



OFFICIAL REPORT
AITHISG OIFIGEIL

Rural Economy and Connectivity Committee

Wednesday 24 January 2018

Session 5



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RURAL ECONOMY AND CONNECTIVITY COMMITTEE
3rd Meeting 2018, Session 5

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Gail Ross (Caithness, Sutherland and Ross) (SNP)

COMMITTEE MEMBERS

*Peter Chapman (North East Scotland) (Con)
*John Finnie (Highlands and Islands) (Green)
*Jamie Greene (West Scotland) (Con)
*Richard Lyle (Uddingston and Bellshill) (SNP)
*Fulton MacGregor (Coatbridge and Chryston) (SNP)
*John Mason (Glasgow Shettleston) (SNP)
*Mike Rumbles (North East Scotland) (LD)
*Colin Smyth (South Scotland) (Lab)
Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Roy Brannen (Scottish Government)
Keith Brown (Cabinet Secretary for Economy, Jobs and Fair Work)
Alasdair Graham (Scottish Government)
Michelle Rennie (Scottish Government)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Economy and Connectivity Committee

Wednesday 24 January 2018

[The Convener opened the meeting at 10:03]

Decision on Taking Business in Private

The Convener (Edward Mountain): Good morning and welcome to the third meeting in 2018 of the Rural Economy and Connectivity Committee. I ask everyone to ensure that their mobile phones are on silent. Stewart Stevenson has submitted his apologies for being unable to attend this meeting.

The first item is to ask the committee to consider whether to take item 4 in private. Under that item, we will consider appointing a reporter to the Environment, Climate Change and Land Reform Committee's discussions on the environmental implications of aquaculture. Do members agree to take that item in private?

Members *indicated agreement.*

Major Transport Infrastructure Projects (Update)

10:04

The Convener: Item 2 is an update on major transport infrastructure projects. I invite members to declare any interests that are relevant to this item. It appears that there are no such relevant interests to declare, so we will move straight to the update from the Cabinet Secretary for Economy, Jobs and Fair Work on the progress of major transport infrastructure projects for which he is responsible. I welcome from the Scottish Government Keith Brown, the Cabinet Secretary for Economy, Jobs and Fair Work, and Michelle Rennie, the director of major transport infrastructure projects. Alasdair Graham is the head of planning and design at Transport Scotland and Roy Brannen is its chief executive.

Before I ask the cabinet secretary to make a short opening statement, I draw attention to the fact that there is an error in the committee papers with regard to completion date for the Aberdeen western peripheral route. The papers refer to "winter 2018", when they should refer to winter 2017-18. Technically, we will still be in the winter of 2018 when we complete the project, but I am sure that the cabinet secretary will clarify that.

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): I am not sure that I can offer clarification on the committee papers, but the Government prepared a press release in response to assertions that were made by a member of the committee about the timescale. I confirm that that is not the timescale to which we are working.

I thank the committee for providing me with the opportunity to update it on the major transport projects portfolio. It has been a busy time for the projects, and significant works have been undertaken in recent months across all the projects that we will discuss.

First of all, I draw the committee's attention to the announcement that was made on Monday this week, alerting bridge users to the fact that the Queensferry crossing will become a designated motorway from 1 February. That represents the latest successful milestone in a remarkable project. As members will be aware, the Queensferry crossing was opened in a phased manner to allow road users and local communities to familiarise themselves with the new road layout, while speed limits were gradually increased. Now that road users are familiar with the new environment and the speed limits, we feel that it is appropriate to implement the full managed crossing strategy and to designate the new

crossing as a motorway. In effect, that will mean changes to the types of vehicles that can use the new bridge, with non-motorway traffic no longer being allowed access to the Queensferry crossing.

I came over the Queensferry crossing this morning, when the Forth road bridge was closed to high-sided vehicles, and to double-deckers in particular, including the buses that use the bridge as a public transport corridor. That is obviously one of the benefits of the replacement crossing. The change also provides a monumental opportunity for cross-Forth travel for all modes of transport. That will include the full opening of the public transport corridor—notwithstanding the wind issues that we have been experiencing—for buses, taxis and motorcycles up to 125cc, and it will allow pedestrians and cyclists to use the dedicated public transport links and the Forth road bridge.

In order to assist road users to understand the road and bridge layouts, an excellent road-user guide has been published this week and will be made widely available at libraries, petrol stations, bus and train stations and tourist information offices along the Forth corridor and across the east-central Scotland region. In addition, the guide has also been published online and is being promoted via social media.

The 70mph speed limit was implemented on the Queensferry crossing on 19 December. The phased approach to introducing final traffic arrangements on the new bridge has allowed the speed limit to be moved gradually from 40mph to 50mph, and now finally to 70mph. During the period, we have monitored the new structure so that the changes could be undertaken safely while allowing road users to become familiar with the network and layout.

Since opening, traffic volumes have generally returned to the previous levels that were seen on the Forth road bridge. Traffic flows improved as the speed limit was raised to 50mph, and early indications suggest that that is also the case with the increase to 70mph. An initial journey-time assessment has been undertaken for the Forth corridor between the M90 junction 2 at Admiralty, and the M9 junction 1A in both directions. The free-flow journey time for that route, since the transition to the 70mph limit, has typically been about nine to 10 minutes, which is a slight improvement on the journey times of around 10 to 11 minutes that were regularly observed prior to the raising of the speed limit. That may be a small improvement, and it is too early to say conclusively that journey times have improved significantly.

It is anticipated that there will be further improvements when the managed motorway is brought into full operation towards the end of this

month. Traffic Scotland will continue to monitor traffic levels closely.

