

Net Zero, Energy and Transport Committee
Tuesday 4 June 2024
20th Meeting, 2024 (Session 6)

Stocktake of Scottish Government transport policies and performance

Background

1. On 19 March, the Committee agreed to hold an evidence session with the Cabinet Secretary for Transport to take overall stock on the Scottish Government's delivery of its transport policies, at this point in the 2021-26 Parliamentary Session. There is the potential for this discussion to cover any of the diverse matters within the Cabinet Secretary's remit which, as well as the issues set out below, include matters such as active travel, roads, canals, aviation, etc. The Committee may also take the opportunity to ask about the Scottish Government's [National Outcomes](#) as they relate to transport.
2. So far this session, the Committee's transport policy work has focused on:
 - Ferry services and construction of new vessels;
 - Rail services; and
 - Pre-budget scrutiny.
3. The Committee has considered transport issues as part of its pre-budget scrutiny in both [2023-24](#) and [2024-25](#). This has included:
 - The Fair Fares Review (as discussed further below);
 - Bus Services; and
 - Electric Vehicle (EV) charging infrastructure.
4. The Committee wrote to the Scottish Government and received responses upon publication of the Budget—
 - [Letter to the Cabinet Secretary for Net Zero, Energy and Transport on 10 November 2022](#)
 - [Response from the Cabinet Secretary for Net Zero, Energy and Transport on 21 December 2022](#)
 - [Letter to the Cabinet Secretary for Transport, Net Zero and Just Transition on 16 November 2023](#)
 - [Response from the Cabinet Secretary on 19 November 2023](#)

Ferries

5. The Committee [conducted an inquiry into a Modern and Sustainable Ferry Service for Scotland](#) from March 2022 to November 2023. This inquiry included an exploration of the award of the next contract for the Clyde and Hebrides Ferry

Service (CHFS). The current contract (CHFS2) is due to conclude at the end of September this year.

6. In its inquiry [report](#), the Committee recommended a direct award for the CHFS3 contract if island communities supported it and there were no legal obstacles. However, [a report by the Chair of the Ferries Community Board](#) revealed that island communities do not favour an uncontested direct award to Calmac, instead advocating for a tender process for the operator function to ensure best value and encourage innovation.
7. On [19 September 2023](#), the Committee asked the Cabinet Secretary, then Minister for Transport, when a decision, and subsequent announcement, would be made on how the next contract will be awarded, and if an extension to the current contract would be required in the meantime. The Minister said this issue was connected to broader considerations of ferry services governance and the Islands Connectivity Plan, assuring the Committee that they would be informed when decisions on all three of these factors are made.
8. On 8 May, the Committee [wrote](#) to the Cabinet Secretary for Transport to seek confirmation of whether the current contract, awarded to CalMac, will be extended and, how the Scottish Government intends to award the next contract for delivery of Clyde and Hebrides Ferry Services. The Cabinet Secretary's response of 29 May is provided in Annexe A.
9. In advance of today's evidence session, the Committee also [wrote to the Chair of the Ferries Communities Board](#) to ask whether they had any updates on the position of ferry dependent communities and to the recommendations in its report. The response from the Ferries Community Board of 27 May is provided in Annexe B.
10. The Committee has also been closely monitoring the [construction of two new vessels](#) for the Clyde and Hebrides ferry network. The shipbuilders, Ferguson Marine Port Glasgow (FMPG), are owned by the Scottish Government. Lead Ministerial responsibility for the yard, as a government investment, falls on the Cabinet Secretary for Economy and Gaelic and not the Cabinet Secretary for Transport. The project has faced ongoing procurement and construction issues, leading to cost increases and delays. FMPG provide quarterly updates to the Committee on the progress on the construction and delivery of the two vessels.

Railway Services

11. The Committee has held evidence sessions on rail services annually since ScotRail entered public ownership in 2022. The Caledonian Sleeper was also brought into public ownership in June 2023. Both rail services formed part of a wider discussion the Committee held with the then Minister (now Cabinet Secretary) for Transport on her ministerial priorities [on 12 September 2023](#).
12. Most recently, [on 19 March](#), the Committee heard from two panels of witnesses comprised of rail industry stakeholders and operators on Scotland's railways. Ahead of this meeting, the Committee also agreed to seek written evidence from four trade unions for rail staff in Scotland and received three responses:

- [Associated Society of Locomotive Engineers and Firemen](#)
- [Unite the Union](#)
- [National Union of Rail, Maritime and Transport Workers](#)

13. Following this session, the Committee agreed to ask the Cabinet Secretary for Transport to give evidence on railways and her wider portfolio.

