

FINANCE COMMITTEE CALL FOR EVIDENCE

DRAFT BUDGET FOR 2013-14

SUBMISSION FROM TRANSFORM SCOTLAND

About Transform Scotland

1. Transform Scotland is the national sustainable transport alliance. We campaign for a more sensible transport system, one less dependent on unsustainable modes such as the car, the plane and road freight, and more reliant on sustainable modes like walking, cycling, public transport, and freight by rail or sea. We are a membership organisation bringing together rail, bus and shipping operators; local authorities; national environment and conservation organisations; local environment and transport campaign groups; and individual supporters.

To what extent do you consider Scottish Government spending decisions align with its overarching Purpose of increasing sustainable economic growth and how should commitment to this objective be reflected in the draft budget 2013-14?

2. We do not believe that the Scottish Government's current priorities for transport are well-directed *either* in terms of promoting Scottish economic growth *or* in terms of sustainability. The Government's focus on large-scale transport infrastructure projects is misdirected in as much as the beneficiaries of the contracts that the Governments as a result lets are very often *not based in Scotland*. Meanwhile, the Government's failure to get its act together on reducing climate emissions from transport shows that it is failing to deliver on sustainability.

3. We believe that the Government's approach should stress three key principles:

- Focus public expenditure on **assisting investment by small-scale, local, Scottish** companies and public bodies.
- Give **preventative spend measures** a much higher priority in its investment decisions.
- Stress the benefits of **cross-cutting initiatives** in order to break down the compartmentalised nature of existing Government budgeting.

4. We will now illustrate these principles by some examples from the transport sector.

5. **Assisting investment by small-scale, local, Scottish companies and public bodies:**

- The Scottish Government should seek to **establish Scotland as a centre of excellence in sustainable technology for public transport**. Scotland doesn't make cars — but we do make buses. Scotland has Britain's largest bus manufacturer in Falkirk-based Alexander Dennis Limited. Scotland also features two

of the world's largest public transport operators in FirstGroup and Stagecoach. The Scottish Government's Low Carbon Vehicles (LCVs) policy should build on this home-grown experience and take the lead in developing sustainable automotive technology for all forms of public transport: buses, trams, trains and ferries. In order to give a specific boost to the uptake of low-carbon bus technology, the Government should put in place a programme to upgrade the whole of Scotland's bus fleet (over 4,000 buses) to lowcarbon technology through a significant expansion of the *Scottish Greener Bus Fund* (which has so far provided for around 70 low-carbon buses). Transform Scotland Limited is a registered Scottish charity (SC041516).

6. Increased investment in active travel infrastructure would benefit Scottish suppliers

- as such investment (e.g. paths for cyclists and walkers) is typically built by small civil engineering contractors and local authorities, with the materials used sourced locally. This would not only boost local economies and support local jobs but would also improve health and save emissions. We would draw the Committee's attention to the evidence submitted by Sustrans Scotland to the ICI Committee in its consideration of Scottish Budget 2012-13.² This lists the variety of Scottish organisations (civil engineering contractors, stewardship/maintenance contractors, Direct Labour Organisations and other suppliers) spread across all of Scotland supported by Sustrans' work in creating active travel infrastructure.

7. Making road maintenance rather than road-building the focus of the Government's roads policy would have a greater impact in supporting Scottish companies and public bodies.

- We are not convinced by the case the Government presents regarding the benefit to the construction industry — or, rather, the benefit to the *Scottish* construction industry — of the focus on infrastructure 'mega-projects'. We note that *none* of the four companies that comprise the consortium for construction of the unnecessary and unsustainable 'Forth Replacement Crossing' project — Scotland's largest construction project — are headquartered in Scotland. Three of these companies are foreign (Dragados (Spanish), Hochtief (German) and American Bridge International (US)) whilst the fourth (Morrison Construction) is a division of an English company (Galliford Try). Should the Scottish construction industry require financial stimulus from the Scottish Government then this would be better served by the prioritisation of capital expenditure more likely to be recouped by Scottish companies rather than by companies headquartered out with Scotland. There has been a continuing failure by Scottish Government administrations to tackle the widely-acknowledged road maintenance backlog (which Audit Scotland has reported to be over £2 billion³).