I remind the committee that the Queensferry crossing is a replacement crossing; it was not built to increase capacity, although it has that effect, given the nature of the existing bridge as a public transport corridor.

I will now provide the committee with an update on the Aberdeen western peripheral route Balmedie to Tippetty project, following the announcement on 15 January that Carillion Construction Ltd has filed for insolvency. Carillion Construction Ltd had a one third share in the AWPR joint venture that is responsible for delivering the construction phase of the AWPR project. As members of the committee will be aware, news of the insolvency has had a major impact on the construction industry.

On the Monday morning, after Carillion made its announcement, I had a phone call with David Mundell, the Secretary of State for Scotland, to reinforce our commitment to working with the United Kingdom Government on how best to mitigate the impact of the announcement. On Tuesday 16 January, I met high-level officials across Government and agencies to discuss key actions and to consider plans. Following that meeting, helplines were set up for employees and companies that might be affected by the liquidation of Carillion.

On 17 January, I had a constructive meeting with representatives of the Scottish Trades Union Congress and the Unite and GMB unions, and I assured them that we are doing all that we can to minimise job losses. I assure the committee that I will continue to be in close contact with the liquidators and the UK Government about the measures that they intend to put in place regarding private sector Network Rail and UK Government-backed contracts in order to secure completion of those contracts. I reiterated that the Scottish Government had been working to manage or eliminate risks associated with Carillion's difficulties since July last year, and that we have contingency plans in place for all the affected contracts, including, of course, the AWPR. Should it be necessary, we stand ready to support affected employees through our partnership action for continuing employment initiative, which aims to minimise the time for which individuals are affected by redundancy.

We recognise that it is a very worrying time for Carillion workers; my thoughts are with those who have been affected by the announcement. However, we have been working closely with the Aberdeen Roads Ltd consortium to understand the impact of the announcement on people who have been employed by Carillion. I understand that steps have been taken for Carillion personnel who

were due to remain on the project to transfer to the remaining joint-venture partners for the project. Unlike contracts for other projects elsewhere in the UK that members might have seen reported, when the gates were, essentially, locked after the announcement, the non-profit-distributing form of contract that has been used for the AWPR caters for a number of different scenarios, including a situation such as this one with Carillion. As a result, I am pleased to confirm that, unlike some other projects, work on this project will continue.

I also confirm that the announcement generates no direct additional costs to the Scottish Government, because each partner of Aberdeen Roads Ltd and its construction joint venture are jointly and severally liable for the performance of the contract. We have been advised by Aberdeen Roads Ltd that the remaining construction partners, Balfour Beatty and Galliford Try, will now take the necessary steps to deliver jointly the remainder of the project.

I previously advised the committee that the project was due to open in the spring: work is well advanced. In fact, there is a road along the 58km length of the project—you can drive on it now and I intend to drive on it in the next two or three weeks. However, although the situation with Carillion does not in itself affect project delivery timescales, members will appreciate that, given the scale of the project, there exists the potential for loss of confidence in the supply chain: indeed, I have been contacted by one party in the supply chain.

It is important that we now take the necessary time to work closely with ARL to identify any impacts on delivery. We will then consider what we can do to mitigate any problems that might arise as a consequence of that. That might take some weeks to determine, but I will be happy to provide further updates to the committee in due course.

It continues to be a busy period for the A9 dualling programme. Work is continuing along the route, and road users are already benefiting from the new dualled stretch between Kincaig and Dalraddy, which was opened to traffic at the end of September last year. The construction contract for the second section between Luncarty and the Pass of Birnam is expected to be awarded during the first half of this year. The procurement of an A9 advance works framework is also under way.

At the same time, design work on the remaining nine schemes of the dualling programme is well advanced, with over 90 per cent of the dualling programme having reached “preferred route” status. Over the past couple of months, we have published draft orders for four dualling schemes representing about 30 of the 80 miles that are to be dualled. Draft orders were published for the

Killiecrankie to Glen Garry project at the end of November, and those for Pitlochry to Killiecrankie, Glen Garry to Dalwhinnine and Dalwhinnine to Crubenmore were all published in December. There will be no let-up in the design work and we expect publication of draft orders for further dualling schemes over the coming months.

The project is not just about building a road; it is part of an ambitious dualling programme. We have developed the Academy9 education and training programme, which has the goal of getting local pupils ready for the local jobs that the A9 dualling programme will create.

10:15

Design work is also well under way for dualling the A96 from Inverness to Aberdeen. We have published draft orders on the 31km Inverness to Nairn section, which includes the Nairn bypass, and later this year we expect to identify the preferred option for the 46km section between Hardmuir and Fochabers. Route options assessment work is also under way on the 42km section between east of Huntly and Aberdeen, and we expect to present the options that are under consideration to the public later this year for feedback. A preferred option is to be identified in 2019.

Following the opening of the Raith underpass in February 2017, the M8 bundle project fully opened to traffic on 1 June. Significant journey time savings have been experienced across the central Scotland motorway network. Road users are enjoying peak journey time savings of 20 minutes on the M8 and 15 minutes at the Raith interchange, as well as more reliable journey times, enhanced safety and reduced emissions. The on-going finishing works are expected to be completed in the coming months.

I am aware that the committee is likely to have some questions about Prestwick airport, which I will be happy to discuss in more detail, but I restate that the Government's wish remains for the airport to grow into the successful and vibrant business that we believe it can be. As members might know, the airport's annual report and accounts were published on 15 December. They contain some positive statistics. Passenger numbers rose by 8 per cent, aircraft movements increased by 8.2 per cent and turnover increased from £11.5 million to £13.6 million, which is an increase of about 18 per cent. Operating losses were £7.8 million for the 12-month trading period, compared with £8.7 million for the previous 12-month trading period. In addition, there has been increased revenue from military activity—gross revenue in that area has increased by 33 per cent over three years.