Fair Fares Review

14. The Scottish Government and Scottish Green Party [Draft Shared Policy Programme](#), published in August 2021, committed the Scottish Government to commission a fair fares review. The review aimed to establish a sustainable and integrated approach to public transport fares, considering the range of discounts and concessionary schemes across all modes of transport.
15. The Fair Fares Review was [published on 22 March](#). The review outlines the options, recommendations, actions, and next steps required towards achieving the Scottish Government's vision for the future of public transport in Scotland.

Bus services

16. The Committee's 2022 report on the [Role of Local Government and its cross-sectoral partners in achieving net zero](#) said—

We ask the Scottish Government whether a step change in the number of Council-run bus services is part of its vision for a decarbonised transport sector, with 20% fewer kilometres of road mile use per annum. If so, we ask the Scottish Government, further to our recent exchange of correspondence on this matter (in relation to the Scottish budget 2023-24) what further changes would be needed to enable Councils to make use of the new power.

17. Through its consideration of the Scottish Government's Budget in [2023-24](#) and [2024-25](#), the Committee has looked at the issue of spending on bus services. This has included consideration of concessionary fares, the Network Support Grant and the Bus Partnership Fund and Community Bus Fund.
18. The Committee has also considered various pieces of subordinate legislation relating to bus services this year:
- [Transport Partnerships \(Transfer of Functions\) \(Scotland\) Order 2024 \[draft\]](#)
 - [The National Smart Ticketing Advisory Board \(Public Services Reform\) \(Scotland\) Order 2024](#)
 - [National Bus Travel Concession Schemes \(Miscellaneous Amendment\) \(Scotland\) Order 2024 \[draft\]](#)
 - [The Bus Services Improvement Partnerships \(Objections\) \(Scotland\) Regulations 2024 \[Draft\]](#)
19. Following the Committee's consideration of the Transport Partnerships (Transfer of Functions) (Scotland) Order 2024 on 30 April, the Minister for Agriculture and

Connectivity wrote to the Committee on 28 May, setting out further information on the Community Bus Fund. This letter is provided in Annexe C.

Electric vehicle (EV) charging point infrastructure

20. The Committee's 2022 report on the [Role of Local Government and its cross-sectoral partners in achieving net zero](#) recommended that—

The roll-out of charging points for electric vehicles at pace is a vital element of the transition to net zero and the Committee has been impressed by pioneering approaches some Councils are taking. We ask the Scottish Government to work with COSLA to champion best practice in EV charging point roll-out across all Councils as an integral element in a place-based approach to spatial planning. This should include work to assess consumer preference (for instance, what level of demand there is for slow versus fast chargers).

21. In [2023-24](#) and [2024-25](#), the Committee has considered the issue of electric vehicle (EV) charging point infrastructure as part of its scrutiny of the Scottish Government's Budgets. The Committee has been interested in the allocation of funding to the EV Infrastructure Fund, the level of private finance leveraged, and the number of chargers delivered. In correspondence last year, the Cabinet Secretary for Transport, Net Zero and Energy said the fund was on track to deliver an additional 2,000 public charge points, bringing the national total to 6,000 chargers by 2026.

22. On 18 April, the Cabinet Secretary for Net Zero and Energy [wrote to the Committee outlining a package of policy measures on climate change](#), including on a plan for delivery 24,000 additional EV charging points.

Next steps

23. The Committee will consider the evidence at the end of the 4 June meeting and any next steps.

Clerks to the Committee
May 2024

Annexe A: Letter from the Cabinet Secretary for Transport

30 May 2024

Dear Edward,

Clyde and Hebrides Ferry Services Contract

I acknowledge your letter of 8 May 2024 in relation to the Clyde & Hebrides Ferry Services (CHFS), specifically the points you have raised regarding whether the current contract awarded to CalMac will be extended, and how the Scottish Government intends to award the next contract for delivery of Clyde and Hebrides Ferry Services.

As previously advised in my Parliamentary statement on 16 November 2023, the preferred procurement route for the next CHFS contract, remains a direct award to CalMac (an award in reliance on the exemption in Regulation 13 (1) of the Public Contract (Scotland) Regulations 2015). I note your point that island communities do not appear to support an uncontested direct award. However, it is clear from our engagement with communities, including the Ferries Community Board (FCB), that regardless of the procurement route, the primary outcome they are seeking is a reliable and resilient service.