8. Tackling the road maintenance backlog rather building new roads would:

- Provide employment for the Scottish construction industry and local authorities' Direct Labour Organisations

- Support Scottish local authority finances rather than the profits of foreign construction companies
- Spread investment across Scotland; (iv) would not generate new road traffic and hence would make a contribution to reducing climate emissions; and (v) would benefit pedestrians, cyclists and bus users as well as private vehicle users.

9. Preventative spend measures:

• **Active travel investment would also make a major contribution to meeting targets for congestion alleviation, public health, social justice and the environment**, as well as contributing to the Government's goal of 'sustainable economic growth'. There is a vast literature on the benefits of active travel.⁴ In particular, walking and cycling could make a major contribution towards tackling Scotland's obesity crisis. The Danes and the Dutch have cycle journey shares of 20-25%, which puts Scotland's 1% to shame – and it is surely not accidental that these countries also have obesity levels which are less than half of Scotland's.⁶ Matching conditions in the best countries in continental Europe would save the Scottish economy up to £2 billion a year in health care costs.⁷ It would turn our towns and cities into pleasant, enjoyable spaces to spend time — and money. It would benefit those in deprived areas the most, but would also boost tourism, cut congestion, and improve quality of life for the whole country. Our natural environment would also benefit hugely, while a shift from individualised motorised transport towards more active travel would play a major role in reducing our climate change emissions and oil dependency. However, the Scottish Government's aspirations for active travel⁸ are not as yet being backed up with the levels of investment necessary to achieve the Government's ambitions.⁹ The high rates of cycling observed in comparator countries such as The Netherlands and Denmark did not occur by aspiration alone: they came about because of sustained investment programmes over many years.¹⁰ With around 99% of Scotland's transport budget devoted to motorised transport, it is not surprising that rates of walking and cycling remain so horribly low. In order to reverse this, and so that the Government can achieve its Cycling Action Plan for Scotland target of 10% of trips by bike by 2020, there should be a programmed increase in the funds made available for active travel investment to 10% of the total transport budget. This is in accordance with the recommendations of the Association of Directors of Public Health in their document *Take Action on Active Travel*.¹¹

• **Investment in sustainable transport would also allow the Government to meet its commitments under the *Climate Change Act (Scotland) 2009***, and hence avoid future spending on measures to tackle climate Transform Scotland Limited is a registered Scottish charity (SC041516) emissions. Transport is the second largest emissions sector and, crucially, the one where recent trends have continued to see increases in emissions. So it is critical that urgent action is taken to reverse trends in the transport sector. Unfortunately, the Government's Draft Budget for 2012-13 provided, at most, 6% of the funding for transport measures required by the Government's own climate change action plan (the *Report on Proposals and Policies (RPP)*).¹² As well as increased investment in active travel, there should be greater investment in 'Smarter Choices' measures: these are a range of small-scale, low-cost interventions (e.g. school, workplace and personal travel plans, car clubs, lift

sharing, travel awareness campaigns) that have been shown to be highly cost-effective in reducing both traffic levels and greenhouse gas emissions. The RPP identifies several Smarter Choices 'Proposals'. These 'Proposals' must be written into policy in order to effectively meet the targets set out in the Scottish climate legislation. While there is considerable, albeit inconsistent, action already taking place, there is a clear need for greater support and guidance from central government to ensure a national programme of Smarter Choices investment.

The benefits of cross-cutting initiatives

10. The above examples, while transport initiatives (and hence in the Infrastructure and Capital Investment portfolio), clearly provide opportunities for cross-cutting initiatives across Government budgeting. For example:

- Active travel investment would have clear benefits for public health — and hence there is an argument that the health budget (**'Health, Well-being and Cities'**) should make greater provision, or at minimum better integration with, budgeting for transport.
- A focus on low-carbon technology in the bus industry has clear links into the **Finance, Employment and Sustainable Growth** portfolio.
- A switch from new road-building to tackling the road maintenance backlog would have obvious benefits for the **Local Government** portfolio plans.

11. Whilst our preference is for re-allocation of the transport budget from its currently ill-focussed and counter-productive nature, the above examples show opportunities for greater cross-cutting budgeting across the Government's portfolios.

