



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

Wednesday 9 May 2012

Session 4

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**Wednesday 9 May 2012**

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**INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE**  
**10<sup>th</sup> Meeting 2012, Session 4**

**CONVENER**

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

**DEPUTY CONVENER**

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

**COMMITTEE MEMBERS**

\*Malcolm Chisholm (Edinburgh Northern and Leith) (Lab)

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

\*Gordon MacDonald (Edinburgh Pentlands) (SNP)

\*Margaret McCulloch (Central Scotland) (Lab)

\*Aileen McLeod (South Scotland) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Keith Brown (Minister for Housing and Transport)

Caroline Dicks (Scottish Government)

Frazer Henderson (Scottish Government)

Peter Lloyd (Scottish Government)

Angela O'Brien (Scottish Government)

**CLERK TO THE COMMITTEE**

Steve Farrell

**LOCATION**

Committee Room 2



## Scottish Parliament

### Infrastructure and Capital Investment Committee

*Wednesday 9 May 2012*

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

#### Decision on Taking Business in Private

**The Convener (Maureen Watt):** Good morning and welcome to the Infrastructure and Capital Investment Committee's 10th meeting in 2012. I remind everybody to switch off their phones and BlackBerrys because they affect the broadcasting system. We are all present and correct today.

Agenda item 1 is to seek the committee's agreement to take item 3 in private. Do members agree to that?

**Members** *indicated agreement.*

## Housing and Transport

10:00

**The Convener:** Item 2 is housing and transport. We will hear evidence from Keith Brown, the Minister for Housing and Transport, on a range of issues within his portfolio. I welcome the minister. He is accompanied by Frazer Henderson, who is head of rail policy with Transport Scotland; Peter Lloyd, who is rail policy executive with Transport Scotland; Caroline Dicks, who is an investment manager with the Scottish Government's housing supply division; David Fotheringham, who is a team leader with the Scottish Government's housing sustainability and innovative funding division; and Angela O'Brien, who is a team leader for housing transitions and support with the Scottish Government.

I understand that the minister will, in his introduction, provide an update on the Scottish Government's activity on high-speed rail. I remind members that, as part of our consideration of the high-speed rail project, the committee wrote in January 2012 to Justine Greening MP, the Secretary of State for Transport, inviting her to give evidence to the committee. A reply has not been received, despite numerous telephone and e-mail reminders and a further written request from me in April seeking a response. It is very disappointing.

I invite the minister to make his opening remarks.

**The Minister for Housing and Transport (Keith Brown):** It has been apparent for some time that there is, in Scotland, strong support for high-speed rail, and the issue has enjoyed something of a consensus in the Parliament. For those reasons, and because we did not seem to have the strength or depth of opposition that there has been south of the border—or, at least, in some areas south of the border—I decided to invite a range of organisations to form Scotland's partnership group for high-speed rail, in order to capture and present Scotland's voice on the issue.

I announced the group in June last year. It accepted its remit with enthusiasm and remarkable clarity and published its first output—"Fast Track Scotland: Making the Case for High Speed Rail Connections with Scotland"—in December last year, establishing Scotland's voice on high-speed rail. The principal conclusion was that the case for high-speed rail in the United Kingdom is strong, but is much stronger when Scotland is included. That is the case for a number of reasons to do with business and environmental benefits—not least those that would result from a

modal shift from air to rail—which are substantially greater when Scotland is included.

The report had an impressive impact and received widespread coverage in the mainstream and specialist rail media. Within a week of its release, it was quoted at length in a Westminster debate on high-speed rail to Scotland, and it has changed the debate on the case for high-speed rail to come to Scotland. A further report by the partnership group considered the high-level options for routes to Scotland and possible station locations. Although that is an internal planning document, I am more than happy to make it available to committee members, if they would like it. “Fast Track Scotland”, which is Scotland’s voice, has been recognised at Westminster and referred to in Parliament there and at various conferences by UK ministers. It has changed the narrative on high-speed rail in the UK.

Against that background, the Cabinet Secretary for Infrastructure and Capital Investment, Alex Neil, and I met Justine Greening, the Secretary of State for Transport, when she came to Scotland on 1 March. During the meeting, we secured a new role for Scotland in planning for high-speed rail. We are now working with the Department for Transport and HS2 Ltd. In autumn this year, we will have in place timelines for the work that is required in order to make progress, and we will have the terms for joint working. That was agreed at the meeting with Justine Greening, which followed a previous discussion that I had with Mike Penning when he came up here to follow up on the announcement in the Westminster Parliament on the go-ahead for high-speed rail.

As recently as last week, officials were in London taking forward that work. The main point is that we are now in a better position to bring high-speed rail to Scotland. The partnership approach that we have taken has been instrumental in establishing Scotland’s case and ensuring that it is heard, and it has changed the nature of our relationship with the UK minister. We now work with something of a common purpose. I ask both the committee and Parliament to acknowledge that success and the value of a continued consensus on high-speed rail.

With the convener’s agreement, I will also mention one or two issues to do with housing. I wrote to her recently about housing allocations. We found out this morning that the answer to the inspired parliamentary question that was lodged contained three figures that are wrong, so I want to correct them.

We have published guidance for local authorities and housing associations about the affordable housing supply programme, and we have issued our three-year resource planning assumptions to councils, excluding those in

Glasgow and Edinburgh, which had their budgets declared earlier. The money is to support the local affordable housing programmes. The totals for each council were set out in the answer to a PQ, and I also wrote to the convener to provide the information. The notification letters to councils were correct, but unfortunately an administrative error meant that the figures in the PQ answer and my letter to the convener were incorrect in the case of three councils. In each case, the moneys that are to be awarded are higher than the figures that were declared.

To set the record straight, I confirm that the figure for Argyll and Bute Council is £18.309 million. The published figure was £13.191 million and did not include the top-slicing moneys in respect of the reprovisioning programme for the earlier stock transfer. The published figure for Inverclyde Council was £5.052 million, but the actual figure is £10.148 million. Again, top-slicing accounts for the difference. For Renfrewshire Council, the published figure was £14.738 million, which did not include the additional £4 million that it has been given to support its programme to bring housing up to the Scottish housing quality standard. I confirm that the councils have been notified of the full, correct totals, including the top-slicing. I apologise for the fact that the wrong information was provided. We will ensure that we send the correct figures in a letter to you, convener.

**The Convener:** Thank you. I am sure that we would also like to see the paper that you mentioned.

You gave us an update on the Scottish partnership group for high-speed rail. The timescales for high-speed rail to get to Birmingham, never mind north of there, are extremely lengthy. If the predictions are correct, there will be nothing in any Queen’s speech about a high-speed rail bill in the current session. Does that mean that the timelines will get even longer?

**Keith Brown:** Although that has been reported in the news today, we understand that there is a programme timeline to which the Westminster Government is working. I will ask my officials to outline that, as they have spoken to the Department for Transport within the past week.

It is worth saying that the timescale moves around and—as you will know—there is also a legal challenge to the process, so there is some uncertainty about any declared timetable. The first stage is to be completed by 2026—if the predicted timescale holds—but we should note that the west coast main line will have reached capacity by then; it is predicted that that will happen by 2024. Substantial moneys will be involved in improving the line. The previous project to upgrade the west

coast main line, which is not long completed, cost about £9 billion. If we are to ensure that we do not have a choke on passenger and freight traffic to Scotland, the UK Government will have to spend many billions of pounds to improve the line. For that reason, we have said that Scotland should be included from the earliest possible date, because that will make sense.

I ask my officials to report back on what they have heard from the DFT about the timetable.

**Frazer Henderson (Scottish Government):**

The expectation is that a hybrid bill will go to Westminster—subject to success with the current legal challenges—in late 2013, and that it will take a couple of years to go through the parliamentary process. Thereafter, other planning considerations will come into play, such as the acquisition of substantial tracts of land and the process that applies to that. It is expected that construction will commence in around 2017, with completion by 2026. That is for the route from London to Birmingham.

