



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

Wednesday 5 November 2014

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INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE
25th Meeting 2014, Session 4

CONVENER

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

DEPUTY CONVENER

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

COMMITTEE MEMBERS

*Jim Eadie (Edinburgh Southern) (SNP)

*Mary Fee (West Scotland) (Lab)

*Mark Griffin (Central Scotland) (Lab)

*Alex Johnstone (North East Scotland) (Con)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Karen Campbell (Homes for Scotland)

Richard Dixon (Stop Climate Chaos Scotland)

Alan Ferguson (Existing Homes Alliance Scotland)

John Lauder (Stop Climate Chaos Scotland)

Andrew Proudfoot (Clerk)

Mark Tate (Community Broadband Scotland)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The Sir Alexander Fleming Room (CR3)

Scottish Parliament

Infrastructure and Capital Investment Committee

Wednesday 5 November 2014

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (Maureen Watt): Good morning and welcome to the 25th meeting in 2014 of the Infrastructure and Capital Investment Committee. I remind everybody to switch off their mobile phones, as they affect the broadcasting system.

Agenda item 1 is a decision on taking business in private. I seek the committee's agreement to take in private item 4, which is consideration of the outcome of the review of the implementation of the 2012 homelessness commitment. Is that agreed?

Members *indicated agreement.*

Draft Budget Scrutiny 2015-16

10:00

The Convener: Agenda item 2 is an evidence-taking session on the Scottish Government's 2015-16 draft budget. This year, the committee is focusing its budget scrutiny on three of the Scottish Government's national performance figures: reducing Scotland's carbon footprint, reducing traffic congestion and increasing the proportion of journeys to work by public or active travel.

This morning, we will be assisted in our scrutiny by Karen Campbell, head of policy and operations for Homes for Scotland; Dr Richard Dixon, director of Friends of the Earth Scotland, and John Lauder, director of Sustrans Scotland, both of whom are representing Stop Climate Chaos Scotland; Alan Ferguson, chair of the Existing Homes Alliance Scotland; and Mark Tate, director of community broadband Scotland. I welcome everyone to the meeting.

Do the witnesses wish to make any opening remarks about the draft budget and whether it will help to reduce greenhouse gas emissions? It looks as though Richard Dixon has drawn the short straw and will go first.

Richard Dixon (Stop Climate Chaos Scotland): Good morning. I would like to start by saying that the imperative to take action on climate change has been reinforced over the weekend with the finalisation of the big Intergovernmental Panel on Climate Change report, in which the science tells us that we might be looking at an increase of 6.5° rather than the 2° that we are supposed to be aiming for as an absolute maximum. On Sunday, Ban Ki-moon said:

"With this latest report, science has spoken yet again and with much more clarity. Time is not on our side ... leaders must act."

Scotland has in many ways been a leader in setting targets. "Low Carbon Scotland: Meeting our Emissions Reduction Targets 2013-2027—The Second Report on Proposals and Policies" has its deficiencies, which we might come on to discuss, but as there is probably not another document like it in western Europe, it is exciting.

The key question is what the budget will do for our targets. The conclusion, as you heard from the academics who gave evidence last week, is that we cannot really tell. Section 94 of the Climate Change (Scotland) Act 2009, which you will all know by heart, states:

"The Scottish Ministers must ... lay before the Scottish Parliament a document describing the direct and indirect impact on greenhouse gas emissions of the activities to be funded by virtue of the proposals"—

in other words, the budget.

The Scottish Government's carbon assessment document, which you have all seen, is a narrow interpretation of that statement in the Climate Change (Scotland) Act 2009. The document might be delivering on the letter of the 2009 act—and it might not be even doing that—but it is certainly not delivering on its spirit.

I shall go through the three key documents to which the Government is pointing you. The first is the carbon assessment, which covers only the carbon costs, not the carbon benefits, of the proposals. It also says that you should look at RPP2 and its list of proposals and policies. RPP2 is not necessarily up to date, as the Government has announced some other things since it came out, and it is not easy to tell which of the policies are on track and which are not, or which of the proposals are, as they should be, working their way towards becoming policies.

You might remember from the discussion on the RPP2 that in order to deliver our climate change targets—actually, we would miss quite a few of them but only just—and to get to the target in 2020, we need to deliver fully on every policy in the document, which means that nothing can go wrong. All of it has to be delivered, and we must also in a timely fashion, as defined in the document, turn every proposal into a policy, which must also be delivered fully. However, although there is no room for falling back on any of that, we cannot really tell where we are with it. We cannot compare the two documents easily. A third document is in preparation, and the Government tells me that you will have it soon.

The carbon assessment of the draft budget looks at the policies in RPP2 and the money in the budget and says whether the right amount of money is going in to fund the policies that RPP2 envisages. In other words, the carbon assessment and RPP2 give you three quarters of the picture and tell you how many emissions will be created by the spending and how many of the policies are properly funded, but you do not have the final quarter, which is what all of that means in carbon terms.

I have brought along a little visual aid that might amuse you and which demonstrates what I think the Government should be telling you. It shows the different options that the Government has: either to tell you that the budget reduces emissions and makes a very serious contribution to the 1 million tonnes of carbon that we need to save in the next year, or to tell you that the budget does the opposite and actually increases emissions or makes only such a small reduction that it is not going to deliver that 1 million tonne saving.

To me, section 94 of the Climate Change (Scotland) Act 2009 means that the Government should be giving you a very clear message about whether the budget is or is not taking you in the right direction, but you cannot tell that from the information in front of you. In my view, therefore, the commitment in section 94 is not being delivered by the information that the Government is putting in front of you.

I mentioned a third document, but it is not ready yet and you will not necessarily see it before you finish your scrutiny. I cannot tell you anything about it, because I have not seen it; indeed, you might not see it before you see the minister. Again, that means that you lack information at a time when you should be asking the questions that I have described.

The Convener: I think that we will get the document that you are referring to this week prior to our seeing the minister next week. Am I correct in thinking that it contains details of funding for climate change mitigation measures?

Richard Dixon: That is right. It will tell you about the money, but it will not complete the picture by telling you about the carbon.

The carbon assessment report is, in some ways, a very impressive document, because it contains a wealth of detail and calculates lots of very interesting things, and it takes on the huge challenge and very difficult task of trying to translate the budget into carbon terms. The first carbon assessment report was probably a world-leading document, but others have caught up with it and have perhaps overtaken it. However, it is still an interesting analysis that goes as far as estimating, through some impressive calculations, the amount of carbon emissions that will result from the Government money that is going into pensions for national health service staff and teachers.

However, as I have said, the report gives only a partial picture, and I will give you two illustrations of that. The tables at the back of the report indicate that the rail franchise funding and the funding for rail infrastructure will result in the emission of 300,000 tonnes of carbon dioxide. However, the report does not mention that if people are travelling by train they are probably not travelling in cars, which represents a significant carbon saving. When, for example, the Borders railway is opened, lots of people who previously used their cars will use the train instead, and there will be a significant carbon saving. However, that is not quantified anywhere.

In an opposite kind of way, the report also tells us that the budget spend for the Queensferry crossing will cause 66,000 tonnes of carbon dioxide in the coming year, but all of that comes

from construction. We are not told what new traffic will be generated and the amount of extra carbon that will be produced, which will be much larger than 66,000 tonnes. The report is giving us only half the picture.

I suggest that when you speak to the minister you might like to ask whether next year the Government can combine all the information that it is trying to give you into just one document but can take things a step further by providing a conclusion that is like my visual aid and tells you whether the budget is taking us in the right or wrong direction with regard to meeting our targets in future. I realise that that will be an extra piece of work, but the carbon assessment report is already a big piece of work, so it is not as if the Government is not doing detailed calculations already. It would certainly not be impossible for the Government to give you the overall number that I have suggested, but you lack that at the moment.

So what direction does the budget take? Well, this budget is rather like previous budgets, and the fact that we have missed the last few climate change targets suggests that we are in the wrong territory. Although the budget has some good measures in it, which do the right things for carbon, it has too many measures that take us in the wrong direction. It is very likely that this budget takes us in a direction that increases carbon—or at least certainly does not reduce it enough to meet our targets. However, I cannot tell you exactly. We cannot do the numbers, because the Government has not completed the picture.

The Convener: Does anyone else want to comment?

Alan Ferguson (Existing Homes Alliance Scotland): Thank you for the invitation to give evidence to the committee, convener.

I recognise the Government's commitment to trying to reduce carbon emissions by improving housing conditions and tackling fuel poverty. I am, of course, concerned with homes. Given that around 80 per cent of the homes that will be around in 2050 have already been built, the resources that the Government spends on housing quality standards, energy efficiency in social housing, a sustainable housing strategy and examining ways of transforming the market are all crucial, and more needs to be done in that respect.

In that context, our view is that the moneys in the draft budget are insufficient and will not reduce emissions. Unless we increase energy efficiency and tackle the problem of poor housing in rural areas and elsewhere, we will not hit the overall targets on emissions, we will not hit the overall targets on fuel poverty and we will not improve the wellbeing of many people in Scotland.

As far as we are concerned, the budget goes a long way but, as Richard Dixon has said, it is still insufficient if we want to increase energy efficiency and reduce emissions.

The Convener: Thank you. We will look at housing in more detail later.

As Richard Dixon has said, we have missed annual targets, and construction projects such as the Borders railway and house building are creating greenhouse gas emissions. Will we get to where we want to be in the long term?

Richard Dixon: The conclusion that we have to draw is that investing in sustainable infrastructure has a carbon cost. Nothing is free. Even if we are moving from fossil fuel energy to renewable energy, and even if we are building more railways and fewer roads, we are still building. We are still pouring concrete and importing steel, and we are still creating a carbon impact. It is perfectly reasonable that there is a carbon expenditure.

