David Mundell (South of Scotland) (Con): Can the minister clarify for the *Official Report* that the Borders rail project falls into the category described as firmly committed funds rather than the category described by the phrase “their time will come”?

14:45

Nicol Stephen: We are currently evaluating the business case for the Borders rail link, and all the

issues that we have discussed with the Waverley rail partnership have now almost been resolved. That is timely, as a private bill has been lodged and the bill process will soon be under way. One of the key questions that members of the Waverley Railway (Scotland) Bill Committee will ask the Executive and me is whether we are committed to the funding of the project. I hope very much to be able to assure the committee that that is the case. We will be working on that during the next few weeks, but we cannot do that until we have made a fair assessment of the business case. I hope to be able to make an announcement soon.

The other projects have to be appraised through the Scottish transport appraisal guidance. If, at any stage, the costs go up or the value-for-money case is affected by a change in circumstances, ministers will have to consider that and decide what course of action to take. I am determined that we will move forward with our transport expenditure and infrastructure schemes, that we will achieve value for money through those schemes, and that we will deliver on our public transport initiatives.

In many cases, road projects seem to offer better value-for-money returns and more positive net present values in terms of their financial and economic assessments. However, the policy view is that ministers must prioritise greater expenditure on public transport projects and give them the benefit of the doubt. Even when the value-for-money case is relatively marginal—the Stirling-Alloa-Kincardine scheme is a good example of that—we still support those schemes and we will do everything possible to give those projects a fair wind during the coming years.

The Convener: You mentioned the Borders rail link in your response. Once you have evaluated the business case and are able to give a firm view on it, will the Executive identify the resources that it will put into the development of such a scheme? Aside from the capital element, what will the on-going revenue subsidy be for any such new line?

Nicol Stephen: Yes, absolutely. We must consider the revenue implications and the capital investments. That is an important aspect of all the public transport initiatives that we will consider. Those schemes can be expensive in terms of the initial capital investment. If we get the scheme wrong and it does not generate the estimated passenger or freight uptake, that can put a heavy liability or burden on the public purse. It is important that we build schemes that will be well used and which will generate good passenger demand.

A continuing revenue subsidy would not be an absolute bar to the scheme, because the ScotRail network has a significant subsidy at the moment,

as does the Strathclyde Passenger Transport urban and suburban commuter network. The Glasgow underground also has an element of subsidy. All those public transport schemes require to be evaluated fairly and even-handedly. The fact that they require to be subsidised does not rule out our support, but we have to go into all such projects with our eyes wide open so that we can sustain our long-term commitment to the projects. We want such projects to be a success, so it is important that we go through a thorough examination and that the projects are managed and delivered in a way that ensures their long-term viability.

As we saw with some of the millennium projects, projects can be created but they can run into financial difficulty. We have to ensure that we propose viable and deliverable projects that will serve passengers, freight and the businesses of Scotland for decades to come, and through doing that, grow the confidence that we can do more.

David Mundell: What did you mean when, in response to Mr Welsh's question, you read out that the Borders rail link would be completed by 2008? Did you mean that you hope it will be completed by then, subject to all the caveats that you have subsequently introduced, or did you mean that the project will definitely be completed? What is the point of saying in one breath that the rail link will be completed by 2008 and, in the next, introducing all those caveats?

Nicol Stephen: Many projects require to go through an approval process. That is true of the major roads schemes, as well as the public transport schemes. The bill for the Borders rail link, for example, must go through a parliamentary bill process. It would be quite wrong of me, or any of us, to pre-empt the outcome of the work of the Waverley Railway (Scotland) Bill Committee and the recommendations that will be made to Parliament.

All the schemes involve an element of compulsory purchase, and due process has to be gone through. Objectors have to have the opportunity to state their case. Some of those objections might be fundamental, or some of them might suggest an alternative route, and there may be cost consequences if changes are made during the process.

On new rail or tram projects, it is the Scottish Parliament, not the Minister for Transport, that makes decisions on some important aspects of those initiatives; the bill process is important. I can help in relation to the funding of those projects. On the Borders rail link, the decision on Scottish Executive funding will be important, and I signal to you that we are almost there in terms of the business case analysis and my ability to make an announcement on that issue. We will be in a

position to inform the Waverley Railway (Scotland) Bill Committee of the view of the Scottish Executive at an early stage in its consideration of the Waverley Railway (Scotland) Bill. I make it clear that if we can support the scheme, we will. We are committed to it in the partnership agreement. We will play our part to ensure that the plans for the scheme stay on course.

David Mundell: So where does 2008 come from?

Nicol Stephen: If the approval processes proceed as we all hope they will, 2008 is the intended date of completion. That date has been provided by the Waverley railway partnership, which is progressing the scheme.