In autumn this year, the Department for Transport and HS2 Ltd will kick off some detailed planning work for a hybrid bill for a high-speed rail link from Birmingham up to Manchester and Leeds. We will play a role in that, as the minister mentioned. A hybrid bill on that will go ahead in 2019, 2020 or perhaps even later, depending on issues between Manchester and Leeds. The expectation is that construction of those two legs will be completed by 2032 at the latest.

**The Convener:** You talked about the need to upgrade the west coast main line anyway. Should that upgrade include making it fit for high-speed rail?

**Keith Brown:** There are different ways of upgrading the line. We could improve it for higher-speed rail, but to upgrade it to the specification of the high-speed rail that will be built further south will require root-and-branch infrastructure change.

The point that I was trying to make is the same point that I have tried to make to the UK Government: if it upgrades the line to Birmingham according to the current proposal, before that work is even completed the UK Government will have had to take a decision on substantial new infrastructure works to the north. In my view, it would make sense for it to think at the same time about the whole line and how we should progress with that. We have made the point that because we do not face the opposition that exists in certain parts of the south—so far, at least, and partly because our plans are not so advanced—we are perhaps able to make progress more quickly. Therefore, there is no reason why we could not start as soon as the UK Government was able to give its agreement to that.

Work on the Borders rail link—which the committee may discuss later—is not starting at one end of the line and progressing to the other but is starting at different points. That is how such engineering works can be done. We have made it clear to the UK Government that we are ready to get moving on the project as quickly as possible, although just now we are working towards the autumn and putting in place plans for how we will define routes and so on. It is difficult for us to define routes in Scotland until we know the entry points from the south, and those have still not been decided.

There would have to be substantial works. Work of different grades could be carried out on the west coast main line, but we want a proper high-speed rail link coming all the way through. I do not know whether my officials want to comment on works, short of high-speed rail works, that we could carry out on the west coast main line.

**Peter Lloyd (Scottish Government):** As the minister identified, there will be capacity problems on the west coast main line. Network Rail has identified that the line will reach capacity by 2024, in advance of high-speed rail. There are ways to build capacity into the network through providing additional loops on the west coast main line and upgrading the speed of some of the existing trains to 140mph with the appropriate infrastructure investment. However, we have no plans in that regard. At the moment, we are keen to see what the HS2 development company is bringing to the discussion and how it plans to upgrade the tracks beyond the sections of line that will be dedicated high-speed rail line for continued high-speed rail services north of Birmingham then north of Manchester and Leeds.

**The Convener:** Given the fact that the track needs to be upgraded anyway because it will reach capacity, is anybody doing any modelling of the cost of upgrading it to high-speed rail level? It would seem ridiculous to the taxpayer for work to be done twice. Has modelling been done of the costs of the various options?

**Keith Brown:** I will ask my officials to comment on the detail of that. You must bear it in mind that, like the previous Westminster Government, the UK Government is not currently committed to bringing high-speed rail to Scotland, so that is not part of the current plans. We have an agreement for us to plan how that could happen but, as things stand, there is no commitment. As has been pointed out, at some point Network Rail will have to factor into its calculations the cost of the upgrade that it will have to carry out if it is not told that high-speed rail will be required instead. However, as you rightly pointed out, convener, that does not seem to be the best use of resources—not least because we have just finished, more or less, a £9 billion

upgrade to the west coast main line that caused much disruption and expense.

As things stand, we cannot plan for an upgrade to high-speed rail because it is not up to the Scottish Government, and the UK Government is thus far committed only to the Birmingham link. My officials may want to comment on the situation.

10:15

**Frazer Henderson:** You have read our thoughts quite well, convener. As the minister mentioned, we had discussions with DFT and HS2 Ltd on 30 April, which were our most recent discussions with them. We impressed on them some of those considerations and the need to accelerate high-speed rail not only in Scotland, but throughout the whole United Kingdom so that we will all derive the economic benefits that will ultimately accrue from that. That is particularly relevant for Scotland because, perversely, once there is a high-speed rail link to Birmingham and Manchester, we will be proportionately further from London and Birmingham than we currently are because of the connections. We have impressed on DFT and HS2 the ministers' desire for very early connection as part of a Britain-wide high-speed rail network, the points that you have mentioned about capacity coming up to 2024, and what could conceivably be nugatory expenditure in trying to address a capacity issue when we are trying to address the high-speed issue that might come up shortly thereafter. We are fully cognisant of the issues, and both DFT and HS2 have been left under no illusion about the strength of feeling in Scotland and the desire and need for high-speed rail to come quickly to this part of Britain.

**The Convener:** Has the Scottish Government had any discussions with organisations that represent interests in the north of England regarding the development of high-speed rail and getting them on board?

**Keith Brown:** Yes. Last week, I wrote to 56 newly elected council leaders, I think, and there have been behind-the-scenes discussions with interests in the north of England that also currently feel that they are at risk of being excluded from the benefits of high-speed rail. I have also written to the newly re-elected mayor of London to ask for his support. Obviously, our view is that there is no question but that high-speed rail from London to Scotland and across the United Kingdom will present benefits to Scotland, but it will present benefits to London, as well. People want to travel from London to Scotland and vice versa, of course, so we are trying to crystallise the apparent consensus that exists.

There have already been expressions of support for our position from business organisations, I

think, and from some local councils in the north-east of England. We are trying to move forward with that support so that we can present a united front to the UK Government and say that we should all benefit from high-speed rail.

**The Convener:** Is the development work entirely funded by the Westminster Government, or is there a combination of funders?

**Keith Brown:** So far, HS2 is undertaking most of the work and is answerable to the Westminster Government. It will be doing that, but we will obviously fund the work that we do with it—we will fund officials' time and so on. We have already done some work at our expense.

**The Convener:** To what extent does the green effect come into the discussions with the Westminster Government? Correct me if I am wrong, but I get the impression that climate change targets and greening have moved down the Westminster Government's agenda, although they are highly relevant to Scotland. There is also the fact that slots at Heathrow for my area—Aberdeen—and for Edinburgh and Glasgow are constantly under threat. Do you get the sense that climate change targets and greening are not high on the Westminster Government's agenda? Are you managing to press them on that agenda?

**Keith Brown:** For the Westminster Government, the public debate has centred on wider environmental issues than climate change. There have been environmental issues to do with the new line and some of the land that it will go through, and we have not sought to intrude in the debate about them, but we have made the benefits a strong part of our case.

We have mentioned the business benefits. We think that there would be around £24 billion of economic benefits from establishment of the line to Scotland, but we and the "Fast Track Scotland" report that I mentioned have made it clear that the modal-shift benefits really kick in for Scotland, because a time of around three hours for a rail journey is very attractive compared with the times for air routes.

You are right to say that slots at Heathrow for flights to and from Scotland is a major issue. Although we have not seen much movement on protection of those slots, the UK Government is aware of the issue. If those slots were lost and we did not get high-speed rail, that would be the worst of all possible worlds for us, and the UK Government is aware of that. We have made the case for high-speed rail not only in business terms, but in economic terms. If we can get the high-speed rail link established, we envisage a substantial shift from air to rail.



**The Convener:** As there are no more questions on high-speed rail, we will move on to bus services.

**Alex Johnstone (North East Scotland) (Con):** Thank you, convener. Doon tae earth wi a bump.

We have had some interesting debates, particularly on the bus service operators grant, over the past few months. What is Transport Scotland doing to monitor the extent to which changes in the BSOG are influencing provision of services and whether they are leading to removal of services? Is it assessing whether the revision of bus fares is having an impact on services?

**Keith Brown:** I know that Mr Johnstone knows that neither the Government nor Transport Scotland has any control over fares or the routes that are provided. No one has control over fares—they are determined on an entirely commercial basis. Routes are down to the traffic commissioner for Scotland, but I assure you that Transport Scotland becomes aware of all route changes very quickly. It also keeps an eye on fares. As you said, there is a lot of public debate on the subject.