The other side of the calculation, which we do not have, is how much carbon benefit such expenditure will bring, not just next year but in the long term. This committee is the most interesting of the Parliament's committees in that regard, because you must think about what the concrete that we pour next year will mean for carbon emissions in 20 years' time. The effect of the concrete that is poured to make very nice cycle paths through our towns and cities is rather different from that of the concrete that is poured to build the Queensferry crossing.

We cannot answer your question, because the work has not been done that would enable us to do so. As I have said, that work could be done. There is no simple answer to the question, "What does this year's budget do?", because of course much of what is being invested in will be having an impact in years to come.

In fact, the impact of some of it will be increasing. For instance, when the Queensferry bridge is finished, it will generate new traffic. We know that new roads generate new traffic, and we know that new bridges that create extra capacity generate new traffic in a big way. As a result, the new bridge will have an on-going and increasing carbon impact. On the day it opens, people will think, "Oh, there's a nice new bridge. I'll go and drive across it", and as the years go by more and more people will use the bridge until it is completely chock-a-block.

The same is true of cycling infrastructure. The more we invest in cycling infrastructure, the more we generate cycle traffic. The day it opens, some people think, "Oh, that's nice. I'll try it out." As we have seen over the past couple of decades, where we have invested in cycling infrastructure, it has taken some years for people to build up the idea

that they can cycle in safety on the path to get to work, to go shopping, to go to school and so on. It takes a while for such things to have an impact.

10:15

That is the kind of calculation that we need to do. Of course, such calculations were done for the RPP, but it focuses only on the good things and their carbon impact and rather ignores the bad things and the carbon impact that they might have. We need that assessment of the budget to be done every year so that we can say, "This spending will have this result next year, and this is what it will mean for the 2020 and 2050 targets." As some of the things that we are investing in now will still exist and will be having an impact then, we should say what they mean in that respect.

We cannot tell but, given that we have already missed some targets, our guess is that we are clearly not doing enough. We are trying quite hard, and we have a plan that is very nearly good enough, but we are not doing enough to meet our targets.

The budget contains good measures. Although some are being funded to a greater degree than was previously the case, most of them are receiving about the same, which suggests that we are not putting in enough extra effort to catch up to where we need to be and to hit our targets. I cannot give members the numbers for that, but that is the obvious conclusion: this budget is quite similar to previous ones and we are still not meeting our targets, and we cannot see in this budget the extra effort that might be expected if we are to meet those targets.

Extra effort could be made on insulating homes, on active travel and public transport and on energy. It is not as though we do not know what to do. We have a plan that has many good things in it, and we have real practical schemes. For example, much of what the Scottish Government has done on energy efficiency for homes has been very well designed to have a good impact. However, we are just not doing enough, and we need to put more money into the same stuff to achieve things faster. The same applies to much of the investment in sustainable transport. We know the right things to do, but we need to do more of them.

The Convener: Does Gordon MacDonald want to continue on that theme?

Gordon MacDonald (Edinburgh Pentlands) (SNP): Yes. As much of my first question, which was about the Government's carbon assessment, has already been covered, I will move on to my second.

Last week, Professor Roaf told the committee:

"It is quite easy to develop transparent accounting systems—we have the carbon accountants who can do it. They could develop a Scottish methodology for carbon accounting in communities or cities that would use Scottish rules and Scottish assumptions."—[*Official Report, Infrastructure and Capital Investment Committee*, 29 October 2014; c 12.]

Do your organisations use carbon accounting to monitor trends? If so, what do you consider to be the best-practice carbon accounting methodologies, and what would be the benefits of adopting that best practice?

John Lauder (Stop Climate Chaos Scotland): I am quite happy to pick up on that.

I read in the *Official Report* of last week's meeting the committee's discussion with Professor Anable, who said that it was quite difficult to estimate the carbon that is saved by people cycling. Following on from what Richard Dixon has said, I point out that, in our work, we use a calculation that allows us to calculate what the national cycle network is saving. The process involves face-to-face interviews with people who use infrastructure that has been constructed, and from these surveys, which are called route user intercept surveys, we can calculate the number of people who have used a path and have chosen to use their bicycle or to walk rather than to use their car. From that, we can estimate the car kilometres that have been replaced. To calculate the carbon that has been saved, we use the WebTAG internet-based transport appraisal guidance that is used by the Department for Transport, and we can give that a monetary value through a calculation by the Department of Energy and Climate Change.

That kind of calculation is possible, and we think that it is best practice. We use it to give a value to the carbon that has been saved by the national cycle network, and the Government statisticians are happy when we present it to them as part of our annual report.

Both of the calculations are Department for Transport calculations, but whether they are Scotland specific is a really good question that I cannot answer and which is well worth investigating. I would like to carry out a benefit to cost analysis of whether the effort is worth it, whether the calculation is sound and whether we should use it; nevertheless, that is the calculation that we use in our field, and with regard to carbon accounting, it allows us to give the Government the kind of analysis that Richard Dixon mentioned. Money is being spent on building infrastructure for walking and cycling, and we can show the benefit of that investment over the long term.

Gordon MacDonald: Last week, Professor Roaf said:

"The trouble with the larger Department of Energy and Climate Change accounting systems is that they use

Westminster-facing assumptions. There may be 20 different values for a certain factor that is put in for England, whereas for Scotland there is just one value.”— [Official Report, Infrastructure and Capital Investment Committee, 29 October 2014; c 12.]

Do you use different values for different parts of the country?

John Lauder: No. We use the DFT’s standard measurement. I agree that it is well worth exploring whether a Scottish analysis would be better, but that is the limit of my knowledge on that kind of statistical analysis. Our organisation could explore that a bit more deeply, if that would help.

Gordon MacDonald: Does anybody else wish to comment?

Richard Dixon: I am conscious that I have spoken a lot so far, so I will be brief. With regard to what the Government is already doing, RPP2 contains tables that tell us, for instance, how much the zero waste plans, which include cutting down on landfill and so on, will save us in carbon terms; there are calculations that tell us how much planting more trees will save us in carbon terms; and, as I have said, the budget’s carbon assessment tells us about the effects of pensions and rail spending. However, although we are looking at both sides of the equation, we are not bringing them together in an analysis of the net impact and whether we are going in the right direction.

The methodologies are not exactly the same, and they need to come together. However, we are not far from having all the right numbers and from the Government being able to tell every committee, “In your area, and overall, this is what the negative and positive impact of this spending will be on our climate targets.” We already have the methodologies, but as I have said they need to be brought together so that we can compare the positive and negative sides and come to an answer.

Gordon MacDonald: The Scottish Government was one of the first Governments—if not the first—to introduce this kind of statement. Is there any other best practice? Are other Governments now up to speed with what we are doing on carbon emissions? Can we learn lessons from anybody abroad?

Richard Dixon: There are examples of good practice and international initiatives out there, and there are companies that are trying to do the same thing and to look at their carbon impact both every year and in future. As I have said, we already have something, and we should be looking at how we make all of that work together. With lots of countries doing this, we should be looking at best practice to ensure, eventually, that we are all doing the same kind of things. When Germany

says, “We’re heading in the right direction, and next year we will save this much”, we can use the same system to say, “We’re on the same track, thank you very much” or “Let’s learn from you because you’re doing better than us.”

The Convener: We will move on to transport and active travel.

Mark Griffin (Central Scotland) (Lab): I have a few questions on greenhouse gas emissions, traffic congestion and sustainable and active travel. Do panel members think that the funding for support for sustainable and active travel is adequate? Are the areas to which that funding is being channelled delivering the best outcomes?

John Lauder: The funding is welcome—particularly the increase that we have had in the past year. We are now on a sizeable budget that is larger than any budget that we have had before. Is it adequate? The evidence suggests that it is still not adequate. For example, there is a fierce appetite to spend the funding that the Government gives to Sustrans to manage, which is match funded by local authorities.

We have been unable to match all the bids for funding that have come our way. The evidence suggests that more funding would be welcomed by local authorities and other partners, which match our funding on a 50:50 basis. That is done through a project called community links, which does exactly what its name suggests. It links communities through generally shared footways, which can be used for cycling as well.

This year, the budget for that project is £19 million. That has been match funded with £23 million from other partners, so they have outbid the funding that is available, and 41 partners—31 of which are local authorities—are delivering 180 projects throughout Scotland. Ten new partners are involved; they range from health boards and universities to Scottish Canals and Forestry Commission Scotland. I suggest that there is a growing appetite and that, with increased funding, more can be done.

However, the funding has been problematic, because the funding that we have managed over the past year has grown quickly, so we have had to work really hard to get our partners on board to ensure that they could find enough funding to match what was available. With a more planned programme and a more predictable curve or trajectory of how much funding would be available and when it would be available, local authorities in particular would be able to retrain staff in transport teams, move people around and grow their teams to take the funding that was available and deliver better, more meaningful and more challenging projects. I recommend to the committee that more funding should be made available for active travel.

You mentioned congestion. The evidence suggests that, where high-quality infrastructure that is well maintained and well publicised is available, it is heavily used. Use of the national cycle network has grown by 7 per cent in the past year and it took 104 million trips in 2013, which were shared equally between cycling and walking. That is the result of a significant year-on-year increase in infrastructure. There is no doubt that, when good infrastructure is put in place—when it is attractive, sensible and connects people up to where they want to go—people will use it.

A final element to consider is the benefit to cost ratios, which Richard Dixon touched on. They are huge for cycling infrastructure. The highest at the moment is a benefit to cost ratio of 16.3:1. A worthwhile investment tends to be a low-cost investment in such infrastructure, which is heavily used and delivers well on reducing carbon emissions.

The impact on congestion is harder to calculate, because cycling is still at quite a low level. It is difficult to say what the impact is, but it would be interesting to find out a bit more from, say, the City of Edinburgh Council. In Edinburgh, about 8 per cent of journeys to work are now made by bicycle, and it would be interesting to find out the impact that that is having on congestion in the city. I look forward to receiving more information from the council on that in due course, and I will report back to the committee.