As with all the projects that we are discussing today, it is important that we actively plan for delivery. The last thing that anybody here would want to happen would be for us to state that all the schemes have indeterminate dates because we do not know whether, for example, the Borders rail link will get through the parliamentary bill approval process. Because we are committed to public transport and to new investment in public transport, and because we want to drive the schemes forward and deliver them, we have to say, "Here is the anticipated timetable. Here is the anticipated schedule for delivery of the schemes. It is practically feasible to clear all the legislative hurdles to get the finance in place and to build and implement this rail link by 2008," because that is the case.

David Mundell: The nine key transport targets that are listed in the AER document refer to indicators such as the number of passengers using the rail network and the number of local bus journeys. However, they make no reference to the completion of specific projects by specific dates, such as the airport links, which you mentioned, the redevelopment of Waverley station, and the other priorities that are referred to in the transport delivery report of 2002. Why do the Executive's transport targets generally not refer to the completion of specific projects?

Nicol Stephen: If we were to specify every project as one of our targets, there would be a very long list of targets. We are encouraged to include a realistic number of targets in the AER. It is important that we continue to do that and that we focus on significant milestone targets for each of the major areas of transport expenditure, in relation to roads, rail, air or ferry services.

I have considerable sympathy with your suggestion that we should publish somewhere the scheduled delivery dates for our range of road and public transport projects. Indeed, the committee has put that point forcefully to me before. I hope that, with the spending review 2004, the white

paper and our other work, the transport division will issue a strategy for the future of transport in Scotland and will have some clear and deliverable target dates for all the projects that we have been discussing today.

That said, delivery dates exist for most of the projects. In fact, I can pull out information for the committee this afternoon and have already quoted such data extensively. However, the dates are not set down as clearly as I would like them to be in one core document. I support the view that we need to change that situation.

David Mundell: It would be helpful if, in due course, the minister could let us have the information that is available on completion dates.

The Convener: That would be useful.

Nicol Stephen: I am very happy to do that.

Dr Jackson: Some of the projects are under way. Do you foresee any difficulty in securing the necessary skills and numbers of people to complete all the projects?

Nicol Stephen: I expect that that will prove difficult in areas in which projects are being undertaken in Scotland for the first time or, at least, for the first time in a very long time. For example, although Scotland has had trams before, we have not had the modern trams that we are determined to introduce in Edinburgh. As a result, we will be required to bring in or generate those skills.

Indeed, such skill shortages could well exist at different levels. Most obviously, there might be a shortage of project management skills and engineering and technical skills to deliver the projects. Moreover, some of the contracting skills that we will need will be new to Scotland and will require people to be trained to ensure that the projects are delivered professionally and well. We need to start thinking about that now.

We also need to start thinking about the interaction of different projects. Although some are roads projects and others are public transport projects, the same contractors are very often bidding for all of them. As a result, it is important that we get the timing of projects right. We must not forget that these projects will interact with our ambitious school building programme and our significant investment in other infrastructure programmes such as water and sewerage schemes and new hospitals. We must have an overview of all those projects and ensure that they are well phased and that the Scottish construction and engineering sector has the capacity to deliver them.

Therefore, when I talk about excellent project management, I am not simply referring to the transport division's schemes; I am talking about

the significant scale of capital investment that, over the coming decade, the Scottish Executive will make across the board. As we have a lot of hard work to do, we must not take our eye off the ball. However, we will gain a significant prize if we get things right and manage the projects effectively.

Dr Jackson: How will the whole issue be tackled across and within the various Scottish Executive departments?

15:00

Nicol Stephen: I hope that that is something about which I can report back to you in relation to some of the committee's future work.

It is an important area to get right. I give a commitment to the committee this afternoon to speak to other departments, to the Minister for Education, to the Minister for Health and Community Care and to Ross Finnie—in relation to his responsibilities for Scottish Water, for example—to ensure that we are all aware of the scale of spend on infrastructure projects that is coming up in Scotland during the coming years.

This is an exciting time—it is exciting to deliver all those projects. I hope that we can encourage a range of people to get involved in the new transport agency in Scotland and in projects such as the scheme to deliver a £500 million rail link to Edinburgh airport, which will involve the construction of a tunnel under the main runway and of a new station. That is an exciting project and I hope that people who are perhaps still at school or university can be enticed into working in the construction and engineering sectors, simply because of the scale and importance of some of the projects. I hope that Scots who have moved away to use their skills in other parts of the United Kingdom or overseas can be attracted back to Scotland to get involved in some of the projects. For example, I know that someone with rail skills who has been working in Hong Kong for a considerable time is very excited about returning to Scotland for the first time in his career because of the scale of the projects that are taking place here. I would like more such people to join the transport agency.