As we have said, the relationship between the BSOG and fares is not as direct as some people have made out. For example, we calculate that BSOG accounts for between 1 per cent and 3 per cent of bus companies' income, which means that if a bus company increases its fares by 10 per cent, that is clearly not down to the BSOG. We think that the cost of fuel—and, within that, the level of fuel duty—is a much bigger factor.

Transport Scotland has discussions with the Confederation of Passenger Transport and other groups. In addition, we have recently established the bus stakeholder group, which involves all the parties discussing these matters regularly.

A more concerning issue is that we have, over the past year, seen a reduction in the number of passengers but an increase in the cost of fares. Without mentioning specific companies, I think that there has been a realisation in some sectors of the industry that increasing fares has not been the best way to go—on some routes, it has had a detrimental effect on patronage. We keep in regular contact with individual bus operators—we have to do that for the concessionary travel scheme, and we do so on a more formal level through the bus stakeholder group.

**Alex Johnstone:** If you are assuming that the BSOG does not have a substantial impact on fares and the provision of services, is it safe to assume that you do not intend to revise the BSOG to prevent such an effect?

**Keith Brown:** It would be very difficult for us to increase the BSOG substantially and to expect that to have a direct impact on fares. There would

be no way of guaranteeing that, because the money could be used to meet all sorts of other costs.

At the other end of the process, private bus companies are making profit. Without regulation—which I know Alex Johnstone is not in favour of; neither am I—the BSOG could not be used to bring fares down, because we could not ensure a direct correlation between increasing the BSOG and reducing fares.

**Alex Johnstone:** I want to move on to another issue that has come up in the recent debates—the concessionary fares system. It has been made clear that this year's budget for concessionary fares is capped at £187 million. Do you anticipate that you will reach that level of spending in the current year?

**Keith Brown:** It is possible that we will. Of course, if we do, that will fulfil the agreement that we have struck with the bus industry. As Alex Johnstone will know from our debates on the matter, we intend to stand by that agreement and to provide that money if it is claimed. We will not cut it as it has been cut in many other parts of the United Kingdom.

As for the money's being spent before the end of the financial year, Alex Johnstone will know that we are talking about this particular year and it will all depend on factors over which we have no control. I have already mentioned fuel costs—the increase in those costs in August will certainly have an impact—and patronage figures will also be a factor. However, I cannot respond to the question with any certainty, other than to point out what has happened this past year.

**Alex Johnstone:** Can you confirm that the scheme will continue to run for the whole financial year, even if the budget limit is reached before the end of the year?

**Keith Brown:** That is what has happened in this past year. Under the deal that we have struck with bus operators, those who get money for concessionary travel are obliged to continue to provide it even when the budget has expired. We think that the package is very substantial and exceeds that which has been provided in most other parts of the UK; indeed, put together with BSOG support, it amounts to £0.25 billion—although the bus operators will not see money for concessionary travel as a direct subsidy.

**Alex Johnstone:** Can you give us any details of discussions between Transport Scotland and the Confederation of Passenger Transport on the operation of the concessionary fares scheme in 2013-14 and beyond?

**Keith Brown:** Not only have those discussions taken place at official level, but the item has been

on the bus stakeholders group's agenda. It is only right that the issue be discussed. The situation with public finances—and, indeed, bus patronage—is changing and it is essential that we have those discussions, sometimes at a less formal level but also within the bus stakeholders group.

**Alex Johnstone:** Will there be simple continuity or will substantial changes have to be made to either the rules or the funding arrangements?

**Keith Brown:** We need to have a dialogue with the bus industry on the issue, but at this stage we do not envisage such changes. As I have said, we have set a three-year budget for this and we intend to see it through.

**Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP):** It has been raised with me that there still seems to be a problem with fraud in the system, particularly with tickets being issued for journeys longer than the journeys that people are making. Although, as I understand it, that was a significant problem in the scheme's early days, measures were introduced to tackle it. Are you aware of a continuing problem in that respect and, if so, how do you intend to deal with it? After all, when budgets are tight, the last thing we want is for resources to be inappropriately leached away.

**Keith Brown:** There has been substantial work on the issue and we reckon that we have pushed out of the system up to £24 million-worth of fraud. We have even highlighted to the Westminster Government and the Welsh Assembly what we have done, mainly by introducing smart ticketing and putting in the infrastructure, and we have written again to both to show the substantial savings that can be made here. The less you pay out to fraud, the more you can spend on the actual services, and good operators benefit from that.

Your point about fare stages is still an issue, because with the current infrastructure we cannot account for only the part that is travelled and, as a result, someone can be recompensed for a whole stage. I will not go into the details of how we monitor that, but as part of our wider anti-fraud measures we have people on the ground to ensure that such fraud is not being carried out.

**Adam Ingram:** Thank you for that. A number of pensioners in my constituency are alarmed about that practice and feel that it has undermined the concessionary fare policy, so I hope that we can crack down on it.

10:30

**Keith Brown:** Individuals who are aware of fraud—people have come to me with specific instances—can report it, for which we would be grateful. The bus division of Transport Scotland

would be keen to hear about that. Through that type of intelligence, we can drive down fraud further.

As I mentioned, we estimate that we have already driven £24 million of fraud out of the system. We have relied partly on people coming forward and telling us about instances of fraud. There have been recent court cases in which abuse of cards has been the source of the fraud, but we would be grateful to receive information on any other fraud of which people are aware or that they believe exists.

**The Convener:** We move on to cycling.

**Aileen McLeod (South Scotland) (SNP):** Minister, we are all aware of the benefits of cycling in tackling issues such as congestion and carbon emissions, and health issues such as obesity. There is an active campaign to encourage safer cycling throughout Scotland that has included events such as the pedal on Parliament, which took place a few weeks ago. That was the largest ever demonstration at Holyrood, and more than 3,000 cyclists took part.

The pedal on Parliament group has produced an eight-point manifesto. The points are:

- “1. Proper funding for cycling.
2. Design cycling into Scotland's roads.
3. Slower speeds where people live, work and play
4. Integrate cycling into local transport strategies
5. Improved road traffic law and enforcement
6. Reduce the risk of HGVs to cyclists and pedestrians
7. A strategic and joined-up programme of road user training
8. Improved statistics supporting decision-making and policy”.

How do you intend to respond to those issues?

**Keith Brown:** Aileen McLeod makes a good point about the increased profile of cycling, which is welcome. As she mentioned, the pedal on Parliament was extremely well attended.

There has been some recent interest in cycling because of the tragic deaths of cyclists in Edinburgh in recent months, although the number of cyclist deaths is currently the lowest ever recorded, and there has been a substantial reduction, especially in Edinburgh and Glasgow.

We recently held a cycling summit, which had two functions. First, we wanted to hear from groups such as pedal on Parliament about the things that they wanted to happen, and secondly we wanted to get the message out about how safe cycling is, which all the cycling groups are keen to do. They want safety measures to be taken, but they also want to put out the message that cycling

is safe, because the perception that it might be unsafe may hold us back from achieving our targets to increase cycling.

Many of the points in the pedal on Parliament manifesto—for example, 20mph speed limits—rely on local government action. At the cycling summit, we discussed how we can work more closely with local authorities and make it as easy as possible for them to take such action. However, they know their local roads best, and it is important that they take the initiative in that regard.

On funding for cycling, we have made about £83 million available to promote active travel and improve facilities. An awful lot of money has been spent on cycle networks, which has helped to increase cycling. Having built those networks, we must ensure that they are fully exploited.

Aileen McLeod is right to say that cycling is moving up the agenda. I was not able to attend the pedal on Parliament, but the day before it, I had my first go on a tandem—which was very difficult—at a school event in Larbert. We are doing a great deal on cycling in schools.

On Sunday, by sheer coincidence, I started a cyclathon in my constituency, and just yesterday I was at the give me cycle space event in Nitshill in Glasgow, which was about telling communities to give cyclists space to ensure that they feel safe on the roads. We are continuing to fund those things, and we have started a dialogue through the cycling summit to consider what we can do with local authorities to make cycling safer and more prevalent.

**Aileen McLeod:** Thank you. Can you update the committee on the progress on achieving our target for 10 per cent of all trips in Scotland to be made by bike by 2020?