Mark Griffin: I will come back to congestion. Will you expand on the issue of match funding? You say that there was a pretty steep rise in the funding and that it was a challenge for partners to come up with match funding, but the funding was still exceeded by £4 million. How much demand is there in local authorities, health boards and other organisations for that funding? What budget could partners have a realistic ambition to match fund?

John Lauder: The demand is huge. Every time we have been given a lump-sum increase—this year, we were given £7 million on top of what we had—we have thought, “Wow! That’s brilliant. How will we match that?”, and every time we have been outbid on quality and quantity.

We need to be able to say to local authorities how funding will increase over the next few years. I agree with the Association of Directors of Public Health that the dedication of 10 per cent of transport budgets to active travel—walking and cycling—would be the right amount. If we can say that to partners, more staff will move towards working around the transport team and more of the transport team’s time will be dedicated to investment in walking and cycling infrastructure.

I have to keep referring to the City of Edinburgh Council because it has dedicated an annual

increment to active travel in its budget—7 per cent of the transport budget is now dedicated to cycling. As a result, the team that is delivering that infrastructure is growing in size and importance internally. It is now collaborating with other teams in the local authority that would otherwise not necessarily have worked with it. It is breaking through silos and growing a bigger team on things such as maintenance, winter treatment and urban realm planning. That is a model of how other local authorities will grow and change the delivery of their urban realm work.

10:30

Every local authority has been invited to work with Sustrans—using funding made available from Transport Scotland—to have in place a strategic plan for active travel by the commencement of the 2015-16 financial year. We are grateful for that funding, which Sustrans is managing, and we have an officer in place. The local authorities’ work is guided by an advisory panel that is drawn from the Convention of Scottish Local Authorities, the Government, local authorities and other partners. That officer is working flat out with local authorities who are reviewing, revising or writing new active travel plans, so there is an appetite for the work. The growing enthusiasm for active travel among the public can be seen from things such as the annual pedal on Parliament event, which happens in spring.

This area is the growing element in transport—certainly at a local authority level. It is seen as the most interesting work that is available and it is the area that, generally speaking, the public seem happy with and give strong approval to, so I recommend that the budget for active travel should be increased.

My other recommendation, if I might be allowed to mention it, is to have greater clarity about the budget line for active travel, because it is still confused and it is quite difficult to work out what the budget will be next year, which is a problem. I have every sympathy with senior staff in local authorities who say, “Why should we reallocate resources to the active travel team when we do not know what budget it will be managing a year from now?” That is an issue, particularly when local authorities are losing staff.

Mark Griffin: My final question on the sustainable and active travel budget line was going to be whether it makes clear how much funding is going into active travel.

John Lauder: That is not clear; in fact, it is difficult to work that out. The best analysis tends to come from Transform Scotland and Spokes—the cycling campaigning group in the Lothians—but

they are struggling to map where the funding is coming from.

The knock-on effect is that the position is more difficult for organisations such as us, which are tasked with helping to deliver the shared vision in the cycling action plan of 10 per cent of trips being made by bike by 2020. It is quite difficult for us to get senior officials in local authorities and others on board if we cannot give them clarity by saying, "Here is the budget. This is how it will develop and there is every likelihood that it will grow year on year."

I know that the committee has recommended that there should be greater clarity. If that recommendation was repeated and was reflected in the budget, I would welcome that.

Mark Griffin: To come back to congestion, does the balance of the transport budget across the various sectors work towards reducing traffic congestion? Is the budget being delivered to the greatest effect?

John Lauder: I recognise that the budget is delivering the plans and commitments that are in place. As Richard Dixon has said, it is difficult to predict how that will work. It is likely that as we grow, as we improve roads and as we create new road infrastructure, more people will take up the offer that is being made and will use the infrastructure. Whether that will reduce congestion or whether it will stay at the current level is hard to say. My instinct is that congestion might well grow. However, it is interesting that the budget could do more for public transport and buses in particular.

What impact will the growth of active travel have on congestion in cities and towns? I would place the emphasis on the school run. We know that one in five journeys in the morning relates to school. That creates a lot of congestion, which can be at key junctions in towns and cities. I cannot imagine that there is any school that does not have an issue with that; the vast majority of schools have a congestion issue and a lot more could be done on that.

Mark Griffin: Are there any areas where you see a conflict between the spending in the budget and the aim of reducing traffic congestion? Are there any conflicts between proposals for, on the one hand, reducing congestion and supporting sustainable and active travel, and on the other hand, reducing greenhouse gas emissions? Are there areas of synergy, where both aims work together?

John Lauder: The two should complement each other. We know from evidence from other small northern European countries that, when there is greater uptake of walking, cycling and public transport, congestion in towns and cities reduces. However, there are points of detail. For

example, the right infrastructure needs to be built safely and in the right way to encourage more people to use it and to allow other—vehicular—modes of transport to work efficiently while accommodating the growing numbers of people who are opting to use bicycles.

We can look to Denmark for solutions, because road space reallocation has made a difference in its cities and towns. However, we should be fair and not beat ourselves up, because there are good pilot projects around Scotland that are introducing meaningful infrastructure that can be used in busy streets and towns, such as those in Waterloo Street in Glasgow, which has a two-way Copenhagen-style cycle lane, and Leith Walk in Edinburgh, which is being redesigned to accommodate all modes of transport and to provide better facilities for pedestrians.

We need to get the infrastructure right. We know what to do, but there is insufficient funding to do that to the level that we want in order to make meaningful impacts on congestion and carbon emissions.

Mark Griffin: We have heard a lot of examples of low-carbon transport in northern European countries. Are there other international examples of such transport being developed that we could look to and bring in as pilot projects?

John Lauder: I am sure that there are, but that is not entirely my field. I bow to my colleagues on the topics of electric cars and hydrogen buses, which are meaningful, particularly in a rural context.

Richard Dixon: There is an area where we might miss—or at least delay—the opportunity: air pollution. In 10 days' time, the Government will release a new air quality strategy. Along with the United Kingdom, we are the subject of two complaints in Europe about not meeting air quality targets. About 2,000 people a year are dying because of air pollution in Scotland, most of which is caused by traffic. Therefore, as well as climate change and congestion, air pollution is another good reason to change how we do transport, particularly in the cities.

In the 2015-16 budget, the same amount of money is dedicated to air quality and noise—the two areas are lumped together—as was allocated last year. Although there will be a new strategy—and, I presume, a new will to tackle the problem and do something about it—there will be no extra money, so it is hard to see how we will be able to import measures from Europe. Some German cities have low-emission zones, and there is a similar proposal in London; the initiative involves not allowing the most polluting vehicles in the centre of cities and towns. That is a good idea—it has been discussed behind the scenes frequently

and there is a pilot study in Glasgow—but, if there is no money, local authorities will be unlikely to take up the measure.

There is an opportunity for some infrastructure and policy investment that would reduce congestion, move us more towards active travel modes, clean up air in our cities and reduce climate emissions but, if there is no money in the budget for that, no local authority will hurry next year to move on those opportunities. If there is money the year after, we will have delayed again and wasted time in progressing something that is rather important.

I want to see scrutiny of that budget line, where just over £3 million is going to air quality and noise. Were that amount increased, local authorities would be given a clear signal that money is available to help them to take measures. It will cost them something to take those measures, but there will be many savings from doing that right.

Mark Griffin: Last week, the committee heard about intelligent options for sustainable transport, such as city car clubs and people making better use of their private cars. Are there any realistic short to medium-term options that the Scottish Government should look at in that regard?

John Lauder: The uptake of car clubs has been promising. The car ownership rate is dropping in some cities in which it previously was not, which indicates that there is good public transport and good car clubs that will grow.

We need to give people as much transport choice as possible. A good and relevant bus service is just as important.

I struggle with the idea of intelligent driving and driverless cars. I have not got my head around that at all yet, and I worry about chasing that when there are realistic, everyday and practical options that we know work and can see working in other small countries. Those options are the ones to follow.

Mark Griffin: My last question is general. Do you see any missed opportunities for developing a more sustainable transport infrastructure?

John Lauder: If the budget for active travel plateaus where it is now, we are in danger of missing an opportunity. As I said, there is a growing appetite and enthusiasm among local authorities and other partners, as well as a growing skill set. This would be entirely the wrong time to allow the funding to stall. If the funding keeps increasing, even modestly, we can keep on the right track.

It will be challenging to achieve the vision of 10 per cent of journeys being made by bike by 2020, but it is not impossible. With the right level of

funding and the right support, it can be achieved. My worry is that we would miss the opportunity that presents itself from the growing awareness of and appetite for active travel among senior officers, with other partners coming on board that have never worked on active travel projects before, such as health boards and universities. That is a key opportunity on the capital side.

On the revenue side, we welcome the smarter choices, smarter places funding of £5 million. That will also capture an opportunity that presents itself from the public's appetite to know more and to be more aware of the options that they have.

My plea would be not to let the budget plateau where it is.

Mark Tate (Community Broadband Scotland): I know that we will come on to digital issues, but I want to talk about the opportunity that presents itself in relation to access to information about public transport, particularly in the remote and rural areas of Scotland. The availability of that information will have an impact on the use of such transport by visitors and residents, particularly in those areas. Digital connectivity can and will enable people to get the information that they need to access public transport.

The Convener: We will now move on to issues around housing.

Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP): This year's draft budget shows a welcome increase in spending on housing and regeneration, to the tune of something like £200 million. We have had many representations made to us about the need to increase housing supply, but it has also been pointed out to us—most recently by Mr Ferguson, this morning—that home energy use accounts for something like 20 per cent of Scotland's emissions. Therefore, although the increase in the budget is welcome, there are various priorities that we need to focus on. What are your views on the appropriateness of the funding that has been targeted at meeting those competing priorities?