***The Scottish Government states in its economic strategy that "The actions of the public sector are co-ordinated to maximise their economic impact."*[2] What progress has been made in harnessing the public sector to support sustainable economic growth and how should this be reflected in the draft budget 2013-14?**

12. We believe that the public sector has been trying to adapt to a more sustainable way of thinking and working but has, we feel, suffered from mixed messages put out by the Scottish Government over the years. For example, despite the Scottish Government passing a very ambitious Scottish Climate Change Act, setting very ambitious targets for emission reductions, the Government's own spending plans have been prioritised towards projects that will lead to more vehicle use rather than less (for example, the proposal to dual the A9, to construct the Aberdeen western by-pass, and provide an additional Forth Road Bridge).

13. The Scottish Government should take the opportunity to lead by example and start on the essential move to a low carbon economy in terms of sustainable transport. To do so, see our answers to Q1, above.

The Scottish Government states that the aim of its economic strategy "is not only to offer greater protection to the economy during periods of economic uncertainty, but to bring about a long-term, or structural, change in Scotland's

sustainable growth rate". [3] What spending decisions support such structural change in the long term and what spending priorities should be in the draft budget 2013-14?

14. See our answer to Q1, above. Transform Scotland Limited is a registered Scottish charity (SC041516).

In its *Scottish Spending Review 2011 and Draft Budget 2012-13* the Scottish Government states that the Finance, Employment and Sustainable Growth portfolio "contributes towards ensuring that we achieve balanced economic growth that provides the most disadvantaged in society with the opportunity to prosper. Equity, whether it be social, regional or intergenerational or a combination of these factors, is also seen as a key driver of economic growth."[4] **What progress has been made in achieving these objectives and what spending priorities should be in the draft budget 2013-14?**

15. People with low incomes are more dependent on public transport services (and particularly bus services) than are higher income groups. As such, we note with concern that the rise in public transport fares has specifically disadvantaged those on low incomes. (According to the government's own statistics, since the founding of the Scottish Parliament in 1999 the cost of motoring has dropped by 7% in real terms, while the cost of rail has increased by 14% and the cost of bus use has increased by 22%.¹³)

16. As such, the Draft Budget 2013-14 should take action to support the affordability of public transport fares.

In its response to the Finance Committee's report on the spending review 2011 the Scottish Government stated that "The National Performance Framework represents a common vision for the whole Scottish public sector and, as such, is fully integrated with our spending plans". [5] How does the NPF impact on the spending decisions of the Scottish public sector and how should this impact be reflected in the draft budget 2013-14?

17. We welcome the approach taken by the NPF because we believe in identifying desired outcomes as a way of focussing activity. The NPF should therefore have a significant impact on the spending decisions if truly applied and, in our view, this would require a shift in priorities relating to infrastructure and transport issues. To take one example, the National Indicator 'Reduce Traffic Congestion' leads to the identification of several measures that could help achieve this, such as traffic management by road pricing and/or increased expenditure on public transport networks that have been proven to be successful in achieving modal shift from private to public transport. Yet, this is not seen in practice, which raises the question as to how effectively the NPF is being used in practice to guide investment decisions.

18. For our views on what changes should be made in Draft Budget 2013-14: see our answer to Q1.

In its response to the Finance Committee’s report on the spending review 2011 the Scottish Government stated that its broader work was “focused on ensuring that our ambitions for a decisive shift to preventative spend are realised across all areas of service delivery.”[6] What progress is the Scottish Government making in realising this objective and what spending priorities should be in the draft budget 2013-14?

19. In terms of the two areas for preventative spend we highlighted above — the role of active travel in improving public health & the need for action to implement measures to reduce climate emissions — the Scottish Budget 2012-13 was a dismal failure. On the first point, the Scottish Government initially chose to slash investment in active travel (although some of this was reinstated by the Cabinet Secretary in Stage 3 of the Budget by means of Barnett Consequentials money). On the latter, and as mentioned above, Budget 2012-13 set out funding for only around 6% of the measures set out in the *Report on Proposals and Policies* as necessary to meet its climate change targets.

20. For our views on what changes should be made in Draft Budget 2013-14: see our answer to Q1.

The Scottish Local Authorities Economic Development Group recently stated in evidence to the Finance Committee that “Quality, sustainable employment should be the outcome of all skills and employment measures.”[7] What priorities should be in draft budget 2013-14 to realise this objective?