**Keith Brown:** It has been a difficult target to achieve because it requires a cultural change. We have seen an asymmetric response. For example, there has been a bigger increase in Edinburgh, which has been extremely proactive for a number of years with regard to cycle ways. I am not sure what the exact figure is for Edinburgh, but it is certainly well ahead of other parts of the country. We are at about 2 per cent across the country, so there is a great deal more to be done.

We are establishing and supporting the cycle networks in conjunction with local authorities, which will match fund much of the infrastructure that we have put in place to allow for a more substantial increase. However, there is no question that there is more work to be done on that.

**The Convener:** We move on to rail stations.

**Adam Ingram:** You recently announced a Scottish stations investment fund. Will you provide

details on how it will work, and in particular how organisations that wish to develop new or improved stations can access the fund?

**Keith Brown:** The moneys for the fund will become available around April 2014—the next cost period. Having announced the fund, we will be working over the summer months to establish the ground rules for bids to the fund. We have said that we will look at soundly based bids that have a Scottish transport appraisal guidance report behind them to demonstrate the need for a station. We will also take into account local financial support. For example, in Winchburgh, which may have a new station, I understand that there is support from a developer to pay for the capital costs of the station.

That is only one side of the issue, though, because if we have a new station, we will have an on-going subsidy to meet in terms of the franchise costs for servicing that station. We are asking people to come forward with partnership bids that enjoy community support and are properly based, by which I mean that they demonstrate that a rail link is the best way of meeting the transport needs of the area. Bus and other possible solutions should have been considered.

That is likely to be the shape of the bidding process. In discussions with Network Rail and ScotRail, we are looking at station design. We are used to Victorian stations, which are substantial buildings, but it is possible to have something much more minimal that can be expanded if patronage expands. The more we do that, the more we can do in terms of new stations.

Underlying that is the idea that we want to reduce journey times. High-speed rail is a case in point. However, we want the railway to be inclusive and to touch as many communities as possible.

**Adam Ingram:** Essentially, your message is that you are looking for a partnership approach to getting funding together for new stations.

Given the current economic climate, there is a drag on development. How do we overcome that obstacle to developing the network of stations?

**Keith Brown:** It will be easier in some areas than in others. I can think of at least two substantial developments that have potential stations next to them, where there have been offers from developers to meet the cost of the construction of a new station. That is not as straightforward as you would think, because there are other issues, such as the platforms and signalling. In some places other partners, such as the local council or the local regional transport partnership, might want to contribute to the development of a station. A test of the desirability and sustainability of a station will be the extent to

which people are willing to contribute to it. It will not always fall to a developer to do that. It is up to local areas to put their best bids forward.

**Margaret McCulloch (Central Scotland) (Lab):** Good morning, minister. The A8 from Baillieston to Newhouse, the Raith interchange and the linked network improvements are all projects that are close to my heart, because I drive through the Raith interchange regularly. Those three linked projects will complete the central Scotland motorway network, including by upgrading the non-motorway section of the A8 between Edinburgh and Glasgow to motorway standard. I believe that the projects are in the early phase of the tendering process, with all approvals now in place, and that they are due to be completed by 2017.

Will you provide an update on the central Scotland motorway projects, highlighting key dates between now and their completion and indicating how Transport Scotland plans to minimise disruption?

**Keith Brown:** The member is quite right about the procurement process. We started that on 30 March at what I think is called an industry day, which I attended. It was not a public event; it was just for those who were interested in bidding for the contract. There was an extremely wide range of healthy interest in the project—the room was filled to the rafters—and there is an awful lot of expectation, which is not surprising with a contract of that size.

An extremely competitive bid was made for the Forth road crossing, which came in between £400 million and £500 million below the estimated cost, partly because of where we are in the economic cycle and the hunger for work out there, so we were confident of getting interest from the industry. The project is of a similar scale to the M74 completion, which supported about 900 jobs and took 18 minutes off journey times. That has been a tremendous success and we expect this project to enjoy similar success.

I am happy to write to the member with details of the timescales. We expect construction of the full project to take around three and a half years. As the member says, it will, for the first time, provide a full motorway standard between Edinburgh and Glasgow.

**Margaret McCulloch:** Will the Government ensure that it has on-going dialogue about the completion dates with the appropriate councils—South Lanarkshire Council, Glasgow City Council and North Lanarkshire Council—and that it keeps them up to date on those? That would be really helpful.

Is the Government building into the tendering process a requirement for organisations to provide

assurances of benefits for local communities when they submit their tenders?

**Keith Brown:** Yes. Community benefit clauses are a fairly common feature of substantial contracts these days. For example, as we did with the Forth road crossing, we will ensure that there are the maximum number of training and apprenticeship opportunities locally. That turned out to be an extremely successful part of the Forth road crossing contract, and we will seek to do something similar in relation to this project.

I can give the member the commitment that she seeks about our engaging in dialogue with the councils. I think that that is happening in any event—it usually happens—but I will go back to officials and ensure that they do that.

**Margaret McCulloch:** That is lovely. Thank you.

**Malcolm Chisholm (Edinburgh Northern and Leith) (Lab):** The third carbon account for transport was published in March and it was very interesting reading. It said that, although overall transport emissions had fallen for the previous two years, transport emissions as a proportion of total Scottish emissions continue to rise. Can you explain why that is the case and what more is being done to reduce transport emissions?

**Keith Brown:** The carbon account for transport fulfils a commitment in the 2006 national strategy, of which the member will be aware. As he says, the levels of aggregate emissions and transport emissions have been falling recently, with the level of transport emissions being almost 5 per cent lower in 2009 than in 2008—the latest year for which we have data is 2009. Nevertheless, we recognise that there is further to go.

Part of the decrease will be related to economic activity—we have seen that in a number of different indicators—but we are also seeing substantial take-up of lower-emission vehicles, whether they are hybrid vehicles or, at a lower level, electric vehicles. There is now much more awareness of those options. It is also true that, because of increasing fuel costs, people are driving more conservatively, which has helped.

Beyond that, how do we tackle emissions to ensure that an increase does not reassert itself in the underlying trend? We must focus on active and sustainable travel. That is why we are spending money on improving rail services, especially between Aberdeen and Inverness. There will need to be a range of actions to effect a longer-term reduction, although our estimates—this is really Stewart Stevenson's area—show that we are on course to meet our climate change targets. As the member rightly said, however, we must ensure that we understand how we can achieve those targets and take action when it is

necessary, rather than relying on a windfall because of the economic downturn.

10:45

**Malcolm Chisholm:** How much is transport projected to contribute to the 42 per cent overall reduction by 2020? Even if there is a 42 per cent overall reduction, I do not think that there will be a 42 per cent reduction in transport. Do you know what percentage transport will contribute?

**Keith Brown:** No. Work is being done on that just now. We have found that traffic levels will increase by 1.2 per cent above the business-as-usual scenario by 2022 as a result of transport policies. We know that the trend is increasing and traffic levels is one aspect of that. We must ensure that, if transport increases, it is less damaging in terms of carbon emissions. As I mentioned, that is being done through the policies and projects that are covered in the carbon account for transport, and it is to do with the vehicles that we use being less detrimental to the environment or less travel being done in those vehicles in the first place.

There is no question that it is going to be a challenge. We have the most challenging climate change targets anywhere, although others are starting to mimic what we are doing. Progress is being made.

**Malcolm Chisholm:** I am not sure what you mean by 1.2 per cent above business as usual. Traffic levels are projected to grow by 25 per cent between 2001 and 2021. If that is the case, what effect will it have on emissions? You said that the answer will be found in more active travel and suchlike, but there is still a projected 25 per cent increase in traffic levels. Notwithstanding more fuel efficient vehicles, one would think that that would have some effect on emissions.

**Keith Brown:** That is the trade-off. Increased traffic levels mean that emissions will have to be lower if we are to achieve our emissions targets. That is the route by which we can do it.