Karen Campbell (Homes for Scotland): I will start by talking about housing supply. Homes for Scotland represents home builders in Scotland. Our interest in the budget is very much concerned with the supply agenda and the building of the many homes that, as Adam Ingram said, we need.

Just for context, the contribution that new-build homes make to the carbon agenda is through building standards. The building standards in Scotland mean that new homes that are being built today are already 70 per cent more efficient than they were at the base year, which was 1990. That is the measurement that is drawn.

10:45

Unfortunately, because we are building so few homes just now, the dent that building new homes can make in the carbon footprint is very small. I have done some analysis on the RPP and looked at the contribution that new build would make through using building standards. It was estimated to be only 0.3 per cent of the whole economy, based on the low number of new homes that we are building. If new-build homes are to make a bigger dent, we need to build more and replace old and less efficient stock.

We were really pleased to see in the budget a focus on housing supply and an increase given to housing funding. A great chunk of that is through financial transactions due to the consequential that the Scottish Government got through UK initiatives—in particular, the help to buy scheme. We are really keen for more support for that scheme—I would be happy to expand on that.

Another interesting point is that capital spend has increased, which has allowed a higher grant level for delivery of the affordable homes target, which was required. There is a general feeling that there was a struggle to access private finance for registered social landlords and others to build homes, so to meet that target we needed to increase the grant levels. It is interesting that the grant is about £58,000 per social unit for affordable housing supply and there is access to an extra £4,000 to support delivery of a greener home that meets the silver standard of the aspirational standards in section 7 of the building standards technical handbooks. That is—because of the impact on build costs that that creates—a welcome incentive that is clearly needed if we are to go above and beyond what are already high building standards. Within homes that the Government subsidises, that is a really good thing. The challenge that we face in building mainstream homes at higher standards is that there is no way of recouping costs until the public begin to demand more energy-efficient homes. Again, I could expand on that later.

There has been a very welcome financial increase and an increase in the level of attention on the housing agenda across parliamentary parties.

Alan Ferguson: We are still on track to hit the Government's new-build target. The question is whether that is enough. Up and down the country, there are real problems with supply. There is a need for housing right across the board—there is no doubt that there is a need for more private housing. There are still difficulties with people accessing those houses and that is where we have seen resources and a take-up on mid-market rent by housing associations and others, which is meeting a particular gap for people who either

cannot afford to buy a house or cannot access or would not get a traditional social rented property from a housing association or council.

As Karen Campbell said, there is no doubt that the change in grant level last year made a difference for a number of associations. They are now developing, whereas it used to be a struggle for them. There are, however, associations in some parts of the country that are not developing and there is still a problem with meeting the need for more housing. Although an increase in budget is absolutely welcome, the issue is whether there are enough resources to meet need in constituencies up and down Scotland.

The other side is the point about emissions. Something like £79 million is going to be spent on fuel poverty and emissions. Last year, the Existing Homes Alliance said that at least £125 million would be needed. Mr Swinney and the Minister for Housing and Welfare recognise that the cut in the energy companies obligation means that there is a shortfall of £50 million, so the £79 million, which is a similar figure to last year's, has not been increased to make up the difference that the Government recognises from the problem with ECO. Indeed, the United Nations climate change panel has said that the Scottish Government needs to look again at topping up low resources because of the shortfall in ECO. Again, it is to be welcomed that there are resources available to tackle fuel poverty and emissions. The difficulty is—as colleagues have said—that the budget is similar to last year's and is not enough properly to tackle the problem and to make up the shortfall that has come through cuts in ECO and elsewhere.

Adam Ingram: Okay. What would be an appropriate budget for tackling energy efficiency and fuel poverty? You say that £79 million is not sufficient: what amount would be sufficient?

Alan Ferguson: A year ago, in evidence, we said that the amount should be at least £125 million. The Government itself recognises that there is a £50 million shortfall because of changes to ECO, and we argue that the amount should be at least £125 million plus that £50 million, which would be more realistic. One of the difficulties—it is the same elsewhere—is that what is needed is quite difficult to quantify.

The Government should be investigating and producing an analysis of what funding is required to meet its fuel poverty targets and climate change targets. That is one thing that is still missing—the Government is not doing that. The Existing Homes Alliance and its members estimate that the amount should be at least £125 million plus the shortfall due to the ECO changes that the Government itself has recognised.

Adam Ingram: Your organisation and Stop Climate Chaos have suggested that energy efficiency needs to be a national infrastructure priority and that the budget allocation is not of an order that suggests that that priority is being recognised. What would you do? We have a fixed budget that we have to balance every year, so how would you reallocate funding within what we have?

Alan Ferguson: To me, it is about recognising not just the importance of carbon targets or meeting fuel poverty targets, but the benefits of a warm home for the wellbeing of those who live in that home and for the asset that is owned by the individual, association or council. It is also about the benefits for health and other services. Energy efficiency should be a greater infrastructure priority and should be seen as one of the priorities that the Government must achieve.

Adam Ingram is right that the Existing Homes Alliance, Stop Climate Chaos and the WWF are highlighting that priority, but it is not just us. Even the Confederation of British Industry said, just a couple of weeks ago, that energy efficiency should be a key infrastructure priority at UK level. We say the same; it is about seeing energy efficiency as being far more integral. It is not a separate issue. It is about the wellbeing of people who live in the housing and it is about trying to improve the asset that those people live in.

Richard Dixon: I fully support the idea that the work that we do on energy efficiency in homes should, to give it more importance, go into the national infrastructure programme. It should be a bigger priority. One of the reasons why—as well as the social reasons of tackling fuel poverty and making people's lives better—is that investing in people's homes is one of the quickest ways to save carbon. If we put a package of insulation measures into a home tomorrow, from tomorrow that house is saving carbon and will keep saving that amount of carbon every year as long as it stands. If we are trying to catch up with our targets, housing is a great place to invest.

The Government has been good at talking about investing in one area and acknowledging savings in another. We have not gone quite far enough with housing in that regard, because if we make people's lives better, we improve the economy, if we make people healthier, we save money in the health service, and if we insulate people's homes, builders have jobs. There are many ways in which investing in the efficiency of homes can improve things across the economy and can save the Government money in other parts of the economy. We have acknowledged that to some extent and, for those reasons, the Government has kept some money in efficiency programmes that it might otherwise have cut.

However, that analysis has not been taken far enough for us to say that a very significant health saving can be made from not having people live in damp and mouldy homes and that that money could be taken out of the health budget and put into housing because it will pay off across the economy. We need to extend that logic a bit further to justify transferring money to a bigger spend on insulating people's homes.

Adam Ingram: You would advocate taking money away from the health budget and putting it into housing.

Richard Dixon: Yes—where we could clearly show that that would produce a saving. Studies down south show that every £1 that is spent on insulating a home saves money for health services. There is a very strong imperative to protect the health budget—we all understand that. However, I think that it would be worth our while to consider any examples that we can find that investing in areas outside the health portfolio—whether that would be in encouraging cycling, which makes people healthier, or in people's homes, which again makes them healthier—saves money that would otherwise be spent in the health budget.

Alan Ferguson: I think that this should be seen as part of the Government's prevention strategy of investing in one area to prevent problems arising elsewhere. As Richard Dixon has said, I do not think that we have quite made those links, at times. People, including the Government, talk about the benefits of warm, affordable and damp-free homes, but what we do not necessarily do then is say, "Well, if we invested in that, this would be the difference and this is what we would save elsewhere in the health service." We talk about the issues, but we need to move forward and make the links far clearer.

Adam Ingram: I will come back to my original question. The allocation of the housing and regeneration budget reflects certain priorities. Do you think that that allocation is appropriate, in the light of those priorities?

Alan Ferguson: It is good that that amount of money is in the budget, but the difficulty is that it will not meet the needs of people who are still trying to access housing, and it is not enough to make houses energy efficient and to tackle and eradicate fuel poverty. However, I recognise that this is not just about money and that there are other things to take into account. Indeed, that is why the discussions about minimum standards in the private sector, the energy efficiency standard for social housing and changing the behaviours of owners and others are all important. Nevertheless, resources are a key part of that.

Karen Campbell: Local authorities and registered social landlords face challenges in upgrading their stock, but the biggest challenge that faces us is in getting home owners to think about changing their behaviour. Although new-build homes are doing their bit in the creation of a more energy-efficient product, and although we would love them to be in higher demand, customers are unfortunately not acknowledging the value of buying a more energy-efficient product, and builders are being hit as a result of higher build costs without any increase in value.

New-build homes represent only a tiny proportion of our existing homes, and we need to think about how we can stimulate demand in the housing market for energy-efficient homes for people who are looking to buy or sell houses. The Scottish Government's biggest missed opportunity with the land and buildings transaction tax—which, I will admit, is not a budget heading, but which is nonetheless a new regime—was not to align LBTT rates and bands with a home's energy efficiency. I was going to say that it had not thought about such a move, but obviously it had. Every new or existing home has an energy performance certificate, and although any difference in what is paid in land and buildings transaction tax is not going to offset the capital investment that might be needed to make a home more energy efficient, it will get people talking and thinking about such decisions. That would have been an opportunity for the Government to stimulate demand and to get people to take action themselves to improve their homes, and it would not have required taking money away from anywhere else.

Adam Ingram: That is a useful point to bring up with the cabinet secretary when we see her next week.

11:00

John Lauder: On a related point, the World Health Organization has produced the health economic assessment tool—or HEAT—which is used to calculate the health benefits of active travel. There might also be a tool for housing. That tool follows the theme that Richard Dixon has highlighted of acknowledging the benefit of the investment that we make. Using the tool, we have calculated that in 2013 the national cycle network provided benefits of £66 million for walking and £44 million for cycling, so such elements might need to be factored into our thinking about the levels of investment that are being made.