The outcome from a formal public consultation is due to be published in the coming weeks, and extensive stakeholder engagement has also been carried out by my officials through a series of 'drop-in' public engagement events across the network. I am committed to ensuring that the views of key stakeholders, including our island communities, continue to help shape the next CHFS contract. That includes continuing to engage with the FCB, both as this work develops, and also on an ongoing basis once the new contract is in place.

While good progress has been made on the diligence work relating to a direct award, there are a number of complex issues still being worked through, including subsidy control, individual entity status and associated accounting impact.

Now that we have greater clarity on the remaining issues and processes it is clear that we cannot conclude these by 30 September 2024, which is the expiry date of the current contract. I have, therefore, decided to implement an extension of the current contract up to 12 months to enable this work to be concluded prior to the final decision, this will also provide greater certainty for both island communities and operational staff.

My officials are currently engaging with CalMac on the necessary arrangements, including working collaboratively on the delivery of an Enhancement and Change plan with a view to implementing a number of service enhancements ahead of CHFS3 coming into force. I will of course update Parliament further in due course as this work progresses.

Yours sincerely,

Fiona Hyslop, Cabinet Secretary for Transport

Annexe B: Correspondence from Angus Campbell, Chair, Ferries Communities Board, 27 May 2024

Dear Mr Mountain,

Thank you for contacting us on the very important issue of the proposed CHFS3 contract.

On the matter of direct award I can confirm that the majority view from our consultation was that the operator function should continue to go out to tender to test the market for best value and encourage innovation and best practice. This response from communities was very much in the context of real anger and disappointment at how the existing contract was managed and also the decision making at senior management level both at CalMac and Transport Scotland. There was particular anger at the failure to put islanders needs at the heart of the process and include local knowledge to improve the output for users. A common sentiment was that not to change the culture of management and the priorities it works to would be rewarding failure and not bring necessary change.

It must also be highlighted that an equally strong response was the appreciation of front line staff both in ports and on vessels and the need to protect them in any new arrangement. That remains a priority for islanders.

Regarding the new arrangements going forward our board have been clearly informed that there will be a direct award. This includes assurances that improvements and innovation will be part of that and most importantly that community input to decision making will be embedded in the new set up. In good faith we have been inputting our suggestions to Transport Scotland as to how that might operate within a new contract. This exercise has been going on since the end of last year.

As of now no definitive proposals have come forward and we are concerned that time moving on does not bring the change that communities had hoped. It is accepted that there will be an extension of the present contract due to time constraints and as a board we will continue to push for the necessary change to make this a more effective and responsive arrangement. This is essential to ensure we don't enter a long term way of working that is then hard to change to meet the needs of islanders and the economies that support island populations.

We hope this information is useful to you and we are happy to interact further if that is thought necessary.

Regards

Angus Campbell on behalf of Ferries Community Board

Annexe C: Letter from Minister for Agriculture and Connectivity

28 May 2024

Dear Convener,

Thank you for the opportunity to give evidence on The Transport Partnerships (Transfer of Functions) (Scotland) Order 2024 draft SSI during the Net Zero, Energy and Transport Committee. I undertook to provide information on awards made to date under the Community Bus Fund following a question from Mark Ruskell, MSP.

The Community Bus Fund (CBF) was allocated £5 million capital funding and £0.75 million in resource funding for 2023-24. The £0.75 million resource funding was available to local transport authorities to support pathfinder style projects aimed at enabling completion of initial feasibility and preparatory work required for future implementation of the bus options in the Transport (Scotland) Act 2019. As such, spend was targeted at reviews and assessments required for the Transport Act 2019 powers to be considered and explored. From the bids received, 10 projects were taken forward in 2023-24. These included projects to review local bus networks to develop local transport/bus strategies, and projects to complete options appraisals with a view to developing business cases. The majority of local authorities are still in the early stages of exploring the options within the Transport Act 2019, with most projects aimed at commencing work to determine which option, if any, is most appropriate for their areas. The capital funding in 2023-24 was distributed through the General Capital Grant to all local authorities on a per capita basis based on levels of transport poverty to support the fund objective of improving local public transport in areas of rural deprivation. Further information on the projects supported with resource funding and the distribution on capital funding for 2023-24 can be found on the Transport Scotland website: [Community Bus Fund | Transport Scotland](#).

Mr Ruskell's original question to me during the Committee Session was "whether there is an expectation that the community bus fund will be enhanced and further developed in order to create new delivery models?" I can advise that the Community Bus Fund has been allocated £1 million resource and £5 million capital funding in the 2024-25 Scottish Budget.

Decisions on the Government's spending plans for future years are subject to the outcome of the Scottish Budget process and associated approval by the Scottish Parliament.

Yours sincerely,

JIM FAIRLIE