The figure of 1.2 per cent above business as usual was the figure that came out in the third annual report that has been published since 2009, which said that that increase would come about by 2022, not 2020. The figure gives us an idea of the challenge that we will face if traffic levels increase; we will have to take fairly substantial action to reduce emission levels.

We are doing that. I mentioned electric vehicles, and substantial work is being done on the infrastructure of our plugged-in places scheme. There has been a bit of humour all over the UK about having more places to plug in the vehicles than vehicles themselves, but it is necessary to have the infrastructure in place before people start

to take up the vehicles. We are also seeing initiatives around hydrogen-powered vehicles, not least in relation to bus services, although that has been restricted to London until now. We in Scotland are looking at that idea quite actively, and not just in relation to hydrogen-powered buses. Hydrogen is also being used to power a ferry on a trial basis in Bristol in England.

We are looking at such initiatives, which we understand we will have to take if we are going to reduce emissions, even against a background of increasing traffic levels. Do my officials have anything to add?

**Frazer Henderson:** It is indeed a challenge. The Committee on Climate Change projects that the real difference will not be made until 2030, when we will have greater penetration of vehicles that use effective fuels or green fuels rather than the fuels that we have now. There is a real challenge for the Government between now and 2030 but, as the minister said, a great deal of investment has been put into public transport and active travel to mitigate some of the impacts of increasing traffic levels.

It is worth pointing out that the carbon account for transport estimates the increase that is due directly to our traffic policies to be an additional 71 kilotonnes of CO<sub>2</sub> emissions by 2022. That should be set in the context that the total transport emissions figure is 13,576 kilotonnes. I do not want to downplay the issue, but as a proportion of the total amount of transport emissions, it is a relatively small amount.

**Keith Brown:** Transport has been the most stubborn of the sectors with regard to trying to effect emission reductions. Since 1990, emissions have fallen in all sectors except transport. However, there was a reduction in 2009 of 5 per cent on the previous year's figures. That was the second year in a row in which there was a reduction. We are having an effect, but, obviously, we have to accelerate that—if that is not the wrong word to use.

**The Convener:** Aileen McLeod has a question on Borders rail.

**Aileen McLeod:** As a South Scotland MSP, I take a keen interest in the completion of the Borders railway. In March, Network Rail announced that it had appointed BAM Nuttal to take forward detailed design work on the Borders railway project. Although preparatory works are continuing on site, concerns have been raised about whether it is now possible to meet the current 2014 target date for the re-opening of the line. Can you provide an update on the progress of the project and confirm whether it is still on target to open during 2014 and within the current budget?

**Keith Brown:** That is very much our intention. There is no doubt that it is a difficult target to meet, but we have had some good close working with Borders Council and I have been down to see some of the work that has already been done, much of which has involved clearing vegetation and so on to ensure that people can get to the line. Substantial work has been going on along the line. As with the work on high-speed rail, the work is not taking place at the Edinburgh end and moving south; it is happening at different points on the line.

We have said to Network Rail that we want the project to be completed by the end of 2014 and that we want it to be completed on budget. Anyone who has done the job of transport minister would say that rail projects present more issues in terms of ensuring that we can reach them on budget and on time than road projects do. However, with the Airdrie to Bathgate line we showed that it was possible to bring such a project in on time and on budget.

The fact that we are working with Network Rail makes things easier than they would be if we were working with another partner. Network Rail knows railways and knows about the safety requirements. It also has more confidence with regard to tackling some of the substantial structures outside Edinburgh, whose durability other partners might have taken more time to satisfy themselves about.

**Aileen McLeod:** I look forward to the completion of the project.

**Margaret McCulloch:** I meant to ask about the procurement process earlier. Will you put in place checks to ensure that the equipment, materials and resources that are used for the projects can be sourced from the UK, which gives greater benefit to the community as a whole? That is an important issue.

**Keith Brown:** Are you talking about the M8 bundle of projects?

**Margaret McCulloch:** Yes.

**Keith Brown:** It is fairly obvious that we want as many as possible of the goods, services and people to come from the local area. The member will understand that we have to follow European legislation in this area—this Administration is no different from previous Administrations in that regard. We have to bear it in mind that, if we were able to be much more restrictive and say that supplies must come from a certain area, other countries would do the same, which would negate opportunities for Scottish businesses to engage in business elsewhere.

We want Scottish companies to do well from the projects. In relation to the Forth crossing, the business exchange enabled us to involve a lot of

local Scottish companies and a lot of local opportunities were created.

The cabinet secretary is working with colleagues to see what else we can do through the European Commission route. For example, if we have to take the most competitive or cheapest option, should we be allowed to consider within that the environmental cost of transporting people from elsewhere? In some cases, if we cannot give a contract to a company, the Government or others might have to compensate for that or there might be substantial redundancies, so can the economic impact of that be taken into account? Those issues are being explored with the European Union. However, we should not pretend that it is easy or within our gift to insist that contracts are delivered locally. It is clear to us all that we want to maximise the opportunities for Scottish firms. We will do whatever is possible on that, including going through the European Union.

**Margaret McCulloch:** My official question is on ferries. You last gave evidence on ferry services to the committee on 25 January, when you said that discussions were on-going with hauliers and other interested parties on the withdrawal of the road equivalent tariff fares for commercial vehicles on ferry services to the Western Isles. Will you update us on the action that has been taken to minimise the impact of the removal of RET fares for commercial vehicles on the CalMac ferry routes to the Western Isles?

**Keith Brown:** A number of measures have been taken, including intervening directly in the prices that people pay and ensuring that concessions are offered. For example, concessions are given when people have to transport live shellfish in water, which adds substantially to the weight. A number of concessions that were applicable before the RET was provided have been reinstated. We ensured that no price increased by more than 50 per cent. That is in the context of the sometimes massive reductions through the RET.

My officials and I have met with hauliers on a number of occasions. We have agreed to carry out an economic impact study of the effects of the changes to the RET. The member will know that one of the main concerns when the RET was established was about whether the benefits of the lower fares would be passed on to customers through a reduction in the price of goods. The extent to which that happened is in dispute. From surveys that we have done, we do not see that the scheme had a major beneficial impact on the price of goods, but the hauliers say that it did. The purpose of the economic impact study is to get closer to an answer on that. The hauliers say that the study should consider not just the impact on customers who buy goods that have been

transported, but the wider impact on the islands' economy. We have therefore agreed that we will look at that.

**The Convener:** The contract for ferries to the northern isles was recently awarded to a company that people would not immediately think of as being involved in ferry services. Will there be a guarantee that, in the transfer from one operator to another, ferry services to the northern isles will not be disrupted in any way?

**Keith Brown:** That is obviously the intention. Yesterday, I met the current operator and the proposed new operator—I should say that we are in what is called the Alcatel period, which is a 10-day period during which challenges to the award of preferred-bidder status can be lodged. I have made that plain to both companies. It is also now possible for the Government, when awarding future contracts, to consider the past performance of bidders. Therefore, a smooth handover will benefit NorthLink, otherwise CalMac, when they bid for future contracts—I mean Serco, which is taking over the line; the service will still be called NorthLink, which is why there is confusion. The vessels will be the same, as will the staff, by and large, and the branding, which should help to minimise any disruption to passengers.

**The Convener:** Gordon MacDonald has a question on strategic transport projects.

**Gordon MacDonald (Edinburgh Pentlands) (SNP):** The Government sets out its transport investment priorities for the period 2012 to 2032 in the strategic transport projects review, which is complemented by the national transport strategy. The STPR and the NTS are due to be reviewed. Can you provide an update on the review and highlight how stakeholders are to be engaged in those exercises?

11:00

**Keith Brown:** Certainly. Our four priority projects—the Forth road crossing, the Edinburgh to Glasgow rail improvement programme, the Highland main line and the Aberdeen to Inverness rail improvement programme—are all progressing well. There is also a clear commitment in the infrastructure and investment plan to dual the routes between all the major cities. Those things are being taken forward.

We continue to work with the partners and stakeholders that the member mentioned to take forward the development and design of the 25 other recommendations. Two examples are the A96, between Inverness and Nairn, and the Inveramsay bridge. These things are always done in conjunction with stakeholders—we have to clarify our proposals in relation to that. We do that work in a different economic, social and political

landscape from that in 2010, when we published the national transport strategy.