However, we have always acknowledged that there is no quick fix, and that a sustained effort over a number of years will be required. I am keeping developments under close review.

I thank the committee for the opportunity to update it, and I will be happy to answer any questions that members have.

The Convener: Thank you. One or two members wondered whether they could ask questions about the Queensferry crossing. A briefing on that has not been produced on the basis that we thought that it fell within a different minister's portfolio. However, if members have questions on the Queensferry crossing, I will take them at the end.

I alluded to the fact that there was some confusion about the completion date for the AWPR, which is the winter of 2017-18, whereas our papers refer to "winter 2018". That was picked up in a press release, but in your opening remarks you slipped in the word "spring". Was that a slip? Could you clarify whether the AWPR will open in winter 2017-18 or spring 2018?

Keith Brown: The situation is exactly as I said it was on my previous appearance before the committee. If you recall, we had a discussion about when spring was, and April and May were mentioned. The confusion has arisen partly because when the First Minister's predecessor announced the project, it was stated that we were aiming for the spring of this year. The contractor has tried to finish the project during the winter, but we are involved in discussions about the final completion date. We are coming towards the very end of the contract, and I will be happy to update the committee on that at a future date.

The Convener: We will move on to questions from members, the first of which will be asked by Peter Chapman.

Peter Chapman (North East Scotland) (Con): I want to explore the issue of the opening of the AWPR a bit further, because there has been confusion about it. Can you give us a definitive answer? Are you saying that the full road will be open by—I will give you the benefit of the doubt—the end of the spring of this year, by which I mean May 2018? Will the road be completed by the end of May 2018? Can you tell us that, so that there is no confusion about where we are?

Keith Brown: No. I go back to the statement that I made, which is that we need to discuss the issue with the contractor. It is still our intention to open the road by then. We have no intention of trying to change that date. If it can be done by then, that is what will happen.

The discussions that we are having are not about delaying things until winter next year or

anything like that; we are discussing the prospect of some parts of the road being opened earlier than the date that you mentioned, as well as the completion date for all parts of the road. It is in our interests to do that and we have made a commitment to do it, but it is also in the interests of the contractor. It will receive no money and will be under some pressure from lenders to ensure that it starts to receive some income, which is a big incentive to have the discussion.

That is the discussion that we are having and, until we have had it, and bottomed out any further consequences for the supply chain from the Carillion fallout, we are not able to give a definitive date.

People can see the extent of the work that has been done to the road, as Mr Chapman will know from his local experience. The developers are coming to the end of the work, but we cannot be definitive about a date until we have had further discussions with them about the latest on the Carillion situation. As soon as we have the date, I will be happy to provide it to the committee.

Peter Chapman: I must admit that I have concerns. I drive on that road—not the new road, obviously, because we cannot get on it—from Mintlaw to Stonehaven twice a week, and I see the amount of work that is going on. However, I also see the amount of work that is still to be done and I have severe doubts about whether we can meet even the May target. That is my perception and I will leave that with you.

The Carillion liquidation is an issue, too. I know that you made a statement to Parliament a week ago, but in a situation such as that, a week is a long time and things have moved on. You assured members last week that the Carillion issue would have no effect on the completion date or the cost. Is that still the situation, or have things moved on and changed in the past week?

Keith Brown: What I said last week was that, in itself, Carillion's announcement has no impact on the direct costs to us, because the costs to complete the project still fall on the remaining two partners in the joint venture. There is also nothing in the Carillion announcement that means that there should be a delay to the project because, for the reason that I mentioned, the two continuing contractors are obliged to complete it. If the committee wants to know more, I have more to say about Carillion employees, some of whom have been taken on by the other contractors in order to see the project through. I reaffirm that the two remaining contractors have an acute interest in completing the project as quickly as possible.

The one area of doubt—Peter Chapman is quite right to say that such things change over time—is that the two contractors are now looking at issues

in the supply chain, in which there are questions about some payments. They have not told only me that they are going to complete the project; they have had to tell the stock market. The vast bulk of the project seems to be pretty secure in that it was the ARL consortium that let nearly all the contracts, apart from two. However, there are two contracts—one for labour and another for fleet services—that were let directly by Carillion, so we are bottoming out that.

We are also bottoming out where issues of confidence in the supply chain are working their way through—for example, if subcontractors start to worry about payments. Therefore, what the two remaining contractors and the official receiver who was appointed by the UK Government are saying to the subcontract chain is of importance. There was a quotation about the situation changing daily from the contractors who are currently there, so we are keeping tabs on that.

In its own right, the announcement by Carillion means that the two contractors will take over the costs and responsibility for delivery of the project.

Mike Rumbles (North East Scotland) (LD): I just want to iron out the completion date, because it seems that all that we have done so far in this meeting is throw confusion in there. As far as I understand it, ministers, Keith Brown included, have always said that the aim would be to have the project completed by the winter, yet winter finishes in five weeks' time. My colleague Peter Chapman has just mentioned the end of spring; perhaps it will even go on into the summer.

What I am trying to get at, for no other reason than that, for planning purposes, drivers, commuters and people who live in and around Aberdeen and want to use the route need to know, is when ministers think—I am not trying to tie you to a date—that the project should be completed and drivers will be able to use the road. If the completion date is drifting towards the summer, we should say so and let people know. Will the minister be a bit more specific about when he thinks commuters can use the road?