This is a good time for new investment in Scotland and a good time to be delivering these major capital projects. We need to work hard together to ensure that we give everyone confidence that we will deliver on time and on budget. A lot of co-ordination between departments will be needed.

I agree with the main thrust of your question: we need to do more to give everyone confidence that we are getting it right. However, the contractors to whom I speak—and I do so regularly—are very

much up for all the projects and are confident that they can deliver them on the ground, provided that there is the right kind of communication with them, which is so important, and provided that there is the communication between departments that, historically, has not always existed. That communication is vital to ensure that we deliver the projects.

Mr Bruce McFee (West of Scotland) (SNP): At the previous meeting of the Local Government and Transport Committee that you attended, members asked about targets, particularly the targets for 5 per cent increases in rail passenger and local bus passenger journeys. Will you explain the rationale behind the choice of the year 2002-03 as the baseline for the target for rail passenger journeys?

Nicol Stephen: No; I could try to give you some words of justification but that is one of the areas in which we need to introduce consistency of approach and to update the targets, so that there is a clear, understandable basis for our future targets and projections. The approach was related to the statistics that were available when the objectives were set: we collected data for different years, so we ended up with different start dates, but I do not think that that approach is sustainable or that we should continue with it. As the committee has suggested before, we should seek a common basis for targets in the future.

Mr McFee: I encourage you to do that, because your baseline for the same target for local bus journeys is 2000-01, so there is currently absolutely no consistency. The rationale behind the target for rail passenger journeys, which is explained in some of the technical notes, does not seem to translate to the local bus journey target.

You will recall that the year 2002-03, which is the baseline for the target for rail passenger journeys, was in the immediate aftermath of the train drivers' dispute, when rail passenger figures fell by some 4 per cent—the first reversal in such figures since 1995, I believe. Therefore, the target to increase rail passenger journeys by 5 per cent is on the back of a 4 per cent reduction; it could hardly be described as ambitious to return the number of rail passenger journeys to the level that it was at before the strike.

Nicol Stephen: I am certainly prepared to look at all those issues when I do what I have just promised to do, which is to update the targets, try to put them on a consistent basis and make them as ambitious as possible.

I accept the general sentiments that you express about rail. The trends had been positive for a number of years, but I think that we would all accept that Hatfield and the problems in relation to the industrial dispute in Scotland were significant setbacks for the rail industry.

It is important that we restore confidence and generate a renewed growth in passenger numbers as soon as possible. We must attract people back to the rail network. We will do that by providing an excellent, reliable, high-frequency service through committing to new rail projects. We should never lose sight of that. We achieve the targets that we set only by providing an excellent service to customers and passengers. What they look for more than anything is reliability and there were serious reliability problems on the rail network. We need to ensure that we give priority to the new initiatives and projects that will grow the rail networks.

I see my primary responsibility as the Minister for Transport as getting the core services properly funded and ensuring that they are of a consistent high quality. That will generate the return of passengers and the growth in passenger numbers. If the passenger number estimates turn out to be cautious, I am sure that everyone will be delighted that the targets are surpassed with ease and that we go on to build further growth in future. My priority is not to focus on delivering the targets, but to deliver the best service and the best network possible in Scotland. That is an important point to highlight.

Mr McFee: I sympathise with your comments about wanting to improve the service. However, given those comments, surely to return the number of rail passenger journeys to the level at which it was immediately before the strike is entirely unambitious, hardly represents a target at all and is in need of review, particularly when we consider the milestones that you have identified—one milestone is to achieve 3 per cent growth between 2002-03 and 2004-05. In relation to the targets that you have set, the whole programme for rail is so unambitious as to be meaningless.

Nicol Stephen: I do not agree with that. It is important to emphasise that there has been a hangover in terms of Hatfield's impact on passenger numbers. That has affected the whole of the UK rail network, so Scotland has also been affected. The safety regime, regulatory regime and improvements to the network that have been necessary post-Hatfield have meant that there has been a problem with the reliability of the network. Such problems will always have an impact on passenger numbers. We must get reliability back and we must attract passengers back. That will require effort.

In relation to buses, it is great that we have now had four years of consistent growth after decades of decline in bus passenger numbers, but those four years of growth still leave us with a situation in which, if you look back to 1994, there are still far fewer people travelling by bus in Scotland than there were 10 years ago. Recovering lost ground

is, sadly, part of our public transport challenge in Scotland. It is disappointing that we have ended up in that situation with rail, but the encouraging thing that we can look forward to in respect of rail and bus is that if we can continue to grow the networks and the passenger numbers, it becomes a virtuous circle—if we can attract passenger numbers, that will generate more income, which will generate more investment, and that will improve quality, frequency and reliability.