We looked at whether a full refresh was required, but we concluded that, rather than refreshing the underlying policy, the focus should be on how and when we deliver transport commitments—including those which were already incorporated in the STPR. I am comfortable that a full, paper-based refresh is not required, but there is scope for us to revisit the transport delivery landscape. That sounds very jargon, but if you could see some of the plans and drawings that are presented to me, you would see that it is a complicated environment. This might sound obvious, but as soon as there is an impact on one area of the transport network, there seems to be an impact elsewhere. A new road project's impact on rail will not always be immediately evident.

We will revisit delivery in various practical ways. The member asked about engagement with our partners. We had full engagement with the Convention of Scottish Local Authorities on our roads maintenance review. We will take the same approach with this refresh.

**The Convener:** On the subject of strategic transport projects, is the Government doing everything that it can to progress the Aberdeen western peripheral route, given the legal challenges?

**Keith Brown:** Yes. I know the rumours, and I know that the convener is aware of the background to the stage that we are at with the Supreme Court. We were pleased to have got such early dates—I think the Supreme Court hearing will be in the first week in July. The matter is immensely frustrating for everybody concerned. It has been through the Parliament, a public local inquiry, the outer and inner houses of the Court of Session, and it has now gone to the Supreme Court. Of course, we respect the rule of law and people's right to object, but some respect is due to the wishes of the vast majority of people in the north-east of Scotland who want the road to go ahead. It has been very frustrating to see the extent to which it has been delayed so far. We hope that we will get what—in our view—is the right result from the Supreme Court, and that it comes as quickly as possible, so that we can crack on with the road.

**The Convener:** A lot of people want to be assured that planning policies now in place will ensure that this type of delay and legal challenge cannot happen again, and that people will be involved in planning at a much earlier stage, and therefore not be able to raise objections further along the line. Is that the case?

**Keith Brown:** That issue is receiving attention within the Government. As has been evident from

the way that court proceedings have gone, there is a large European aspect to the rights of people to lodge objections, be heard, and have access to—as they would see it—environmental justice. We cannot change that, even if we wanted to. That is also true if you look at, for example, the Beaulieu to Denny power line and the length of time that that took. That was the longest public inquiry that we have had in this country. Whatever people's views on the Beaulieu to Denny power line were, nobody was well served by such a long process. Those issues are receiving active consideration within the Government.

**Alex Johnstone:** I apologise if you cannot answer this question but, on your comment that the Supreme Court will hear this case in early July, I point out that although previous legal challenges benefited from early court dates it has taken a very long time for the judgments to be published. Have you or any of your officials been able to work out how long it might be before we see a judgment, even if the case is heard in early July?

**Keith Brown:** We have made a guess, but to relate that to the committee might be seen as disrespectful to or trying to put pressure on the court. We do not want to do that. However—and I do not want to be any more specific than this—previous experience suggests that it will take a number of months.

We are very grateful for the fact that at previous stages the courts seemed to recognise the scale and urgency of our work. We hope that the Supreme Court will take the same approach, but we have no control whatever over the process and the court will issue its judgment in its own time. As I said, though, we expect it to take a number of months.

**Gordon MacDonald:** You will not be surprised to learn that, as an Edinburgh MSP, I have a keen interest in the Edinburgh trams project. Transport Scotland, which has an active role in the project's management, has indicated that ministers will receive updates on its progress. Can you provide details of the latest updates that ministers have received, specifically in relation to utility diversion work at Shandwick Place and whether a solution has been found for the turn from St Andrew Square into York Place? Moreover, in light of recent press reports of a 14 per cent drop in footfall in Princes Street and Shandwick Place and the disastrous effect that that is having on retailers, are you able to give us an update on a completion date?

**Keith Brown:** To be honest, I have to reply no to most of those questions. Our role through Transport Scotland is to sit on the board and take part in discussions, but the project itself is being actively managed as it was before. That said, now that there is much more collaboration with the

utilities companies than there was in the past and now that there is a real focus on the project, I think that substantial progress is being made. The reports that come to me are certainly much more positive than they used to be.

I am not aware that a solution to the York Place turn has been found, but I am happy to find out and come back to the member on the matter. As for the drop in footfall, the member will be aware that, shortly before the election, the council undertook to look, with the valuation board, at the compensation scheme. Obviously, the new council will take the issue forward but I am happy to find out the latest information, put it in the public domain and pass it on to the member.

**Gordon MacDonald:** Since TIE was wound up and the council took management of the project in-house, have you and your officials been content with progress?

**Keith Brown:** There will always be issues with a project of such a scale involving different modes of transport and going through a busy city centre, but we think that real progress is being made. It is hard to measure, but people now seem to be focused on getting things done. For example, with regard to utilities, which I mentioned earlier, two cabinet secretaries, John Swinney and Alex Neil, met the utilities companies and told them, "We've all got a vested interest in completing this project and no one is gaining from these delays". Given the complexity of what lies beneath Edinburgh's streets, such an approach was absolutely essential and, indeed, has borne fruit. There is now an urgency and a rising expectation, not least from the media, that the project will be completed on time, and we will be—and are—doing everything that we can to influence that. The chief executive of the council, Sue Bruce, has exactly the same attitude. In short, the view is more positive than it was.

**The Convener:** The Scotland Act 2012, which received royal assent on 1 May, gives a range of new powers to the Scottish Parliament, including powers to set national speed limits and make drink-driving legislation. Are you able to give an early indication whether the Scottish Government intends to make use of those new powers?

**Keith Brown:** I think that there is a lot of support in Scotland for the new powers, not least in relation to the drink-driving laws, but we will take some time to look at the matter and see what is happening in other parts of the UK. The setting of speed limits is a lot more complicated than it appears at first blush. We are having quite a detailed look at the issue but have currently made no proposals.

**The Convener:** Malcolm Chisholm has some questions on your housing portfolio.



**Malcolm Chisholm:** I will forget about the preamble on the housing strategy for older people, as most people will know about that, and go straight to the questions, of which there are a few. Could you explain the main aims of the strategy for housing for Scotland's older people and how it is being implemented?

**Keith Brown:** Sorry, did you say the strategy for older people?

**Malcolm Chisholm:** It is amazing how many strategies you have had in the last year, but that is one of them.

**Keith Brown:** First, we have taken our cue in devising the strategy—"Age, Home and Community: A Strategy for Housing for Scotland's Older People: 2012-2021"—from what we are being told by older people. They tell us, probably to nobody's surprise, that they want to live in their own homes for as long as possible rather than in hospitals and care homes. That coincides with one of the interests of society, which is to ensure that we can do this in a sustainable way. It is not just something that people want; it benefits the public purse substantially.

The strategy is about working out, first, how we can enable older people to live in their own homes for as long as possible. It is one thing to say that now, but we face pretty substantial demographic challenges, so the strategy seeks to explore how we can meet the demographic and financial challenges that we expect by finding new ways of supporting older people to maintain independent living in both mainstream and specialist housing.

The national strategy is our response to those challenges. It seeks to help us to meet older people's needs and their wish to live in their homes. The strategy has different aspects, one of which is the supply of housing. Much more than was the case in the past, a number of private and semi-private organisations are looking to make that provision. For our part, we want to ensure that adaptations of existing houses make them suitable for people to stay in without having to move into other accommodation. The strategy seeks to ensure that we can achieve that as far as possible. As I say, our approach is based on what older people have told us.

**Malcolm Chisholm:** I am told that there is an adaptations working group. Can you tell us about it? Will there be any further consultation in relation to its work?

**Keith Brown:** We have undertaken substantial consultation so far. I do not know whether one of my officials wants to comment.

**Angela O'Brien (Scottish Government):** It is an independent group, which has a wide range of stakeholder members, including representatives of

housing organisations and others such as service users and carers. The group is about to go out to consultation on some proposals. It is due to make recommendations to ministers in September, so there will be an informal consultation over the summer.