Keith Brown: I hesitate to answer because, when I answered the member's question in the chamber, he put out a press release that completely misrepresented what I had said. I can say only what I have said so far—the idea that it has not been said before is wrong. When I last updated the committee, I said:

“we are talking about spring next year.”—[*Official Report, Rural Economy and Connectivity Committee, 8 March 2017; c 8.*]

I understand the member's point that, despite the fact that local people have campaigned for the road for 50 years, they want to get a definitive completion time. The contract has been in place

for a relatively short period of time considering its size. For many months, it was the biggest roads project in the whole of the UK.

We are still talking about the period that we mentioned last year. I think that the convener and I talked about April or May when we discussed the issue last year. However I cannot be definitive until we bottom out any other implications for the finish date arising from what has happened with the contractor. I can assure the committee that the idea that the work will go on into winter 2018 is not correct. When I appeared before Aberdeen City Council—fairly unusually—a long time ago, it was very concerned that the work was done before spring 2019 to allow work on the Haudagain roundabout to move forward, which it will when the project is completed. Therefore, the timetable has been brought forward from that time. As I have said—and as the former First Minister said at the start of the process, when the legal process was completed, as Mike Rumbles will remember—we are aiming for spring 2018. I am not saying to the committee that we have changed that aim, but we have to have the discussion with the developer. We are in the final stages of the programme, when we have to try to boil things down.

I understand the member's eagerness to get a definitive date. We have waited 50 years for the project and we are trying to get it finished as quickly as we can. As soon as I have a more definitive date, pending discussions between Transport Scotland and the contractors, I am happy to provide it to the committee.

Mike Rumbles: I would hate to have issued a press release that misrepresented you, because I am trying to be absolutely straight. I am now confused as to when people—me included—will be able to use the road.

In your opening statement you said that part of the road could be opened earlier. My question focuses specifically on the fastlink between Stonehaven and Charleston. Will that open earlier than the whole road? Can you give me an idea of whether that will be the case?

Keith Brown: I am happy to do that.

First, the press release that you issued said that I had not answered the question, and I had. I said that the aim was the same one that I had given the committee before. That was the part that I found misleading.

Mike Rumbles: I am still confused about your answer now.

The Convener: I do not think that it is helpful to look back on the press statement. Let us try to get an answer to the question now. There are lots of other questions, so could I please push the

cabinet secretary to try to answer that question, rather than looking back at the press statement?

Keith Brown: First, Craibstone and Dyce junctions opened some time ago. There are a number of roads that might open prior to the completion of all the work. It would be useful for the officials to say a bit more.

Michelle Rennie (Scottish Government): We are still working towards the same completion date that we have always worked towards. The announcement about Carillion last week was a blow to the construction industry in the UK, never mind the AWPR project, and it would be naive to think that there will be no impact on the AWPR project.

As Mr Brown said, from a contractual perspective, there is no automatic right to any additional time. However, we are discussing with the contractor what elements of the scheme it can open as quickly as it can. We will then look at what other impact, if any, there might be on the final completion of the programme.

Fulton MacGregor (Coatbridge and Chryston) (SNP): While we have been talking, I did a quick Google search and found a *Daily Record* article from October 2012, which I wonder whether the cabinet secretary recognises. It includes a quote from Alex Salmond, which the cabinet secretary mentioned. The article states:

“Work is expected to begin in 2014 and be complete by the spring of 2018.”

Do you recognise the article and is that the timescale that you are working to?

Keith Brown: I do not recognise the article, but I certainly recognise the timescale. Various other public statements were made that were consistent with that view. I acknowledge that I had to come to the committee to say that the Balmedie to Tippetry section would not be completed according to the contractor's programme due to weather and other circumstances, and I gave the commitment that it would be completed at the same time as the overall project. There is no question but that in 2015 we had some extraordinary weather that everyone knows about. I am not saying that it is a seamless thing. These projects are big, but that is what was stated at the start of the contract, both in the *Daily Record*, apparently, and elsewhere.

10:30

Peter Chapman: I would like to know a wee bit more about the Carillion situation. How will the payments due to Carillion up to its liquidation be managed, and what effect might that have on the other two partners?

Keith Brown: The two partners have made a public statement about the impact of the Carillion

withdrawal as they see it, and they think that it will have a substantial financial impact, but that is for the partners and the lenders involved in the consortium to manage. There will be no impact on the contract payment structure in ARL, which will receive payment once it is due. To go back to Mike Rumbles's previous question, if a part of the project is opened earlier, ARL will start to receive payment for that part of the project.

The contract with ARL has built-in provisions stating that both the remaining construction partners are jointly and severally liable for the completion of the project and provisions relating to payments. As I said, almost all of the subcontracts have been let by the consortium, rather than by Carillion, with the two exceptions that I mentioned previously.

Peter Chapman: There are two subcontractors that may end up severely out of pocket because of Carillion, because they were subcontracted directly to Carillion rather than to the consortium as a whole. Is that correct?

Keith Brown: Not quite; well, it is correct, but at least one of them—I think that it is the labour agency—is actually a subsidiary of Carillion.

Richard Lyle (Uddingston and Bellshill) (SNP): You have said a lot in your statement about Carillion workers. Three firms were working on the project, and two of them have now taken over. Are they taking on the Carillion workers, and will that not also delay the opening? I know that you do not have a crystal ball, and my view is that the road will open when it opens—that was always my view on the M74 and the M8 and I never chased you for an opening date for those big contracts—but can you give me any assurances about the Aberdeen project? A few moments ago, you said that some Carillion workers would be affected. Will all Carillion workers transfer over to the other two companies to finish off their part of the contract, or only some of them?