I believe that that is the way to encourage a culture change and a shift in attitude. People need to be encouraged to leave their cars at home, which will reduce congestion and the damage to our environment that is caused by the growth in the use of the private motor car. We have increasingly to encourage people in Scotland to choose the public transport alternative.

Mr McFee: The figures on and targets for rail and bus passenger numbers show that you have set the baseline dates at the lowest possible points in the graph. It would be extremely difficult for you not to achieve your targets, which are therefore extremely unambitious.

The Convener: You have already asked that question at least twice and the minister has given you his answer.

Nicol Stephen: I rebut firmly Bruce McFee's suggestion. The reason for the inconsistent base years is that the most recently available data were used when the 2002 spending review was implemented. I acknowledge that that creates confusion and I will consider whether the base year, particularly in relation to rail, creates a lack of ambition in our targets. Nobody wants to be more ambitious for the Scottish rail network than I do. I want to set stretching targets and see significant growth in passenger numbers, which will be good for passengers and business users and will provide value for money, as it will generate more income for the rail network in Scotland.

Mr Welsh: In 2004-05, £1.2 million is to be allocated to the new transport agency development fund to reflect the cost assumptions of the new strategic transport agency. On what specifically will the money be spent?

Nicol Stephen: My officials have been uncharacteristically silent during much of the meeting, so I will give them the opportunity to comment on the detail. The issue relates to our discussion in response to Sylvia Jackson's question: we have to attract new skills and new talent to the agency. There are areas in which we do not have sufficient skills, particularly in relation to rail, bus and tram services. We are expanding the public transport budget in Scotland and we are taking on major new projects, some of which will

cost £500 million or more. That requires us to attract people who might otherwise be working in other areas of engineering or construction. We have to attract to the agency people with tram and rail experience who are currently working overseas, which will require new investment. I will bring in Jonathan Pryce to talk about the detail of how the £1.2 million was calculated and how soon we might be able to recruit some of those people.

Jonathan Pryce (Scottish Executive Enterprise, Transport and Lifelong Learning Department): I do not have an awful lot more to add, other than to say that the Scottish Executive's trunk roads function is pretty well developed already as lots of good people are working in that area at the moment. However, on the public transport side, we are thin on the ground with regard to the skills that we will need to deliver the major programme of infrastructure investment. It is also fair to say that in just two years we have moved from a relatively limited expectation of spend on transport infrastructure, both for roads and public transport, to the £3 billion programme over 10 years. That is quite a different scale of infrastructure development programme compared to what we had before. At the moment, we have the same level of staffing in the transport function of the Executive that we had three or four years ago. We are talking about recruiting people with the additional skills that we will need if we are going to deliver that programme.

Mr Welsh: Will you give us an idea of the balance between spending on bureaucracy and spending on delivery by people with skills? How will that work out?

Nicol Stephen: We would like all the spend to go on skills and none to go on bureaucracy. I always say that there is good bureaucracy and bad bureaucracy.

15:15

Mr Welsh: Okay, tell us what the balance will be and how good it will be.

Jonathan Pryce: Clearly, the emphasis will be on recruiting skilled professionals to fulfil the infrastructure programme. However, in creating a powerful and effective transport agency, we will also need to recruit professionals in non-transport functions, such as human resources and finance.

Mr Welsh: Could you give us a flavour of the budget headings or the categories under which the spending will come?

Jonathan Pryce: We will strengthen the public transport infrastructure team; the roads functions will also need to be strengthened and the central functions of the agency will have to be developed. Those are the three main areas.

Mr Welsh: I am trying to get an idea of how the £1.2 million will be divided up among the broad headlines.

The Convener: Rather than answer now, it might be better if the minister sent the committee a detailed answer later.

Nicol Stephen: I will undertake to ensure that that is done. Either the officials or I will write with as full an answer to that question as we can provide at this stage. We will also give you some sense of the timescale.

Mr Welsh: Would £1.2 million be enough to allow you to supply major projects with top people?

Nicol Stephen: I would have thought that it would get a couple at least. We will send you a considered response later.

Mr Welsh: Thank you.

Paul Martin (Glasgow Springburn) (Lab): In Scotland, we are proposing to set up a new transport agency, but the UK Government is currently undertaking a review of the structure of British railways. Do you know what impact that restructuring will have on our expenditure plans?

Nicol Stephen: We are involved in the review along with the UK Department for Transport and the Treasury. If the review suggests that further powers should be transferred to the Scottish Executive, we would be positive about that, provided that there is an appropriate allocation of resources to enable us to deliver on those new responsibilities. It is too early to say what the outcome of the review will be, but I would resist any centralisation of powers or removal of the powers that the Scottish Executive currently has. Those powers were hard fought for and are the result of a sensible devolution settlement.