**Malcolm Chisholm:** Thanks for that information. As part of our homelessness inquiry, we looked at preventative initiatives and at supply issues. I will take those two issues together. To what extent has the strategy for older people influenced spending under the affordable housing supply programme? On the preventative side, the strategy emphasised the importance of information and advice being provided and of local authorities piloting the housing options approach for older people. How is the older people's strategy connected with the wider themes of the housing agenda?

**Keith Brown:** On supply, I am sure that Mr Chisholm knows that part of my job is to go to the openings of an awful lot of housing developments. It is remarkable to see the number of developments, even ones that are not designed specifically for older people or people with particular accessibility needs, that incorporate features to meet the needs of such people and are much more readily adaptable. The housing supply programme is starting to look at meeting future need and current housing developments are much more versatile in how they can be adapted.

We have already talked about adaptations, but the housing-related preventative services include housing support, handyperson services and care and repair—we have about 34 specific actions in the strategy to try to move things forward. I mentioned the adaptations working group, but there is a further working group to look at those areas, and both will report later this year.

We have undertaken to monitor the implementation of the strategy closely, so we will have a review in 2016 to see how we are progressing with those things. All those areas of preventative action that we can take have been highlighted in the strategy and there are particular actions to back them up.

11:15

**Malcolm Chisholm:** My final question is on the wider agenda for older people. We all recognise that housing is a key issue for older people. It was certainly a major theme in the strategy for a Scotland with an ageing population that was published a few years ago. A lot of work is being done on the integration of health and social care, and the main focus of that will initially be on older people.

I have talked to people who are concerned that housing is not getting in on that integration agenda even though it seems to be so fundamental to the wider agenda for older people. Will you comment on that? To what extent have you or your officials been involved in that work? You used to be under the same cabinet secretary as health and social care, but that is no longer the case. Some people have expressed concern that you are becoming separated from the wider agenda, which is central to the Government's work in the current session of Parliament.

**Keith Brown:** I think that the way in which the change agenda has worked has in fact increased collaboration, because the agenda and the moneys that are associated with it—£70 million and £80 million—have perhaps acted as a target for people and encouraged them to ask what they can do to achieve their aims, which in this context are to do with older people's needs.

Our housing group has asked for specific reports from health officials, and I have had joint meetings with the Cabinet Secretary for Health, Wellbeing and Cities Strategy, Nicola Sturgeon, and housing associations such as Trust Housing Association, which is involved in the area. You are right to say that there was such a perception on their part. There is a danger of their not being fully considered in relation to what the change agenda could be. However, it is clear to me that the cabinet secretary is well seized of the opportunities. It has been put both to her and to me—quite bluntly, on occasion—that spending in the area from both that fund and elsewhere in the Government will save substantial moneys. If people can stay in their own homes, the consequent reduction in costs for the health service is substantial. There is now a profound appreciation of that within the Scottish Government.

I recognise what the member says about the fear that existed, but I think that it is being shown to be—if not unfounded—something that we are addressing.

**Aileen McLeod:** Ahead of the forthcoming housing bill, which is likely to see changes to the legislation that governs the allocation of social rented housing and changes to tenancies, particularly short Scottish secured tenancies, we have the consultation paper "Affordable Rented Housing: Creating flexibility for landlords and better outcomes for communities". What are the main aims behind the consultation? What major changes would the Government like to make?

**Keith Brown:** We will wait and see what comes back from the consultation before we decide, but the drivers include a desire to free up as much supply as possible. For that reason, we want to listen to the concerns of those who provide new-

supply housing, but also of those who currently have housing, about antisocial behaviour, which is a key feature. We want to consider what provision there is in relation to that.

Underlying that aspect, we believe that housing is a right but that it carries with it obligations, which people have to observe. They have to earn the gold standard of a secure tenancy, which comes with obligations, and we want to see those matched. We want to have measures in place where rights can be accrued, or lost if a person acts in a way that is detrimental to their neighbours, which is not acceptable. We are considering how to better reflect the obligations and the rights that people have within the types of tenancies available. To back that up, a tribunal system is mentioned in the consultation paper, and that system could look not only at antisocial behaviour but at other issues relating to arrears or other disputes. We are also trying to simplify the housing landscape and the different bodies that apply to that. The bill carries such drivers behind it, but we want to listen to what people have to say.

The Scottish secure tenancy is a substantial achievement. We want to protect that, but we also want to explore the system further. We are looking at different options, including the Irish and New South Wales systems, which are slightly different. The main point is to see what people come back to us with.

**Aileen McLeod:** The consultation closed only at the end of April, but do you have an initial sense of the reactions to the options that were set out in the consultation paper?

**Keith Brown:** I do not wish to prejudge that. You will probably be aware of the pre-existing stances of different stakeholders. The positions that are taken can often be diametrically opposed. For example, someone who is concerned about homelessness will, quite rightly, have a particular view, and someone from the private rented sector will have a view about the ease with which new-supply housing can be provided.

The views of stakeholders can probably be worked out before a consultation starts, but it is important that we do not prejudge the consultation and we see what comes back. I have spoken at a number of conferences, and I have been struck by the realism of people who are on different sides. Perhaps that is informed by the economic environment and the need to push together to achieve what we want to achieve.

**Aileen McLeod:** Is the Government looking to make any changes on the right to buy? If so, what are the changes, and when is the consultation paper likely to be published?

**Keith Brown:** We are looking to make further changes, and to build on the existing reforms that we have already made. We are consulting on ways to further reform the right to buy, including removing what we believe are the excessive features of the pre-2002 right-to-buy system. The public consultation will be launched in June to determine what legislative changes are necessary.

**Adam Ingram:** You seem to have consultations coming out of your ears. What are the main aims of the strategy for the private rented sector, as set out in the consultation document?

**Keith Brown:** Yes, we have a number of consultations. It is always good to talk, so we do that. I know that members' experience will be that better decisions tend to be reached following a proper consultation exercise.

There are a number of aspects, including how to provide greater security of tenure in the private rented sector. If you look at the demographics of the UK private rented sector—although this applies more to the Scottish sector—you see that it tends to be younger people and not families. That is not exclusive, as there are families too, but they do not rent for long periods. However, in other countries, people choose that sector much more as a long-term housing option. We want to consider what changes would need to be made. Of course, in that context, we would want to give people—landlords and tenants—more security.

We are also looking at how to protect vulnerable tenants in the private rented sector. We are therefore consulting on a more targeted regulatory system to protect tenants from landlords who provide a poor deal. We want to encourage the expansion of the private rented sector; it has been expanding pretty fast over recent years, but we are a long way behind other countries. In general, we have a tenure-neutral approach, but we think that the private rented sector could play a vital role in meeting housing need.

In addition, we want to see how the private rented sector can work with us to get the worst landlords removed from the sector. There are a number of aspects to that. For example, pre-tenancy charges, which we legislated against, are still being levied. We want to further clarify the position, to ensure that such charges are not levied. I am not saying that that is happening in Scotland, but members may have seen on television recently that people were charged a flat fee of £200 for what they thought was reserving a tenancy; they thought that it gave them exclusive rights, but that was not the case at all. A number of such deposits were taken from people. We want to eliminate things such as illegal pre-tenancy charges. That gives a flavour of what we are looking to cover in the strategy.

**Adam Ingram:** As far as implementation of the strategy is concerned, is it your intention to legislate to deal with some of these issues? Is it fair to say that that is your intention? If it is, how will that fit in with recent legislation in this area?

**Keith Brown:** I gave the example of illegal charges, on which we have already legislated; I imagine that we could bring in further regulation if we wanted to ensure that there was no way of circumventing the existing legislation. We would not necessarily have to legislate for the expansion of the private rented sector. Much of what we seek to do would not require further legislation, but it could lead to further legislation being necessary.

**Alex Johnstone:** We have seen the recent correspondence between you and the convener, but does it give us all the information that is available on the affording housing supply programme that you will operate over the next three years, or is there still more information to come?

**Keith Brown:** You have already received some additional information—the corrections to the figures that I outlined earlier.