Adam Ingram: On good and bad practice, Karen Campbell has already referred to the land and buildings transaction tax, but as far as the draft budget is concerned, are there areas where we should be looking at introducing best practice,

and is there bad practice that we should be getting rid of?

Karen Campbell: The home-building industry has been working to the road map for greener homes that was set out in the Sullivan report, and I think that that has given us a longer-term view. What has also been useful—and welcome—is that the Government brought the panel that was responsible for the Sullivan report back together to look at how things have changed and to defer the introduction of the new standards. All of that has given our industry something to work towards and prepare for, and I certainly think that it is good practice. As far as the budget headings are concerned, such a move might not have a direct impact in one year, but I guess that the good practice has been the setting of the road map, which has really benefited our industry.

However, the difficulty for the industry is that we are easy to regulate because of our focus on new-build homes, but we represent a tiny proportion of the major challenge, which is what we do with existing homes. I will leave Alan Ferguson to pick up on that budget allocation. With regard to good practice, the Government should be praised for acknowledging the higher build cost of building above and beyond standards; making an extra £4,000 per unit available as an incentive is a really good move. As I have said, those kinds of incentives are missing from the homes-for-sale market at the moment, because evaluations do not attract premiums and mortgages are not assessed on whether you are buying a more energy-efficient home. I do not think that that extra £4,000 will cover the extra build costs—in fact, Scottish Government research shows that there are quite a range of costs, depending on the house type—but the good practice is the incentive that it provides. Until we have a housing market in which customers expect and demand an energy-efficient product, we need to be incentivised to get there.

Alan Ferguson: I want to highlight a number of areas. First of all, I think that Karen Campbell has made a really crucial point that affects all of you here. We have to get owners, particularly those in flatted accommodation, to take responsibility for communal repairs, energy efficiency measures and so on, and we need to embark on achieving a cultural or behavioural change in that respect. That is not necessarily about resources, but we need emphasis on and commitment to trying to tackle the matter.

That, in turn, ties into the issue of advice and support. There is a range of advice and support coming from Government and organisations such as Changeworks, the Energy Savings Trust and Energy Action Scotland, but the difficulty is that we need more. Advice is available for individuals who might not understand or might not be able to use

their heating system, or who might not know which boiler to choose, but the question is whether we can improve all that.

The point that was made about tax is right. Are there things that we can look at, whether through devolution in 2016 or the Smith commission, to use tax as an incentive or to generate resources to fill gaps?

My other point is on good practice. Some housing associations and councils, including Cube Housing Association in Glasgow and Aberdeen City Council, are looking at combined heat and power and district heating systems. Can we develop those further? Can we encourage more organisations not just to consider them but to do something about them?

A number of really useful things are going on. It is about trying to spread them further.

Adam Ingram: That is good. I think that it was Mr Lauder who talked about international best practice. Small countries have been particularly good, as have Scandinavian countries. Are there any models out there that we should look at importing for our purposes?

Alan Ferguson: I cannot identify particular models now, but I can provide information on that. Work is being done in Scandinavia and the Netherlands, for example, to make houses more energy efficient and to build in infrastructure from the outset, and it would be useful to look at that. I can certainly provide more information following this meeting.

Adam Ingram: That would be helpful. Thank you.

Karen Campbell: On new build, the industry in Scotland has been looking at examples abroad for a number of years. We are quite advanced given the off-site manufacturing facilities that are available, but in many cases, unfortunately, we are not building at a big enough scale or at enough volume to get the required payback from schemes. We have just started a piece of work with the Scottish Government to look at what it will take for builders to begin looking at off-site methods of construction. It is likely that what will push us towards that is not the step change in building standards requirements next year but the one after that, in 2019-20.

We have good examples. There have been numerous innovative pilot projects and we have the innovation parks in Fife and Inverness. There have been a number of such things, but the challenge lies in mainstreaming, which is key.

Recently, a lot of funding was allocated to the construction Scotland innovation centre, and that will be a big help in working with industry to see how we can test things and bring them into the

main stream. Again, however, it comes back to whether we are building enough homes to meet the needs and the demand out there and, to take the supply angle the other way, whether people are demanding energy-efficient products. We need people to start demanding them for there to be a market value attached to them, because that will help builders in delivering the products. Otherwise, we will be delivering products that customers may not be looking for.

Adam Ingram: Thank you.

The Convener: I want to explore that a bit further before I bring in Mary Fee. This seems to be one of the few areas where sales do not drive behaviours. Builders market other aspects but, to be frank, they do not market their houses in terms of their energy efficiency to the extent that they could.

I also want to explore a bit further what you say in your written evidence about LBTT. The proposal would apply only to new homes, because my understanding is that LBTT is paid by the buyer. With existing homes, which form the bulk of sales transactions, the seller will have made the improvements, but they will not get anything from the tax. What you say sounds like a good headline from Homes for Scotland, but there are lots of problems in using LBTT to do that.

Karen Campbell: I can imagine that it is a massive challenge to come up with a formula. The proposal is not going to assist the builder because it is not going to offset the costs, and it is not going to help the seller because it is the buyer who benefits. However, it will act as an incentive and try to drive behaviours so that more people are looking in the market for energy-efficient homes. As soon as there is a higher demand for the product, it will be reflected in the value. That is what RICS has told us. It will not attach a value to an energy-efficient home until energy efficiency is what the customer is looking for. That is what comes first, and that is one way in which we can start to get people talking about energy efficiency.

It is useful to compare the housing market to the car industry. If you are buying a car, you think about your tax per year and you also think about your miles per gallon. The issue is easier to understand in the car industry. The EPC has gone some way to make it easier—every home advertised has to state the EPC level—but recently we did some research on the EPC, and nobody was paying attention to it. We need to attach something financial to energy efficiency to get people to pay attention to it.

There was another point that I was going to pick up, but I have forgotten it.

The Convener: We can come back to it.

Mary Fee (West Scotland) (Lab): I want to follow up on the theme of best practice and how best practice examples from the international community could be used to change building standards. I understand that you might not be able to give us any today, but it would be helpful if you could follow up this meeting by giving us some examples of how best practice could be used to change building standards so that they have a positive impact on greenhouse gas emissions.

I suppose that today you might be able to say what impact changes to building standards could have on our existing homes. Alan Ferguson made a point about the percentage of our existing homes that will still be in use by 2050.

Karen Campbell, could you talk about the incentives that are given for increasing energy efficiency and whether more should be done to incentivise energy efficiency in new builds, specifically through the help-to-buy scheme?

Karen Campbell: That is an interesting point. Homes built today are already 70 per cent more energy efficient. We have high building standards—they are higher than those in England, for example—and they are due to be increased next year. That is already a big challenge for our industry. Homes are more expensive to build in Scotland than they are in England. That is an issue, because we have volume builders working north and south of the border that will look at where to make investment based on where they will get returns.

We have come a long way in Scotland. For a while, the Scottish Government looked at how it could link grants such as the innovation fund with building standards. It hoped that it could incentivise people to go higher with building standards, but it soon realised that that would not get volume. The help-to-buy budget is such a short-term budget; there need to be oven-ready sites, I guess. It takes so long to bring a development on the ground. A builder would not have time to plan a development in line with higher building standards—even next year's standards—and still benefit from the help to buy scheme.

Perhaps the Scottish Government could look at that idea as part of a longer-term strategy, but homes that are being built now—for example, those in the budget for 2015-16—are already on the ground, if you like. They will be coming forward very fast. It is very unlikely that higher standards could be applied to them—if that is your thinking, Mary—by connecting an incentive to them.

Land and buildings transaction tax is being implemented in April and we will have another financial year to run. We had hoped that there would have been an on-going link between that and the new-build sector.

11:15

Alan Ferguson: The housing sector, particularly the housing association sector, has always looked beyond Scotland. Whether through CECODHAS, which is the European federation of housing providers, or SABO, which is the Swedish Association of Public Housing Companies, it looks to see what is going on elsewhere. It looks at the glazing, cladding and insulation sides and brings back ideas. Other sectors have done the same, but the housing association sector in particular has been very good at looking beyond Scotland to see what is going on and what would be useful. Sometimes that means saying, for example, "Well, we wouldn't do that, would we?" However, there are examples of associations coming back from visits and saying, "That is the kind of thing that we could do."

Fuel poverty ranges from 21 per cent in some local authority areas to 39 per cent in others. The issue is what we can do to tackle fuel poverty and make homes in members' constituencies far more energy efficient, which reduces fuel bills and improves the health of those living in the properties. We can learn from others elsewhere, whether housing federations or other organisations. For example, PACT ARIM in France acts as an agent for improvement in the private sector and also provides social housing. It is about looking to such examples from elsewhere to see what can be used.

Karen Campbell: That is an interesting point. Registered social landlords in Scotland are at the forefront of delivering new technologies that can bring energy efficiency. One reason why they can do that is that they have a guaranteed exit when they are building, but that is what makes it more difficult for the homes-for-sale market. For example, with a lot of modern methods of construction for off-site manufacturing, it helps if firms are building to a large scale, which also helps them build more quickly and bring forward a development more quickly. However, one of the lessons of the past few years is that builders sometimes need to turn off the production tap when market demand drops. The difficulty that they would have if they built too much at scale too fast is that the market would not be there.

The RSL sector has a guaranteed exit because tenants are desperately waiting to get into the homes, and there are also whole-life costing issues. RSLs could get investment back through rents, given that households will have lower fuel costs. However, the point that I keep going back to is that the for-sale market offers no incentive to make extra investment to get a return through market value.

Mary Fee: We will move on to talk about types of energy efficiency. There is a very clear link

between greenhouse gas emissions, energy efficiency and fuel poverty. We heard last week that adding solar panels to homes and using hot water tanks to store energy could make a massive difference and reduce the number of people in fuel poverty. Does the panel agree that the solar panels idea is feasible and something that we should look to expand?