The situation is by no means perfect. The world of rail is complex. Many of the projects that we have been talking about today have been frustratingly difficult to deliver. The costs of some of them have been high and some of the advisory costs have been exceedingly high, in relation to the delivery, construction and implementation costs.

I would like any changes that are to be made to ensure that the system is more efficient and moves faster. The early signs are that the review will be worth while and will deliver some important changes. However, it is for Alistair Darling to consider the proposals that are coming to him from the industry, Network Rail, the Strategic Rail Authority and the Scottish Executive. I am optimistic that the current rail review will result in improvements.

Paul Martin: Is it right to propose the creation of a new agency prior to the completion of that

review? Should we not await the completion of the review before deciding on the remit and the framework of the new transport agency?

Nicol Stephen: We have decided to establish a new Scottish transport agency for a variety of reasons, not simply to fulfil our rail responsibilities. We want to invest more in transport, particularly public transport. We believe that we are lacking in some of the skills that are required to deliver an ambitious £3 billion infrastructure initiative over 10 years. For all those reasons, we need the new skills and the new agency. In life, it is always possible to put off making decisions and to wait for the outcome of the next review and the review after that. It is important that we make progress and get on with creating the agency. By the time that we establish the agency in its full form, we will know the outcome of the rail review, because it is due to be announced this summer. We will be able to take into account the review's outcome and its potential impact not only on the agency, but on the ScotRail franchise.

Paul Martin: What will be the process for determining the location of the new agency? Will Glasgow be considered?

Nicol Stephen: The first important point to emphasise is that decisions have not been taken yet in that regard. The issue is important and sensitive, as it relates to the on-going delivery of the major projects that we have been discussing. We need to staff up and to bring in the skills. It is important to give confidence to existing staff, who are based largely in Edinburgh, but it is also important to provide clarity on the new agency's location to the new staff whom we are trying to attract. We will go through the Scottish Executive's process on the location of new agencies and public bodies. We will get that process under way as soon as possible. I have already been in discussion with the Minister for Finance and Public Services and the Deputy Minister for Finance and Public Services, who are responsible for our relocation policy, to ensure that we handle that exercise appropriately, given all the concerns that I have outlined and the central importance of our ability to deliver on the current list of projects that I have referred to throughout this afternoon's session. We must not allow anything to put us off track or to slow down the delivery of what is an important capital investment programme.

Paul Martin: So Glasgow is not ruled out.

The Convener: As a follow-up to Paul Martin's cheeky bid, I suggest that a location in West Lothian—perhaps somewhere adjacent to the line that will reopen between Bathgate and Airdrie—might well be appropriate.

The minister mentioned the impact on the delivery of the ScotRail franchise, which we have

not really covered. I realise that you will not want to give away the Executive's financial position at such a delicate stage in the negotiations, but how confident are you that the timescales that are envisaged for the identification of a preferred bidder, the award of the contract and the move into the new franchise will be achieved? When do you anticipate that you will be able to advise the committee of the financial implications of the new contract?

Nicol Stephen: We are on target as regards progress on selecting a preferred bidder. If a decision cannot be made by late April, I hope that it will be made by very early May. We should be in a position to announce the preferred bidder then. A period of discussion with the preferred bidder will follow, to ensure that we have agreed the right contractual terms and have secured the right financial terms. I hope to be able to make known the final position to the committee and the Parliament as soon as possible thereafter.

It is important that we set out a timetable when we announce who the preferred bidder is. I suggest that I could write to the committee at that time to explain the process from then on. The timetable will depend on who the preferred bidder is—there could be a difference, depending on whether the existing contractor continues with the franchise or whether the franchise has a new holder. It is important that we give the committee clear advice on the basis of the outcome of the bid process.

We have now received the best and final offers—as they are called—and we are working closely with the Strategic Rail Authority in assessing them before coming to a final recommendation. The matter will go to ministers as soon as the advisory team is in a position to make a clear and final recommendation. I have received no recommendation as yet, so the matter is not something that is sitting on my desk but something that I have still to receive.

Dr Jackson: Far be it from me to give a plug for Stirling, minister, but we all seem to be at it.

I have two quick questions on a new area. My first question is a practical one that follows on from the earlier question about how the Executive aims to attract more people to use public transport. There were two train failures on the Stirling to Edinburgh line this morning, so some of us took three hours to get here from Stirling. What investment in rolling stock is being anticipated?

My second question—which is just as important, if not more so—concerns my passion for non-trunk roads. We know from the survey by the Society of Chief Officers of Transportation in Scotland that there is a £1.5 billion spending backlog and we are waiting for more figures to come in. Given that

backlog, what is the Executive's role in improving non-trunk roads? The minister commented earlier on the need to support remoter and rural areas, but many non-trunk roads are in rural areas—although I am told by MSPs from more urban settings that their constituencies have non-trunk roads, too.