Yes, there will be more information to come, because elements of the programme are retained centrally—not everything that will be done will be done as a result of the allocations that we have made to councils—and there is quite a lot of scope to change emphasis, if we need to do that. However, the fundamental aspects of the programme are in place. For example, we know that we want 5,000 new council houses to be built. We also want to provide 20,000 social affordable houses and 30,000 affordable houses overall. The fundamentals are in place, but I am sure that changes will be made over time.

**Alex Johnstone:** Is it safe to assume that local authorities are now fully aware of the resource planning implications of the policy over the next three years?

**Keith Brown:** They have been issued with the figures, which were not arrived at out of the blue, as they were the subject of consultation with COSLA. They are aware of those figures.

**Alex Johnstone:** You said that 20,000 of the 30,000 affordable homes that will be provided will be social rented homes. I would like a bit more detail on the 10,000 homes that are not described as social rented. How would you define them? Will they be mid-market rent homes? Are we talking about shared equity schemes?

**Keith Brown:** Quite a mix of housing will qualify as affordable. The criteria for housing that is affordable are fairly technical. There will be different sources of affordable housing. Shared equity schemes make it affordable to buy a house

in the first place. Mid-market rent has a different definition. The officials might want to comment on the definitions and on what qualifies as affordable.

**Caroline Dicks (Scottish Government):** What we are looking at on the affordable side is housing that would be affordable to people on low to moderate incomes, which might vary from one local authority area to another. We would discuss that with individual local authorities and would come to decisions with them but, as the minister says, such programmes will include homes for intermediate rent—which is sometimes called mid-market rent—as well as all the shared equity schemes that the Scottish Government has for first-time buyers.

**Alex Johnstone:** Is there further flexibility to be novel in this area over the three years, or are we beginning to box ourselves into a range of schemes that we now know about?

11:30

**Keith Brown:** No. There is resource there to be innovative and there is the willingness to be innovative. We have continued to come up with new schemes, such as the mortgage indemnity scheme. The Westminster Government has come up with a separate scheme. We will look to innovate, and there is still a process by which people can bid and say, “We’ve got an idea that we’d like to take forward.” Members know about the national housing trust. Innovation such as that will continue.

I spoke to about 700 representatives from the house building industry last week. They are coming up with ideas all the time about the best ways to increase supply generally and not just affordable supply.

Although innovation will be expressed in terms of types of housing and tenure and so on, it will also be about access to finance, which seems to be the biggest block to building new supply. The need for the private sector industry to consider how best to deal with that is forcing a lot of innovation. We are doing quite a lot of work independently in the Government on innovation, including financial innovation and the issue of bringing new money into the rented, or affordable sector.

**Alex Johnstone:** We have talked a lot about council housing in the past year or two. Is the current policy changing the balance in the provision of houses through local authorities and those provided by housing associations, or are housing associations just as important in your policy as they have been for the past 15 or 20 years?

**Keith Brown:** The balance has changed to the extent that the councils are strategic housing authorities; as we have just announced, resource allocation is going through them.

We are not trying to force a particular balance. However, there has been a substantial drop in private sector house building, which means that the proportion of houses being built by councils or housing associations is going up. Our policy is not designed to give councils and housing associations a higher share—the current balance is the result of a substantial drop in private sector house building. We want to increase the supply of houses, and it is economically beneficial to spend money on constructing houses.

**Alex Johnstone:** Your target of 30,000 affordable homes in this session of Parliament is ambitious. We are now a year into the session. Have you made enough progress in the first year to achieve the target or does more need to be done?

**Keith Brown:** You are quite right. When I first got this job last year, a number of voices within and outwith Parliament said that it was not possible to reach the target of 30,000 affordable homes—you were one of them, and I confidently expect to prove you wrong. Good progress has been made in the first year, but it is not enough. The fact that we seem to have made good progress in the first year is no guarantee that in the final year, which will be crucial, we will achieve that target. I fully intend that we will meet the target of 30,000, and the first year has been an encouraging start.

**Malcolm Chisholm:** We have questioned you recently about homelessness, but I have three questions subsequent to the report that we produced and the debate on the report. First, when is the Scottish Government likely to share with the committee the findings of the consultation on housing support for homeless households, as set out in your response to the committee’s report?

**Keith Brown:** Sorry, I did not catch the last part of your question.

**Malcolm Chisholm:** I think that you said in your response to the committee’s report that you would share with the committee the findings of the consultation on housing support for homeless households. When might that be?

**Keith Brown:** I do not have the latest date for that. Do the officials have that?

**Angela O’Brien:** The report is likely to be published during the summer recess.

**Malcolm Chisholm:** Thanks.

Secondly, we heard in evidence that the Ipsos MORI poll on the housing options hubs was due to be completed in March. Can you comment on the outcome of that work and when the findings will be published?

**Keith Brown:** We expect the findings to be published later this month and we are happy to share them at that stage.

**Malcolm Chisholm:** Do you want to say anything about the findings at this stage?

**Keith Brown:** No. I am happy to share them when they are published.

**Malcolm Chisholm:** Okay—we shall wait with bated breath.

The issue of common housing registers was mentioned in the debate on the committee's report. What progress have social landlords made in that regard, and how is the Scottish Government encouraging the development of those registers?

**Keith Brown:** I expected that issue to come up more often in the debate; I did not get the chance to set out our latest position on it.

Eight councils—Aberdeen, Dumfries and Galloway, Dundee, East Dunbartonshire, East Lothian, Falkirk and South Ayrshire—do not currently operate a CHR and have not yet set a launch date for one. In nearly all those cases, the reasons that have been given to us are information technology related rather than being issues of substance or principle.

There has been substantial progress in those authorities that have implemented the register and in those that say that they will be able to achieve implementation fairly shortly. We will continue to work with those councils that are lagging behind to encourage them to implement the register.

**The Convener:** Fuel poverty is in your portfolio, too. Is the Scottish Government formally revising its fuel poverty targets? If so, how might that impact on energy efficiency initiatives? There is a problem in that regard, given the increase in energy prices and various other factors such as low income levels.

**Keith Brown:** To return to my previous comments on the housing supply and some of our innovations with regard to energy efficiency, we are conscious that it may now be possible for institutional investors—not banks, but pension funds and others—to view substantial investment in rented accommodation as an attractive prospect. If they can drive down energy costs, which are obviously increasing, through the design of houses—and those costs can be reduced substantially if houses are built on a large scale—

they will get an attractive increased return because of the rent levels that can be charged.

Fuel poverty—or rather, affordability—is determined not just by the cost of somebody's rent or mortgage bills but by how much they pay in energy costs, which opens up new possibilities.

With regard to the target, we remain committed to eradicating fuel poverty as far as reasonably practicable by 2016. The cabinet secretary has tasked the Scottish fuel poverty forum with carrying out a review of our fuel poverty strategy to ensure that we are best able to assist fuel-poor households in Scotland. We await the forum's interim report, and we will respond to that in due course.

**The Convener:** Do you agree that there is some work to be done with the house-building sector on making high energy efficiency a selling point for houses rather than a cost implication and a barrier?

**Keith Brown:** That is true, but the other side of that equation is the extent to which the lending sector recognises that, too. It seems strange that lending institutions, by and large, will not recognise energy efficiency when they judge whether a mortgage is affordable. They could take into account how much will be paid for energy costs and reflect that in their affordability criteria, which would make energy-efficient homes more attractive and easier for people to buy.

If the lending criteria recognise the energy efficiency of a house, the house builder will recognise those aspects and the likelihood of someone getting a mortgage for that house. House builders want that recognition from lenders, rather than just being told—although they should be told anyway—that they are doing the right thing, as they are legally required to do, in terms of energy efficiency. They would like energy efficiency to be reflected in the value that is attached to houses by the general public and, which is important, by lenders.

**The Convener:** I see that no one else has any questions. To use a good Doric term, that was a good ca-throu of all the aspects of your portfolio, minister. I thank you and the witnesses for this morning's session, which has been very helpful to us.

11:39

*Meeting continued in private until 12:15.*



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