21. We have no detailed views on this issue. Transform Scotland Limited is a registered Scottish charity (SC041516).

Small businesses represent 93% of the Scottish private sector[8] and are more likely to employ people with low or no qualifications than large businesses.[9] What spending priorities should be in the draft budget 2013-14 to support public-private partnership to improve the employability of and create sustainable employment opportunities for individuals experiencing high levels of multiple deprivation?

22. A number of the measures we highlighted in our response to Q1 could provide work for individuals with low or no qualifications. For example, an increase in investment in active travel infrastructure could deliver a tremendous boost to SMEs through their involvement in, for example, the development of cycle paths within our cities to provide safe, traffic free routes. These sorts of projects are ideal for small businesses by making use of skilled and semi-skilled workers to clear routes, lay hard core, construct edging and lay surfaces.

References

1 See <<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/52574.aspx>>.

2 Available at <http://www.scottish.parliament.uk/S4_InfrastructureandCapitalInvestmentCommittee/General%20Documents/ Written_evidence_from_Sustrans.pdf>.

3 See <<http://www.audit-scotland.gov.uk/media/article.php?id=164>>.

4 Transform Scotland (2010) *SP Finance Committee - preventative spend inquiry evidence* (see Appendix 1 for summary of active travel benefits) <http://www.transformscotland.org.uk/publications-searchresults.aspx?at=&af=1f-2f-4f-3f11&p=4&ps=10>.

5 Scottish Government (2009) *Scottish Household Survey: Travel Diary 2007/2008* – <<http://www.scotland.gov.uk/Resource/Doc/933/0087945.pdf>> reports cycling modal share as 1.0% in 2008 (see p.16, Table 1). However, walking remains the second most common mode of transport, with a 22% modal share.

6 ScotPHO (2007) *Obesity in Scotland: An epidemiology briefing* <<http://www.scotpho.org.uk/nmsruntime/saveasdialog.asp?IID=4048&SID=3489>> reports Scottish adult obesity as 25.5%. Bassett et al. (2008) *Walking, Cycling, and Obesity Rates in Europe, North America, and Australia* <<http://policy.rutgers.edu/faculty/pucher/JPAH08.pdf>> reports obesity levels in Denmark and The Netherlands as 12.2% and 8.1% respectively.

7 Transform Scotland Trust (2008) *Towards a Healthier Economy*. Available at <<http://www.transformscotland.org.uk/towards-ahealthier-economy.aspx>>

8 We note in particular the introduction to the Cycling Action Plan for Scotland consultation, the transport minister Stewart Stevenson MSP sets out the aspiration that “[b]y 2020, 10% of all journeys taken in Scotland will be by bike.” – Scottish Government (2009): *Cycling Action Plan for Scotland consultation* – <<http://www.scotland.gov.uk/Resource/Doc/273788/0081826.pdf>>.

9 We note the November 2008 report of the TICC Committee to the Finance Committee on the Scottish Government’s Draft Budget 2009-10. The TICC Committee recommended that there was a “strong case” for additional funding for walking and cycling measures. See <<http://www.scottish.parliament.uk/s3/committees/finance/reports-08/fir08-07-vol1.htm>>.

10 Sustrans Scotland & Transform Scotland Trust (2010) *Civilising the Streets*. This report looked at a number of comparator cities around Europe to examine why they have higher rates of active travel than are found in Scotland. The report concludes that there are a number of factors, but that expenditure as well as political commitment is necessary. See <<http://www.transformscotland.org.uk/civilising-the-streets.aspx>>.

11 Association of Directors of Public Health (2008): *Take Action on Active Travel* – <<http://www.adph.org.uk/news.php>>. This report has received the support of over 100 organisations from across the UK, including both of our organisations. Supporters of the report include such groups as the Institute of Highway Engineers, Royal Institute of British Architects, Chartered Institute of Environmental Health, Royal College of Physicians, Sustainable Development Commission and many other prestigious and professional bodies central to public health, environment and transport policy and practice.

12 See our evidence to ICI Committee in October 2011 for details: <<http://www.transformsotland.org.uk/GetFile.aspx?ItemId=493>>.

13 Transport Scotland (2012) *Bus and Coach Statistics: 2010-11*. Available at <http://www.transportscotland.gov.uk/files/documents/public/transport/Bus_and_Coach_Statistics_2010-11.pdf>. See Table 7.