Keith Brown: I acknowledge Richard Lyle's 100 per cent track record in predicting that those big projects would open when they opened. That has been true in every case so far.

Richard Lyle is right to say that I cannot give a guarantee about all members of staff. I think that, so far, half of the 76 directly employed Carillion staff have been taken on by the two other contractors. I cannot confirm at this stage whether the 130 or so other staff, some of whom are agency staff, will be taken on, and the Scottish Government has no power to instruct the two remaining contractors to take them on. What we have said as part of the discussion that we are now having with them is that, if there is something that we can do to mitigate the impact on any staff who might be affected, we would be interested in

working with them. That also applies to subcontractors. When we had a recent problem with the BP pipeline, we set up a helpline for any companies that were experiencing cash-flow problems because of that, so that we could talk to them about how we might help.

The same is true of employees. We should know in fairly short order how many of the Carillion staff in total are being taken on. We know that about half of the full-time employees have so far been taken on, but I would be happy to be corrected by officials if they have more up-to-date information. There is a strong expectation that far more than that will be taken on, because the work still has to be done and the two remaining contractors want to get it done as quickly as possible, but I cannot be more definitive just now.

Richard Lyle: That is good enough for me. Could the liquidation of Carillion result in Scotland-based suppliers to the AWPR project not being paid for goods or services provided? That is linked to the comment that Peter Chapman made a few minutes ago. If so, what is the Scottish Government doing to assist those companies, and can we help them in any way?

Keith Brown: We have established a helpline for the companies and employees that might be involved. We have also asked all the big business organisations in the private sector to let us know of any companies that might need some assistance or might be impacted by this—not just in relation to the AWPR but in relation to other contracts, too. We have also had conversations with the trade unions to see whether they are aware of any other situations. We have a big interest in the apprenticeship programme that Carillion ran, much of which we are responsible for funding.

We have made it clear that we stand ready and willing to help. The key thing is keeping people employed and getting the project done. It is not our direct responsibility to take those people on, but we have made it clear that we want to help and we have given the public information to that effect.

Richard Lyle: That is good enough for me. Thank you.

The Convener: Before we move on, will you clarify something for me, cabinet secretary? Does the Scottish Government have to deal with the receiver that is dealing with the liquidation regarding moneys that are owed to Carillion for work that has been completed as of today's date? I am assuming that there will have been an assessment of all the work done, and the moneys due to the partnership for that work, at the date of liquidation? Is the Scottish Government speaking to the receiver or is the receiver speaking to the other members of the partnership?

Keith Brown: Both those things are happening, but the receiver was appointed by the UK Government. Until recently—and this might still be the case—Scottish Government officials, not necessarily in transport but in procurement and other areas, were in daily phone calls with representatives of the UK Government and the receiver. They are trying to manage that process. The receiver takes the decision; it has been appointed to do that, but we have been involved. It is worth saying that neither the UK Government nor the Scottish Government has a complete line of sight on all the work that Carillion was involved in, especially in the private sector. That is being fed in by other parties. We have a direct relationship with the receiver, but that is in conjunction with the UK Government. I do not know whether that is what you asked.

The Convener: The second question that I asked was about work completed at the date that Carillion was put into liquidation. I assume that you have an assessment of all the work that had been carried out, so you can assess how much money is due for work on the bit that was built at that date.

Keith Brown: It does not receive payment for anything that is not complete. I mentioned the Craibstone and Dyce section, which has been completed, so it receives money for that, but it does not receive money for any other works. Michelle Rennie can give you a more technical answer, but it will not start to receive the unitary payment, or a proportion of it, until further works are complete.

Michelle Rennie: It is important to clarify that the part of Carillion that forms part of the ARL—the special purpose vehicle for the AWPR—is not insolvent. However, the part of Carillion that undertakes the construction work and is part of the construction joint venture for the AWPR is insolvent. Any moneys, such as the unitary charge for the Craibstone and Dyce section, that the Scottish Government pays is paid to ARL, which includes the part of Carillion that is not insolvent. For the purposes of the AWPR, it would be ARL that needs to be in touch with the official receiver.

The Convener: Okay, but there could be moneys due to ARL that are owed by the Scottish Government for work already undertaken by ARL, which includes part of Carillion. There could be money coming to Carillion and its receiver as a result of work that is on-going.

Michelle Rennie: That is correct. As Mr Brown said, the Scottish Government is in touch with the official receiver in any case. We will remain available should it get in touch.

Colin Smyth (South Scotland) (Lab): Given the liquidation of Carillion and concerns about

other companies such as Interserve and the recent breach of European Union rules in relation to NPD projects, do you think that the time is right to review the operation of the NPD programme and the use of outsourcing companies?

Keith Brown: I am not sure what breach of the rules is being referred to, to be honest.

Colin Smyth: It was the rules on the funding of a range of NPD projects that require additional funding from the Government—obviously, that was some time ago. Given that issue and given the current challenges with Carillion and concerns about other companies such as Interserve, is it not time to look at that whole model again, specifically with regard to the use of outsourcing companies?

Keith Brown: The Scottish Government has not done much outsourcing. The vast majority of contracts, especially service-based contracts, have been let by the UK Government. There have been some cases—the West of Scotland Housing Association and a PFI project that Greater Glasgow Health Board signed in, I think, 1999-2000—but we have not done much. Scottish Water is still in the public sector. We have not gone for the privatisation of our prisons or many other areas as the UK Government has done. Carillion and Interserve are also both heavily involved in defence, and that does not apply to the Scottish Government.