Alan Ferguson: I think that both housing organisations and private owners should look at that idea. The issue is the affordability of the up-front cost. To link to Karen Campbell's earlier point, it is also about trying to get people to see the long-term benefits and see that the up-front cost will lead to savings over a period of time. There is an issue of resources and one of willingness by the provider. There is also an issue of behaviours in terms of the understanding and awareness of both tenants and owners of the long-term benefits of solar panels. However, I agree that we should encourage adding solar panels to homes, just as we should look at district heating and improving solid-wall insulation. We need to look to do more of those things.

Karen Campbell: For new builds, our members would say that we should make the fabric of the building more energy efficient rather than force add-ons that might not be as effective. Customers like to see improvements, and, although a photovoltaic panel is something that they can see, whether they would know how to use and maintain it is another issue. The up-front capital cost of PV panels is definitely an issue that needs to be considered. The difficulty is that customers are looking for a payback guarantee and I am not sure that they would get that with PV panels. Richard Dixon might be able to give me some more stats on that. Currently it is very difficult for a member of staff in a sales office to explain to a customer why they might want to spend an extra £5,000 or whatever on PV panels and what they might get. It is also difficult to persuade a mortgage lender to provide funding to cover that extra capital cost.

Richard Dixon: As I travel around Scotland on the train I am delighted to see solar panels on people's roofs, whether they are PV panels that make electricity or water heating panels. As the committee heard last week, people can make a significant saving. On average, people can make all their own electricity and they can save 40 to 60 per cent on water heating costs if their roof faces the right way. Solar panels make a great deal of sense.

However, as I travel I am also tremendously disappointed to see new houses being built with lovely south-facing roofs but no solar panels. That is a huge missed opportunity. We need to find a way of getting over the initial capital cost, because the people who live in houses with solar panels

save lots of money. We need to get people to look at the issue differently, or we need to find a way to spread the cost, so that people are happy to buy a house that has either sort or both sorts of solar panel on it.

There is a broader question about renewable heat. Solar panels that make hot water are an important technology, but we also have biomass heating—woodchip or wood pellet boilers—and several sorts of heat pump. The Government is sort of enthusiastic about such solutions but, at the same time, we are spending money to extend the gas grid, which is competition for them. We need to be clearer about where we are going. We have reasonable targets for domestic renewable heat and we have a UK incentive scheme, but the scheme is not taking off in the way that it needs to.

There are other methods of bringing the benefits to people. If someone does not have a south-facing roof, or they are in a flat and have no ownership of a common roof, they cannot take advantage directly, but there are solar co-ops. In Edinburgh, for example, a solar co-op is brewing, which will deliver solar panels that make electricity, probably on council buildings. As part of that scheme there will be a community benefit fund, so renewable energy that is generated in the city will create a fund that will help people across the city to invest in energy efficiency or their own domestic renewables. For people who do not have the physical opportunities that come with having the right sort of roof or the ability to install the right heat pump, there are ways of benefiting, because of what the community is doing.

Mary Fee: Can the panel give examples of missed opportunities, when we could have developed more sustainable housing and infrastructure in communities across Scotland? Do you have suggestions for improvements?

Alan Ferguson: Karen Campbell and I have both referred to the missed opportunity when Government cut the moneys that go to housing associations for new developments a couple of years ago. I am thankful that we have moved back from that, because the impact was that far fewer houses were built in the social rented sector and demand in Scotland was not met.

We talked about the £79 million that has been allocated; we also talked about the shortfall in ECO. If we do not find other resources, there will be a missed opportunity in that we will condemn people to continue to live in houses that are poorly insulated and cost a lot to heat. We will condemn people to continue to be fuel poor. I am talking about a range of people: not just tenants but owners, people in rural areas, people in off-grid properties and so on. There is a missed opportunity in that regard, in that we could try to improve the wellbeing of many people in Scotland.

Mary Fee: That relates to your point about looking at the health benefits of improving housing, as well as links with other portfolios. We could say that there is a missed opportunity there, too.

Alan Ferguson: Yes indeed.

Karen Campbell: Given the environment that we have been in over the past however many years, we have done extremely well to get to where we are on the building standards regime. I talked about the small impact that a new-build home can make to the bigger picture. We need more homes, and if we have to strike a balance between putting a roof over someone's head or building an extremely sustainable unit, the priority has to be increasing housing supply. We should not underestimate how far we have come. The homes that we are producing are already extremely sustainable.

John Lauder: With regard to the sustainable transport fund, we have missed enormous opportunities in the past few years by focusing on cul-de-sac-type dwellings, which is why "Designing Streets" is such a welcome planning policy. We have almost designed out bus routes from some housing developments and built in a dependency on the car. We have failed to link up public transport—especially the new railway stations that have been opened—to new-build housing. That is an error and a missed opportunity, but it is where we are, and we will find a way through it.

Although "Designing Streets" is welcome, it is slightly worrying that the delivery is seemingly not happening in the way that it could. We are still constructing new-build housing that does not link up simply with sustainable transport. The best example that I can give is that, if you are on the train between Glasgow and Edinburgh, you can look at Croy station and see how difficult it is for people who live within sight of the station to walk to it. It should be dead easy, and in any other country in Europe it would be, but in Scotland it is not. That is a missed opportunity.

Alan Ferguson: I have another example. I have a number of housing colleagues who work in Hong Kong. It is interesting that, over there, the housing manager works for the transport organisation, because the developers think about transport, housing and shopping together. Other countries do that too.

We have not done that, from building the peripheral estates in the 1950s right up to the present. Just now, that is the case in particular with some of the private sector developments, in Cumbernauld generally and specifically in Croy. We are building housing estates where residents need at least one car, if not two, to get out, and there are very few facilities on those estates. We

do not think holistically enough about what type of communities we want and what we need when we are building housing and looking at schools and health services. We do not link those things up.

The Convener: We move on to digital infrastructure.

Alex Johnstone (North East Scotland) (Con): As the convener said, we are talking about digital infrastructure. I ask the panel initially to give their judgment on the proposals in the draft budget in relation to greenhouse gas emissions and to the Government's other targets and objectives.

Mark Tate: First, I thank the convener and members for the opportunity to come along and give evidence. I will give a little bit of context with regard to community broadband Scotland. Our organisation is run and operated by Highlands and Islands Enterprise, which is delivering a national programme on behalf of the Scottish Government.

I listened this morning to the evidence from my colleagues. Digital is very cross-cutting across the elements on which the committee is focusing, whether in relation to smart metering, reducing journeys or encouraging businesses and individuals to trade from home or consolidate travel.

We welcome the increase in the budget for the next-generation digital fund. Community broadband Scotland is working closely with the Government; it has been identified as one of the key delivery partners in working to access European funding to help us to go further. Our role is to reach the parts that the digital Scotland superfast broadband programme will not reach. As members will be aware, £410 million is being invested throughout Scotland; that investment will reach 84 per cent of premises in the Highlands and Islands and 96 per cent of premises in the rest of Scotland. Our role is to work with communities and provide a wraparound service to help them to deliver increased broadband solutions.

Our current budgets will certainly not enable us to do that for the whole country, given the 120,000 premises throughout Scotland that would require our services, but we are working with colleagues from Government to access various strands of European funding as well as funding via broadband delivery UK through the superfast extension programme. We want to increase the funding to bring that transformational connectivity to remote and rural Scotland.

Alex Johnstone: Is the budget doing its job?

11:30

Mark Tate: It is certainly doing its job at present. We have so far funded seven communities that have delivered 750 transformational connections.

The challenge to date has been more about the business model in those communities and the need to ensure that the solutions that are delivered are sustainable.

The communities to which we have delivered funding to date have very much been self-starting. There are people in those communities who understand the technology and who can deliver. They have had access to projects such as Tegola, which has been running without our support for a long time, and HebNet CIC in Knoydart and the small isles. Those projects have helped communities to develop projects, and we have helped them too.

We are running a pilot in the Argyll isles that aims to aggregate demand. We have done an awful lot of supplier engagement, which indicates that we need to have approximately 1,000 properties involved to get suppliers to come in and run a service for a community-owned network. That would prevent members of a community from having to run up hills and fix masts themselves, which many communities do not want to do.

The response from the market is very encouraging. We are currently going out to tender, and the aggregated approach will require additional funding in the next two to three years. We have identified sources of funding and we are working with Government partners to deliver that funding.

Alex Johnstone: The infrastructure and capital investment portfolio will retain responsibility for how we develop this area, but one feature of the budget is that the next-generation digital fund has been transferred to the rural affairs, food and environment portfolio. To what extent does that affect the ability of infrastructure and capital investment to monitor the effectiveness of the current and future digital infrastructure programme?

Mark Tate: We work closely with the digital Scotland superfast broadband teams to ensure that what we are delivering complements the £410 million that is being invested throughout Scotland. My understanding is that that is not a change from previous years, but I may be wrong. Most of the people to whom community broadband Scotland is delivering are in remote and rural areas—

Alex Johnstone: So that portfolio is relevant to what you are doing.

Mark Tate: It is relevant to what we are doing. Operationally, however, it has very little impact on us. We work very closely, as I said, with the digital Scotland superfast broadband teams, and we ensure that we are leveraging that investment for the benefit of the community schemes that we are

supporting, whether those are in rural or near-rural areas.

Alex Johnstone: Earlier, when we were discussing transport issues, one witness—I think it was Mark Tate—gave us some suggestions on how broadband infrastructure can contribute to the more efficient use of rural transport. Does anyone else have any further comment on how the use of digital infrastructure can help us to reduce greenhouse gas emissions in transport?