Will you explain how non-trunk roads fit into the context of the work of the Scottish transport agency? I seem to remember that there was a suggestion in the ether that the new agency would enable the Scottish Parliament and the Scottish Executive to link up more constructively with local authorities. It strikes me that the new agency could play a useful role in the area of non-trunk roads.

Will you also comment on the written reply that we received from the Minister for Finance and Public Services, Andy Kerr? In response to our question about roads, Andy Kerr seemed to emphasise the new prudential borrowing arrangements as the answer to all the ills of our non-trunk roads. Will that mechanism be sufficient to get our roads back on track?

Nicol Stephen: Far be it from me to critique Andy Kerr's pronouncements, but although the prudential borrowing regime will assist local authorities by providing them with flexibility that will improve their ability to deliver significant capital projects, it would help them in the maintenance of roads only if it was possible to capitalise on some of the maintenance-related aspects that are currently classed as revenue expenditure. It can be possible to bring such work under a capital expenditure category, but the main benefit of the new prudential borrowing regime would come from the possibility that it will make extra revenue expenditure available for local authorities.

The primary decision on all of that will remain with local authorities. It is up to local authorities to decide how much of their grant-aided expenditure they wish to allocate to roads. Although indicative allocations are made by the Scottish Executive, it is for the local authorities to decide whether to follow those allocations or whether to make extra resources available.

In preparation for today's meeting, I checked the roads and transport allocations to local authorities over the next couple of years. From last year to this year, the overall GAE for roads and transport shows a rise of 3.78 per cent, and there is a rise of 3.76 per cent for the following year.

Mr Welsh: Could you put a figure on that rather than a percentage?

Nicol Stephen: Yes. The figure for roads and maintenance last year—2003-04—was £147.375 million, rising to £152.954 million in the current year and then to £158.713 million. The total roads

and transport budget, which includes the other headings such as winter maintenance, road lighting, support for buses and concessionary fares, was £425.669 million last year, rising to £441.782 million in the current year and to £458.417 for 2005-06, which is the year that we are considering today. Those are the top-line figures.

15:30

Mr Welsh: That is not £1.5 billion and there is a backlog that has to be met.

Nicol Stephen: It is not £1.5 billion. To be fair to everyone, however, I think that SCOTS would confirm that that is an overall backlog and not something that it would expect to be met in one financial year. The Convention of Scottish Local Authorities is likely to bid for additional funding for local roads. I think that its bid will be in the order of tens of millions rather than hundreds of millions or billions. I am keen to give support to the local authorities in order to see additional funding being spent on our local roads, some of which I realise are in very poor condition. A significant challenge for us over the course of the next few years is to encourage and ensure that extra expenditure is made on those local roads.

Obviously, if we were to allocate more funding through grant-aided expenditure without ring fencing it in any way, it would be possible for the local authorities to spend the extra money in other ways and in other areas. We need to have some discussion with COSLA and the local authorities to ensure that, if additional funds were allocated, they would be spent on improvements to our local roads, pavements and bridges. There is a wide range of funding pressures on local authorities in relation to transport, but I am keen to do what I can.

Ultimately, the local authorities will be in the driving seat, but if the Executive can help through the spending review process, I am willing to play my part in supporting the case for additional expenditure. The minister with the most direct responsibility is Andy Kerr. As the Minister for Finance and Public Services, he is responsible not only for finance but also for local government. Over the coming weeks, I will certainly speak to him about the issue in relation to the spending review process.

The Convener: On that point—

Dr Jackson: Could I just say that I did not get an answer to two of the questions that I asked.

Nicol Stephen: Do you mean on trains?

Dr Jackson: There was the matter of trains, but there was also the question of the role of the Scottish transport agency and whether we could

try to be a bit more holistic by perhaps bringing non-trunk roads under its remit. I am sorry to press the matter.

Nicol Stephen: In terms of the agency and the regional transport partnerships, my approach is very much to encourage regional transport partnerships to agree on the approach that they would like to be taken in future on all transport issues, which includes our local roads. An allocation of certain aspects of the work of the local authorities could be made through the regional transport agencies, which could provide support for schemes that are of particular regional or strategic significance. I am sure that the regional transport partnerships will consider that with their member local authorities over the coming months.

It is also possible that the transport agency could help in an advisory or support role. I do not envisage seeking in any way to remove from local authorities their powers over local roads; local road decisions are best made by local authorities and it would be a controversial step to centralise those powers.

Dr Jackson: I was not suggesting that—far be it from me to do so.

Nicol Stephen: I do not see any major change in that regard. If that was one of Sylvia Jackson's concerns, I can reassure her on that point.