There was no breach of the NPD rules. There was a reclassification by the European Union through the European system of accounts 2010 instrument, which issued further advice. That was what resulted in the Aberdeen western peripheral route coming back on to the public balance sheet.

Although Derek Mackay is responsible for procurement, we have to be aware that we are looking to reduce the extent to which these projects go to very large companies. We are looking at Transport Scotland in particular, although it is going to happen across the Government. We want to do more to ensure that more local companies, which do very well with the subcontracts, have greater access to some of these contracts in future. In general terms, we will always keep these projects under review. The member might be aware that the NPD process was part of a review of how we finance larger projects.

Colin Smyth: I thank the minister for his answer, particularly the reference to the need to look again at the impact on smaller companies, which tend to be at the very end of the chain when contracts are being given to big companies like Carillion.

There are also concerns that we continue to use companies like Carillion whose practices leave a lot to be desired. Carillion had a long-standing

issue with blacklisting, and we have recently seen reports of workers on projects having to pay up to £25 just to receive their wages because the company was using umbrella groups to employ workers. Do we not need to look at some of the working practices of some of these companies when we are awarding contracts?

Keith Brown: The terms around the awarding of contracts and employment law are reserved to the UK Government and have been for some time. It was the decision of many of the parties represented here that that should continue to be the case.

We were involved in one contract in which a company was, if you like, blacklisted by the UK Government. Under the law, we were then able to exclude it from consideration for the contract. It was then put back on to the approved list and we had no choice. If we exclude a company without the backing of the UK Government or without the EU saying that we should not deal with it because it has been blacklisting and so on, we could be subject to legal action. That would not be a responsible way of using taxpayers' money.

We have taken much stronger action on blacklisting in Scotland than has been taken elsewhere in the UK, even though we have substantial constraints on our powers. The member will know that regulations for companies that have been involved in blacklisting and how that can be remedied are laid down by the EU. I would dearly like for us to be able to take that kind of action, but procurement laws and action to exclude companies for blacklisting are reserved to the UK Government.

Colin Smyth: What is not reserved is the Scottish Government's decision to outsource these big projects to large companies.

The other concern that I have is about the consortium that has the contract for the AWPR recently accepting responsibility for silt pollution in the Don and Dee, which resulted in a penalty of around £280,000. Given that concerns had previously been raised about this issue, and you gave specific assurances to this committee on 14 December 2016 that mitigation measures were being put in place, how did that pollution happen?

Keith Brown: On your first point, I really do not know what projects you refer to when you talk about massive outsourcing. It would be useful to have that information so that I can respond more accurately if required.

The Scottish Government takes its environmental responsibilities very seriously and, following the incidents of silt pollution on the Don and Dee, we have continued to work closely with the Scottish Environment Protection Agency and the contractor to ensure that the watercourses on

site are protected from construction activities. Following June 2016, when there was a period of extremely heavy rainfall, the contractor voluntarily suspended activity across the site for two weeks to put further mitigation measures in place. The occurrence was extremely unfortunate and measures have been put in place to ensure no recurrence. We welcome the measures that have been agreed by SEPA and the contractor when they result in a positive impact. I should say that the offer of enforcement undertaking is a matter for the contractor and SEPA and one on which we are unable to comment. However, we have enjoined the contractor to ensure that no such incidents occur again.

10:45

The Convener: You can ask one more question, Mr Smyth, after which we will move on to Jamie Greene.

Colin Smyth: In December 2016, cabinet secretary, you told the committee:

“As part of the Scottish Government’s continuing scrutiny of the ... project, I have put in place detailed governance arrangements, which are overseen at the top level by a project board involving Transport Scotland, the Scottish Futures Trust and the funding partners at Aberdeen City Council and Aberdeenshire Council.”—[*Official Report, Rural Economy and Connectivity Committee*, 14 December 2016; c 23.]

What additional governance arrangements need to be put in place that were not in place to prevent such pollution from happening?

Keith Brown: I have mentioned the role of SEPA, and we have made sure that we work closely with it to ensure that it performs that oversight role. The people at SEPA are the experts in this area. In addition, there are project management processes in place. We have people on site virtually all the time to look at what is being done to ensure that such eventualities do not arise, but Michelle Rennie might be able to say more about that.

Michelle Rennie: That is precisely the case. Specific measures were taken after the events to which Colin Smyth refers. SEPA provided dedicated staff to work full time with the contractor on its proposals for future works and on any mitigation measures in relation to events that had already occurred.

Keith Brown: I cannot say too much about the legal aspect of the incident in question, but the offer of enforcement undertaking resulted in communities receiving around £280,000 of environmental benefits. That does not excuse what happened. We should avoid such events, but recompense was made for the damage that was done by the contractor.

Jamie Greene (West Scotland) (Con): Good morning. Following on from Colin Smyth’s remarks and notwithstanding the cabinet secretary’s comment that the Scottish Government has fewer managed service contracts, what general resilience or planning measures is the Government taking, outwith the normal due diligence that it undertakes prior to awarding a public contract, in relation to the potential for any other failures of organisations such as Carillion? In other words, what measures are being taken to ensure that, if the same thing were to happen with another contractor, the Government would be adequately prepared?

Keith Brown: We keep our ears pretty close to the ground. Indeed, that is true across all sorts of contracts, as I know from the ones that I have been involved in. Regardless of where it comes from, we will take on board any such information and, where necessary, investigate.