Richard Dixon: There is a key principle in thinking about sustainable transport. We often think about whether someone is going to drive, go on a bicycle or take a bus, but the step before that is to ask whether they are going to step out of the door at all. How do we give people access to the services that they want to access without them having to travel?

Digital is usually a huge help—although sometimes a minor hindrance—in that regard. Returning to that key principle, digital is potentially a huge saver of carbon in terms of giving people access to the services that they now do not need to travel to. Fifteen years ago, people would drive to a video shop to get a video—if anyone remembers videos—and then drive home and watch it. Now, all that comes through their television, so that journey does not happen. They might drive for something else, but that particular service is provided in a way that means that people do not need to travel. More of that would be very helpful.

John Lauder: That is exactly what I was going to say. With homeworking, for example, do people need to travel? Do they need to make a long journey for a two-hour meeting when they can have the meeting either at home or at their desk in the office rather than travelling to London or Bristol, or indeed to Edinburgh? That is one example.

Secondly, real-time information is available on smartphones, which is excellent and definitely makes public transport more relevant and easier to use. Finally, there is high-quality online mapping, which works out the options that are available to people to make a short trip. We talked before about choice in transport. The more that we make the choice attractive and interesting, particularly for the generation that considers smartphones to be normal—not something exceptional, but something that people use all the time—by adding in some of the excellent mapping apps that are available, the more they will be used.

On sustainable transport, the budget for revenue funding is so tight that it is quite difficult to develop such technology. If there was more availability of the revenue budget, we would see

more online mapping becoming available. It is largely regarded as something that is not paid for—the public expect it to be free, so it needs a budget to help it to grow.

Mark Tate: There are lots of examples in the communities that we have supported. For example, there is a community project—Locheilnet—around Applecross, which now has 200 transformational connections to homes and businesses. There is a music recording studio that rather than using couriers to transport digital files—that is what it had to do in the past—can now send them by file transfer over the internet; those journeys no longer need to happen. A simple example is home shopping on the internet, which aggregates many journeys into one delivery journey. Another example is a young student who used to have to travel into Fort William to use his grandmother's internet connection but no longer has to make that journey.

To return to your original question, people are making different choices about how they behave. However, it is very difficult to measure the impact because it is hard to know how they would have behaved if they did not have the infrastructure that is now in place.

Alex Johnstone: It is not the first time that I have asked a panel of witnesses that question, and every time that I ask it I get more interesting answers than I expected.

Last week, we heard a suggestion that opening up the main fibre infrastructure to competition would be a big boost for expanding superfast broadband across the country. What are your views on that idea?

Mark Tate: I can talk about the investment that is being made in the core digital infrastructure, particularly in the Highlands and Islands where there is investment in a new fibre infrastructure; 1,200km of new fibre is being laid through the BT contract, of which 800km are subsea—it is quite an audacious investment. Where there is public investment in a new fibre infrastructure, the duct that the fibre goes down has to have four channels, so that three channels are available for competitors to come along and blow their own fibre through the infrastructure. Open access to that new infrastructure has been created.

Alex Johnstone: Is there more to be done?

Mark Tate: There is always more to be done.

Alex Johnstone: What we are fishing for is whether the current legislation is adequate to achieve that access or whether we need to consider some sort of legislation.

Mark Tate: As you heard last week, the current legislation, which is a UK power, says that all public investment into infrastructure has to be

open access. That means that even if a community builds a mast that we provide funding for under the mobile infrastructure project, there has to be open access. That is the current situation.

Alex Johnstone: Is there anything in relation to digital infrastructure that you think should have been in this budget? If it is not there, should it be in the next budget?

Alan Ferguson: So far, we have talked about the advantages. The difficulty is that there are many people living in social housing who are digitally excluded. I draw your attention to Queen's Cross Housing Association and the work that it did around its own tenants, which found a far lower percentage of people who were digitally included than it had anticipated.

The welfare reform changes and online claiming have brought things to a head. We need to do more so that everyone is digitally included and has the benefits that arise from that. Many people are currently digitally excluded. We can do more about that.

Mark Tate: You heard last week about some of the good work that is going on at the Glasgow Housing Association on digital inclusion, with Locheilnet in Applecross and in other projects that we have been involved in. We have worked with other organisations such as Citizens Online and Highlands and Islands Enterprise to ensure that people have some training on how to use the infrastructure. A digital infrastructure will not itself transform much; the transformational thing is how people use it. We work closely with partners where the infrastructure is installed. With the main contracts, there has been a lot of demand stimulation and participation work following the physical infrastructure roll-out.

The Convener: We heard earlier about the regulations on new-build houses. The Rural Affairs, Climate Change and Environment Committee heard that it is not absolutely necessary for new-build housing to have a broadband connection. Should it be?

Karen Campbell: That comes down to the infrastructure provision. I would be surprised if any new-build home—certainly for sale—has been built without broadband, given the demand from customers. However, it depends where the homes are being built and on the facilities and infrastructure that exist in the area. With regard to the public sector, the design specifications cover the connections and so on that must go into the homes that are being provided.

Mark Tate: That is right. The investment that is going into the backbone infrastructure is substantial, and it will enable such things to happen. However, if you were to tell a house

builder now that they had to provide superfast broadband for a new build in the Sleat peninsula on Skye, they would face the same challenges that we face in getting that community connected. The infrastructure to support that is not there just yet.

The Convener: Jim Eadie has some final questions.

Jim Eadie (Edinburgh Southern) (SNP): We all share the ambition of the Government's climate change targets to reduce carbon emissions by 42 per cent by 2020 and by 80 per cent by 2050. If I have understood correctly the written submissions and the evidence that you have given us this morning, you do not have confidence that we can meet those targets, based on the current budget allocations. Mr Dixon suggested that those allocations may in fact be taking us in the wrong direction when it comes to reducing emissions.

I am conscious that you might need to repeat some of the things that you have said this morning, but this is an opportunity to reiterate and reinforce those messages. What more do we need to do to get back on track? Are you confident that we can make up the shortfall from failing to meet the targets between 2010 and 2012?

Richard Dixon: There is no technical reason why we cannot meet the targets. The target for 2020 under the 2009 act is "at least 42%"—we tend to forget about the "at least". The difficulties that we have had in meeting the first three targets, which are the only ones for which we have results—in 2010, 2011 and 2012—have been different each time. There are good reasons to have some sympathy for the Government. We had a cold winter, and that makes people use more fuel at home.

With regard to some of the baseline numbers, we are calculating how we are comparing ourselves with 1990, and the 1990 numbers have been recalculated, which makes it harder to meet the targets. I have some sympathy, therefore, in that things have got a little harder than we had thought they would be. However, there is no question but that we are still not trying hard enough, through our policy effort, to deliver.

11:45

The RPP2 plan is an impressive piece of work, and probably no one else in Europe has such a plan. It does not meet all the targets between now and 2020, but it gets pretty close. It could be better, but we have to deliver on all of it. We know how to do that, and the plan spells out lots of things that we are already doing. We know how to make people's houses more energy efficient and how to do solid-wall insulation for properties that are harder to treat, but we are not putting much

money into that. As Alan Ferguson said, we are not compensating for the fact that the UK scheme, ECO, has deprioritised that and is spending less money, so we are not catching up in some areas where things are going a bit off track.

There is no technical problem in meeting the target, but the question is whether we can put enough political will into ensuring that the budget each year invests in measures that reduce carbon and does not invest in too many measures that increase carbon, such as roads and bridges. Those are political choices. We will all tell you that the choices that are pro reductions in carbon are also pro people, because they are about stopping fuel poverty and making people happier and healthier in their homes and making people fitter because they cycle or walk more. They are also making people more content, because they do not have to own a car if public transport becomes better or more affordable and they are able to make a journey that they used to make by car by public transport.

There is a positive vision of the world in which we are a low-carbon society, the economy benefits and people feel better about themselves and the world because of that. That is the direction that we would like to go in. I have talked about how, during the time that we spend considering the budget, we might look at the preventative spend principles and say that there are some big pots of money that could contribute to increasing some of the good things that we already do, because we will save in the health budget, for instance. That is somewhat difficult political territory to go into, but if you can say clearly, "You will save this much and people will be healthier, because their homes will be better or because they will cycle and walk more," we could take a bit of money from the health budget to invest in such measures, because it is good for all of us in the long term.

That is my overall message. There is no problem in getting there, but we are not on track to get there, and the budget will probably not contribute enough to get us back on track. We can get there, but we need to try harder. I would like the budget to be improved before it is finally agreed by the Parliament, and I would like future budgets to show us much more of a step change, which is what the UK Committee on Climate Change called for, in policies on transport, energy, waste and housing that will put us clearly back on track and ensure that we deliver on the 2020 target, and will set us on track for at least 80 per cent, and hopefully more, by 2050.

Jim Eadie: You have spoken on behalf of the panel to reiterate what needs to be done. I was interested in your comment that we are not trying hard enough in our policy effort. I ask each of the panel members a question that I asked last week's

panel. If you could choose one innovation in policy development, legislation, investment in infrastructure or good practice, what would it be and what would be the resource implications of the funding required to implement it?

John Lauder: First, I do not think that you need to try any harder on the policy side. It is delivering the policies that we need to do more of. We have more than enough policies and they are excellent.

One thing that could be done is to follow the example of local authorities such as Fife Council, which has made all residential and shopping streets 20mph zones. We could do that and it would be the right thing for Government to lead on. It is fairly inexpensive to do and I think that the powers already exist. If they do not, it may be that a submission to the Smith commission could allow it to happen.

We know that one of the major reasons why people are not attracted to making short trips by bicycle is that they find the road network in residential areas quite gladiatorial and not very pleasant, even when they are driving. When they are sitting in a bus and looking at the traffic, they do not much fancy cycling. In addition, pedestrians—particularly older people—find the acceleration and deceleration of cars to get to the magic 30mph really intimidating. That is a disincentive to walking.