Dr Jackson: No—it was more a question of co-ordination. The question was, if you like, about the strategic agency taking a much more holistic view without responsibility being taken from local authorities. I remember that it was said—I do not know whether it was said by you—that there might be a closer link with COSLA, although I know that there is already quite a lot of liaison between you and that organisation. However, this might be another avenue to pursue.

Nicol Stephen: I agree with that. I hope that, in the future, the kind of survey work that has been done by SCOTS could be done in conjunction with the new agency, which could play a supportive role. It is important to identify inconsistencies between different local authority areas and between urban and rural Scotland so that we can see where the roads are in better or worse condition and where funding is most needed. When one does that, however, there is always the problem of whether one rewards neglect: does one give additional resources to the local authorities that have spent relatively less on their roads, at the expense of authorities that have worked hard to prioritise expenditure on their road systems? Those are difficult issues that will not be resolved overnight. I recognise that part of the problem is about resources and we need to look at ways in which to work with local authorities to overcome the problem.

I was not sufficiently well briefed before the session this afternoon about the problems on the rail network this morning. It is always disappointing when one hears about such long delays. That helps to emphasise my response to Bruce McFee, that when problems of reliability persist it is not always as straightforward as it might seem to attract passengers back to the rail network.

I do not know the reasons for the particular problems that Sylvia Jackson mentioned, but they are partly why it is important to invest in new rolling stock and trains. We have helped to finance the purchase of 29 new trains that will come on to the network in Scotland—22 trains for the ScotRail network and seven for the SPT network. We will have 26 platform upgrades that will extend platforms at stations throughout Scotland. As a result, some of the rolling stock that is being used currently will go to other parts of Scotland—to the Highlands, for example—to improve the quality of rolling stock there. We will replace some of the oldest rolling stock on the Scottish rail network.

That is good news for the Scottish rail franchise and we should see significant improvements; for example, we should see an improvement in peak-time carrying capacity on the Edinburgh to Glasgow line of about 35 per cent to 40 per cent—I forget the exact percentage. There will be significant improvements to the current problems of congestion and standing on trains. The sooner all the new trains are in place and running reliably the better.

Iain Smith: Will the minister give us more detail on his announcement this morning about Waverley? I welcome the announcement, but it would be useful to get a bit more information about how it will be funded, what its implications are for the transport budget, what future phases we can expect in the Waverley development and what is the long-term target for the number of train movements per hour when future phases are completed.

Nicol Stephen: Today's announcement was that all the partners on the Waverley station working group have reached agreement to proceed with the detailed design work to install escalators at the current Waverley steps; to cover those steps so that passengers are protected from rain and wind and to build a lift that will take people from Princes Street to the current platform level to assist disabled passengers. The inadequacy of disabled access in many of our railway stations is one of the problems for which we have been most strongly criticised. We will improve that position significantly at Edinburgh Waverley.

As regards the capacity of the station, two new platforms will be introduced at either extreme of the station—one to the north and one to the south.

That, coupled with reconfiguration or remodelling of the throat of the station—the great term that is used to describe the layout of the track and the signalling—particularly where it is most congested in the section between Waverley and Haymarket, will increase the capacity of Waverley station from 24 trains per hour to 28 trains per hour. All that will make for significant improvement to services.

An extra platform will be built at Haymarket to allow the development to be completed efficiently; all the work should be completed by 2007. The Scottish Executive will fund the detailed design work, which will take approximately 12 months. That represents £3.7 million of funding. We have reached agreement with all partners that the scheme will happen and that we will proceed from the design work to delivery of the project; however, we have not yet announced the full funding package for the scheme, which will be in the order of £150 million. I am determined to take a partnership approach to funding as well as to management and project development aspects of the scheme.

In terms of future phases, I confirm that we are considering three options for the longer-term redevelopment. However, any of those options will require the £150 million-worth of work to be carried out. That work in the first phase is common to all the schemes and none of the schemes would be valued at less than £500 million. Whichever scheme we proceed with, it will represent significant investment and will be among the most significant commitments to the rail network in the UK. I favour a scheme that does not give high priority to the shopping and retail aspects of the project, but which focuses on the service that is given to passengers and on ensuring that we have the capacity to proceed with the ambitious projects that depend on increased capacity at Waverley. Those include the Borders rail link, the Airdrie to Bathgate line, the Stirling-Alloa-Kincardine line, the Fife circle, commuter improvements and the Edinburgh airport rail link. All those projects require a better Waverley.

Today is an important day, as it marks the start of work to upgrade Waverley station significantly in order to give it the extra capacity that it has badly needed for the past few years.