With the NPD projects, there are very onerous obligations on the contracting parties in relation to financial reporting and the stock exchange—they have to be very explicit about the situation that they are in. On-going diligence is carried out in response to any intelligence that is received, and the parties involved have reporting obligations to not just the financial markets but the Scottish Government. That is over and above the diligence that was done, for example, when the first of three profit warnings on Carillion was issued. Action was taken at that point, and not just in relation to the AWPR. In such circumstances, we immediately get asked by the public and interested members what the situation is; we make our own inquiries and take action to mitigate any risks. The biggest action that we take is, as Jamie Greene has mentioned, the action that we take at the start of the contract, when we make sure that there is a contingency in the event that one of the contractors falls over.

My officials might be able to say more about the financial diligence that is undertaken.

Michelle Rennie: We routinely carry out financial health checks on a variety of companies at the points at which we make decisions about bidder selection and contract award, and we now do the same throughout the contract delivery period.

In the event that we think that there is a particular risk, we will look at available contingency measures, which take a variety of forms. With a project such as the AWPR, which is a joint venture, the other joint venture partners would be able to take up the mantle. In other situations, we have frameworks or other procurement routes to enable us to deliver the same services that we would have got under the original contract.

Jamie Greene: Is the cabinet secretary or Ms Rennie aware of any other companies outside Carillion that the Scottish Government is worried about or whose financial status it is currently investigating?

Michelle Rennie: We continue to review a range of companies, but there is no specific risk to any major project at this point in time.

John Mason (Glasgow Shettleston) (SNP): I want to change the subject to Prestwick airport, which the cabinet secretary mentioned in his opening remarks and for which he gave us a few figures. It is positive that turnover at and usage of Prestwick airport are increasing, although the same might be reflected in other airports, too.

If I caught correctly what the cabinet secretary said, the loss at Prestwick airport was £7 million. That was an improvement, but even if losses are reduced by £1 million a year, they are going to be made for quite some time yet. Can you give us a little bit more of a feel for what will happen? Is there any likelihood of the airport being passed to the private sector in the short term? Is the Government still optimistic that the loans that have been made will eventually be recovered?

Keith Brown: On the point about passing the airport to the private sector in the short term, we have always said that we are willing to listen to interest from that sector, but I see no immediate prospect of the airport transferring to it. The airport's exact loss for the 12-month trading period was £7.8 million, which was down from £8.7 million for the previous period. There is no doubt that that is a lot of money, but it has to be set against the cost of closing the airport in respect of employment and the social and financial costs of the unemployment that would follow.

Let me give the committee an example of what is happening. At a previous appearance before the committee, I said that Chevron had taken one of the hangars at the airport. Obviously, that has produced a rental income revenue stream for the airport. It has been an extremely successful move, and Chevron is now looking to take on further accommodation.

We have always said that these things would take a long time. Members familiar with the airport will know that the previous owner, Infratil, had not invested substantially in its physical built environment for a long period, and we have been trying to catch up with and improve that situation. When I was at the airport the week before last, I saw substantial physical improvement. For example, the whole duty-free area has been refurbished, and the airport's appearance is substantially better. Its focus is shifting to other areas—freight, the military flights that I have already mentioned and rental income from other

facilities—and it is doing that quite effectively, but things will take time.

I cannot say when that will turn a profit or when the airport will revert to the private sector, but we intend both things to happen. Loans have to be made on the basis that they will be returned with interest paid.

John Mason: On the issue of freight, which you have mentioned, figures that we have been shown suggest that in 2007 Prestwick was handling more freight than Glasgow airport and Edinburgh airport combined. By 2016, however, it was handling less than either Glasgow airport or Edinburgh airport. You said that closure would mean a loss of jobs in Ayrshire, but could all the work that is being done at Prestwick—the freight, the passengers and so on—be handled by Glasgow and Edinburgh airports, or is other work being done at Prestwick that could not be handled by them?

Keith Brown: It is not for me to promote Glasgow airport, Edinburgh airport or Prestwick airport over and above the others, but I do not think that we would get Glasgow airport or Edinburgh airport to say that they have reached freight or passenger capacity.

You have quite rightly mentioned the 2007 figure. The airport then had a period of decline, which most of us will be familiar with. The fact is that there is an inextricable link between passengers and freight; much of the freight that comes into and goes out of the UK does so in the holds of passenger jets, which means that if there is no growth in passenger numbers, the level of freight is affected. Despite that, however, we have seen an increase at Prestwick.

It might be useful for members to see the improvements that have been made at Prestwick instead of just hearing me talk about them. If committee members, especially those familiar with the airport's decline over the years, would like a tour of the facilities to experience what is happening, Roy Brannen would be happy to arrange it.

In short, John Mason is right about the decline in freight since 2007. We did not have control of the airport then, of course, but I would point out that we have recently seen an increase in freight.

John Mason: I will take you up on your offer. It has been a wee while since I was at Prestwick, and I would like to visit it.

Are you satisfied that we are making the overall progress that the Government hoped to make, albeit gradually?

Keith Brown: We explicitly said that progress would be long term. Of course we want more progress, but I am confident, especially with the management team that is in place, that we are

actively looking at realistic opportunities to increase revenue, reduce losses and turn a profit.

Richard Lyle: What discussions is Prestwick having with other airlines? When I went there to pick up my daughter and grandchildren at 11 o'clock at night, I was the only person waiting for the flight. Very few flights were coming in. The graph will show passenger numbers falling from 2.5 million to under 500,000—although that figure might be slightly up.