That could be made a blanket approach right across Scotland if we are looking for a very cost-effective preventative measure. If the limit was 20mph in residential and shopping areas, that would be sensible and cost effective.

Jim Eadie: Do you have a figure for how much it would cost to implement that change?

John Lauder: I do not, but I would be happy to come back quickly to the committee with what I think the cost might be.

Alan Ferguson: A key thing that we could do is to set standards—indeed, the Government is looking at that. Whether we are talking about the energy efficiency standard for social housing or minimum standards in the private sector, that means a step change. It means a number of things. First, if we are going to set standards in the private sector in a few years' time, we need to tell people that and promote and give advice on the standards.

There is also a resource issue. The Government considered a loan fund for the private sector a number of years ago and it stepped back from that, but that may well be the kind of thing that we should look at again, particularly for owners on lower incomes.

The issue is how to incentivise the approach. Standards can be set and the approach could be

incentivised. The loan side could be looked at. We have said to the Government that it needs to consider again the national lending unit that it considered a number of years ago.

Karen Campbell: From the new-build housing point of view, if we are failing on the RPP, it is simply in respect of an assumption about the number of homes that are built and the contribution that they make. Perhaps we are not meeting that aim, because it is clear that we are not building enough homes. The budget as it stands has potential to address that issue through wise use of the extra £125 million for housing supply. That can help to achieve the other important measurable outcomes in increasing the number of homes that are built.

I mentioned the use of LBTT. It would have been really interesting to see how we could start—it would be a start—to stimulate demand for greener or energy-efficient homes. That would assist with what Alan Ferguson commented on. It would assist the private sector and owner-occupiers and get them to start to think about their homes and how they could make a difference.

Making a loan fund available might be helpful. My expertise is not in existing homes, but my understanding of the loans that were available under the green deal—

Jim Eadie: What size would a loan fund have to be to make the impact that you desire? That question is for you or Mr Ferguson.

Alan Ferguson: I do not know the answer to that, but I will get it to you.

Karen Campbell: In conclusion, the budget as it stands has potential to assist with the housing supply, which will make our contribution work.

Jim Eadie: There is no particular innovation that you can point to.

Karen Campbell: We have already come such a long way in our building standards, which are already really high—we have already made a huge improvement—that there is no particular innovation that I can point to, other than increasing the number of homes that we build. The innovation needs to be in existing homes. That is where the huge challenge lies.

Mark Tate: Innovation in broadband provision, particularly rural and remote broadband provision, is not about the technology; rather, it is about the business models that support the delivery of the broadband services and opening up access to the “pipe”—that is how Professor Fourman described it last week—that provides those broadband services.

We are doing a lot of work with all the people who own fibre across Scotland. We will shortly

announce a pilot to access fibre that is not core fibre—that is being delivered through the BT contract—but is owned by another supplier, which will transform a community project and deliver next-generation broadband for that project. The innovation is around sustainability and the business models for those communities to access next-generation broadband.

Currently, our costs run at around £800 per connection that we have enabled to deliver truly next-generation connections. An estimate would be between £1,000 and £1,500 per connection for superfast.

Jim Eadie: Is there a global cost?

Mark Tate: For premises that will not be connected to a next-generation broadband infrastructure, of which there are around 120,000, as I have said, we are working closely with two programmes. Funds are available through the superfast extension programme and various European programmes, so it is not all about community broadband Scotland, which has been identified as a key delivery partner for some of those funds. It is also about extending the reach of the BT contracts that exist. We are working with the Government, the Highlands and Islands Enterprise team, the digital Scotland team and COSLA to identify exactly how those funds will be best spent.

It depends on the solution. Fibre to premises costs billions; a wireless next-generation solution costs less.

Jim Eadie: Do you want the final word, Mr Dixon?

Richard Dixon: Thank you. I go back to minimum standards for homes at the point of sale or rent, which Alan Ferguson mentioned. They would drive people who have not been interested in or bothered to think about energy efficiency to take it up in a much bigger way. They could be linked to not only energy efficiency but carbon, so they would make people think about renewable energy in the home as well, where appropriate. On a bigger scale, they would make society think more about district heating. Minimum standards in the homes market would be transformational.

The Convener: As no one else wants to say anything and members have no more questions, I thank you very much for your contributions, folks. They have been very helpful and will feed into our budget report.

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

11:56

Meeting suspended.

12:00

On resuming—

Petition

Blacklisting (PE1481)

The Convener: Item 3 is to consider public petition PE1481, on blacklisting in Scotland. In considering what actions it wants to take in respect of the petition, the committee is invited to consider a letter dated 8 October from the Scottish Government. I invite members' views or comments.

Jim Eadie: The petition has been incredibly valuable and the petitioners have provided a very useful service in placing blacklisting firmly on the policy and legislative agenda.

As a result of the petition, a number of things have happened. The Government has developed guidance in collaboration with the trade unions, and the Procurement Reform (Scotland) Act 2014, which was considered by the committee and debated here and by the Parliament, gives ministers the ability to introduce statutory guidance on how public bodies must take blacklisting into account when awarding contracts. During the passage of that legislation, the Government gave a clear commitment to place guidance developed with the trade unions on a statutory footing and to introduce secondary legislation. There is also the issue of the transposition of European procurement directives, which is highlighted in the Deputy First Minister's letter.

As a result of the petition, it looks as though a framework has been developed that provides a number of ways in which blacklisting can be addressed. The petitioners have done a very good job; the committee has done its job. Therefore, the obvious conclusion is that we should close the petition. In doing so, we must first place on the record our debt of gratitude to the trade unions—in particular Pat Rafferty of Unite, Harry Donaldson of GMB and Harry Frew of the Union of Construction, Allied Trades and Technicians—for the work that they have undertaken. We must also place on the record the fact that the Scottish Affairs Committee at Westminster has done a valuable inquiry into blacklisting, which informed the debate about the issue, and we must recognise the on-going dialogue between the Scottish Government and the trade unions in progressing the issue.

Because of the progress that has been made and the work that has been undertaken, the obvious conclusion is that we should close the petition.

Mark Griffin: I agree almost entirely with Jim Eadie. The Scottish Affairs Committee has done a

large amount of investigatory work and the Scottish Government has progressed the matter through the Procurement Reform (Scotland) Act 2014. However, contracts are still being awarded through the national health service, hubcos and local authorities to companies that have been involved in the practice of blacklisting and that have not carried out remedial action. In addition, what that remedial action is expected to be is defined by the Government.

We would not be doing our duty were we to close the petition when the work is on-going. For example, the Government plans to undertake a consultation and introduce secondary legislation. We should keep the petition open until the process that the Government is committed to has been completed. We can then see whether we are satisfied that the petitioners' aims and objectives have been met.

The Convener: Does anyone else want to comment?

Mary Fee: I absolutely agree with everything that Jim Eadie said apart from the suggestion that we close the petition, for the reasons that Mark Griffin outlined. Other work is still going on, and I am reluctant to close the petition until the guidance is put on a statutory footing and the transposition of those other things is done. The issue is so important that we need to keep a watching brief on it and keep the petition open until the consultation is complete and the guidance has been put on a statutory footing.

The Convener: You are entitled to your opinion, but that is going to be done in the context of our looking at the procurement regulations. I also point out that we have given the petitioners a number of opportunities to respond to what we have done and they have not come back to us. That makes me think that, because they are being consulted to a great extent on the drafting of the guidance on blacklisting, which will be made statutory, that is the avenue that they are now pursuing. We probably could close the petition. Should we close it?

Jim Eadie: What would be the benefit of keeping it open? As far as I can see, the committee has done its job. Can the clerks provide any guidance on what our on-going role and involvement in the issue would be?

Andrew Proudfoot (Clerk): It is very much for committee members to decide what the committee's role might be. The Procurement Reform (Scotland) Act 2014 has gone a long way towards answering the questions that are raised in the petition, and it is up to members to decide whether it is worth keeping it open. You will be keeping a watching brief on the procurement regulations as they come in later.

The Convener: Even since the Procurement Reform (Scotland) Bill was passed, massive steps seem to have been taken in that the guidance is going to be made statutory and the unions are involved in drawing up the guidance. Do we really need to keep the petition open? I am sure that the folk who are involved—Pat Rafferty and the others—would be the first to come back to us with another petition if they thought it was required. Can I have a steer on this without going to a vote? Are we going to keep the petition open or close it? Alex Johnstone has not said anything yet.

Alex Johnstone: I am deliberately keeping my mouth shut in case anything I say influences the argument one way or the other. I am inclined to agree with Jim Eadie, not for any political reason but simply for the reasons that he cited.

The Convener: When the procurement regulations come before us as statutory instruments, we will ensure that we have time to go through them properly. We would do that anyway, but we can flag them up to ensure that members read them properly. Would that be sufficient for Mary Fee and Mark Griffin?

Mark Griffin: I have been in touch with the petitioners and I know that there is still concern about the contracts that are being awarded to companies that have been involved in blacklisting. Perhaps the clerks can advise us whether, when the secondary legislation comes before us, we will purely scrutinise it as a committee or whether there will be a role for any evidence to be taken.

Andrew Proudfoot: To help the committee, we will do everything that we can to raise the context of the petition while the procurement regulations are going through, so that you are aware of how the regulations affect what has been put forward in the bill and that is at the forefront of your consideration.

Mark Griffin: Will the petitioners have an opportunity to give evidence at that point?

Andrew Proudfoot: The committee could decide to invite them to give evidence if it thought that it was appropriate at that juncture.

Mark Griffin: I would be happy to close the petition on the basis that we write to the petitioners saying that we have received a letter from the Deputy First Minister and that we will look to consult the petitioners at the point of the statutory guidance being lodged.

The Convener: Okay. Are we agreed on that course of action?

Members indicated agreement.

12:10

Meeting continued in private until 12:20.

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