Iain Smith: You mentioned the committee's priorities for the spending review. I am keen to see further improvements to the rail network locally, especially the enhancements on the line to Perth. The opening of a station at Newburgh on that line is a future project to be considered. However, a more significant issue on which I would be interested to hear your views is the future of the Forth crossings. You will be aware of the various issues that surround the Forth road bridge, not just the maintenance work that will be carried out over

the summer, but the long-term concerns about the design and structural limitations of that 40-year-old bridge. Some consideration must be given to the long-term future of crossings over the Forth. Has the minister given any thought to how that will be looked at and what options might be considered?

15:45

Nicol Stephen: In relation to new rail initiatives beyond those that are mentioned in the partnership agreement and those that I have discussed today, I am keen to encourage new developments such as new railway openings, improvements to the frequency of services—for example, the Edinburgh to Dunbar service, which has been mentioned to me—improvements in Fife, Newburgh station, and other initiatives that have been discussed in Parliament, such as the station at Laurencekirk.

The basis on which we put out to tender the current ScotRail franchise was maintenance of the current level of service. However, we have also asked for some improvements to be costed and we will look at that in terms of our announcement of the preferred bidder and the final shape of the ScotRail franchise. Most of those improvements will have to be classified as new improvements. That is allowed for in the franchise and there will be a mechanism for including improvements in the franchise network.

Where there are such schemes, I encourage local authorities to use their powers to work up proposals, to use the Scottish transport appraisal guidance system, to go through a STAG appraisal process and to ensure that such schemes represent good value for money and will be viable in terms of promoting them with Scottish ministers and the operators of the ScotRail franchise.

On the Forth crossings, it is clear that there are issues that affect both Network Rail and the Forth Estuary Transport Authority. FETA in particular has made representations to me about the need for improvements and upgrading. Obviously, we intend to proceed with a significant scheme for an additional bridge at the Kincardine bridge crossing, but that will not satisfy the needs of Iain Smith's constituents in North East Fife. I have therefore encouraged FETA to consider the whole matter and hope that it will work closely with us, Network Rail and the SRA in considering all the options relating to increased capacity for cars and increased capacity for public transport, which is important. The need for adequate public transport capacity on the crossing is one issue that will be considered.

Such projects come under the category of longer-term projects, to which I referred earlier. They are not in the current programme, but it is

important that we anticipate some of the pressures in the future and that we start to plan now. It is always important to consider as early as possible our options for investment that could be very substantial if new projects of an appropriate scale are to be delivered in due course.

The Convener: I have a question about an issue that sometimes gives me cause for concern. The question follows a question that you were asked and your response to it. I do not wish to comment on the specific project that Iain Smith mentioned, but I am sometimes concerned that there are too many aspirations for too many train stations in Scotland, which can be detrimental to the overall aim of encouraging more people to travel by train. Do you recognise that a balance must be struck between giving people access to a network through provision of a train station, and that access acting as a disincentive to people as a result of increased end-to-end journey times? Has appropriate consideration been given to that in respect of new stations, existing lines and the number of stations on some of the proposed new lines?

Nicol Stephen: I completely agree with the convener. We have had to tackle that issue in relation to the Larkhall to Milngavie line and the issue will come up in relation to the Airdrie to Bathgate line. The issue relates particularly to the major lines—the west coast main line and the east coast main line through to Aberdeen. Impacts on timetables, stopping times that are required with new stations, impacts on overall journey times and the competitiveness of a train journey against the same journey by car must be considered. There is little point in creating a situation whereby, through one relatively small community being served, people from larger communities and catchment areas are put off using trains and shift to using cars. It is important that we make all public transport journeys as competitive as possible compared with private motor-car journeys and—if possible—that we make those journeys quicker than they would be by car.

Part of the issue relates to track improvements and the speed of modern trains, but the stopping and starting of commuter journeys on some lines can be a disincentive. However, with the right timetabling and careful consideration of such issues, we can still introduce the Glasgow crossrail scheme, the Aberdeen crossrail scheme, the Invernet scheme, improved commuter services around Edinburgh and Dundee and improvements to Fife commuter services. Detailed technical work and the use of many of the pretty rare skills that I have discussed relating to scheduling and timetabling are required. Such skills are resources that have declined in recent decades, which is why I am anxious to keep them in Scotland and to consider all those schemes thoroughly and

seriously, while always keeping an eye on their impact on Scotland's overall rail network.

The Convener: You will probably be pleased to hear that we have reached the end of our questions. I thank you for your evidence and I thank the Scottish Executive officials who have supported you. I am sure that you will look forward to our considerations of the transport elements of the Scottish Executive's budget, which will happen in due course.

Nicol Stephen: Thank you very much. I am always pleased to assist the committee.

The Convener: That brings us to the end of the public part of the meeting.

15:50

Meeting continued in private until 16:11.

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