Every month, I get emails about other airports, saying that things at Glasgow are fantastic, things at Edinburgh are fantastic, we need to build an extra runway in London or whatever. People going to the London airports have to travel 20, 30 or 40 minutes by train and it costs them a fortune. Since we upgraded the M74 with the new extension—or what is now the old extension—I can get to Prestwick in about 20 minutes or half an hour from where I stay because the roads are excellent. Why are we not promoting Prestwick? It is a jewel in the crown, and we need to promote it. It has plenty of slots and space. What is the problem?

Keith Brown: We are promoting Prestwick. The responsibility for attracting additional passengers lies with the airport, which has to be distinct from the Scottish Government, but I know about its activity in that respect.

Returning to Richard Lyle's point, I think that, when he goes from his home to Prestwick airport, he passes Glasgow airport.

Richard Lyle: No, I do not.

Keith Brown: In that case, I am not sure what route he takes.

The Convener: Let us stop the discussion on routes and how we get to the airport and build on Richard Lyle's question about how we promote an increase in passenger numbers.

Keith Brown: Richard Lyle has quite rightly identified the airport's biggest challenge, but a huge amount of work is going on in that respect. Roy Brannen can talk about the offers that have been made to try to attract more business, because, as well as being the chief executive of Transport Scotland, he is on the holding company that runs the airport. It would therefore be useful to hear from him.

Roy Brannen (Scottish Government): Mr Lyle is right that the airport has huge potential. For a start, there are 2.1 million people within 60 minutes of it. A third of the people who go there travel by train—there is an air-bridge direct to the railway line—and there are good connections to the M77. Those are all factored into the promotion and marketing of the airport by the executive team, who are working tirelessly to try to attract additional services.

There is a similar market pattern in peer airports in the UK. All passenger numbers declined from 2007, and the heady days of 2.5 million are still some time away. However, I would refer members back to the accounts that were published just before Christmas, that show that passenger numbers sharply increased over the past year and are heading in the right direction.

The strategic plan for 2017 to 2022, which was issued last year, has a strong focus on business growth across all revenues. Prestwick is not just about passenger numbers; it is a mixed bag of operations, and it is important for the committee to come down to see at first hand the extent of the land holding, the facilities, the operations for fixed-deployment services and the military aircraft coming in to refuel. Prestwick has the potential to become a real driver for economic growth in that part of the country. My role as a non-executive director on the Holdco board and chief executive of Transport Scotland is to work with Andrew Miller and his team to make this a success story.

Jamie Greene: Mr Brannen's comments segue nicely into my question. According to my briefing papers, the former chief executive officer, Ron Smith, departed at the end of October 2017 "by mutual agreement". Call me cynical, but I think that few relationships end so amicably. Who made the decision that Mr Smith should depart? What reasons were given for his departure, and how has it impacted the management team's ability to deliver on the strategic plan?

11:00

Keith Brown: Roy Brannen is much closer to that than I am. We do not have responsibility for Mr Smith's appointment.

Roy Brannen: That is a matter for the Prestwick operations company—or ops co—board. The company is run at arm's length from us. Mr Smith left by mutual agreement and Stewart Adams, who has more than 40 years' worth of experience as a chief executive in the aviation industry, is now in the post. Andrew Miller and his team felt that taking a different direction was the right thing to do.

Jamie Greene: Ron Smith was there for only 17 months. Has the ops co given Transport Scotland or the Scottish Government any reasons for such a prompt departure?

Roy Brannen: No, other than that Ron Smith was instrumental in developing the 2017 to 2022 strategic plan. Stewart Adams is now in post to re-examine what more can be done across all the different avenues. As I have said, it is a question for the ops co board rather than the Holdco board or the Scottish Government.

Jamie Greene: Has the ops co indicated timelines for the appointment of a new, permanent CEO? Does it represent a shift in direction for the strategic plan with regard to turning the airport round or presenting it back to the private sector?

Roy Brannen: It is an issue for the ops co board and Andrew Miller as the chairman in particular in appointing his executive team. The team is working across the six strands of the strategic plan and I am sure that Stewart Adams will put his endeavour into all six.

Jamie Greene: I appreciate that much of the answer that I have just received refers me to the ops co. However, we do not have the benefit of having the ops co in front of us. As Prestwick is funded entirely by the public purse and its lines of responsibility ultimately go up through Transport Scotland to the Scottish Government, I had hoped that the witnesses would have more oversight of what is happening there instead of just referring me to the ops co. I am afraid that I do not find that response particularly helpful.

Keith Brown: You will find that we are obliged to do it in that way. That was the basis on which we were allowed to invest in Prestwick airport. There are certain obligations on us. However, the visit that has been referred to might help answer some of your questions about the direction of the strategic plan. If you get the chance to go, you will meet the executive team and others and have the chance to put those questions directly to them.

Jamie Greene: I am happy to take them up on that offer.

The Convener: We will get a chance to discuss the visit as a committee afterwards.

We have heard about the increase in the facilities at and the investment in Prestwick airport. However, when I looked back through the old accounts, I found that, in 2016, the Scottish Government invested £26.8 million in the airport. In 2017, we increased the investment to £37.9 million. That £11 million or so increase cost us £745,000 to service, but the value of the assets on 1 April 2015 was the same as it was on 31 March 2017. That strikes me as odd. Can you explain why there has been no increase in the value of the assets over two years despite a massive increase in funding?

Keith Brown: No, I cannot. That information would be held by the ops co. I can certainly speak to the experience that I have had of going to the airport and seeing the difference in the facilities, such as the frontage of the airport. I have also mentioned the duty-free areas and there has also recently been an upgrade to the security.

I do not know whether Roy Brannen wants to comment further on that.

Roy Brannen: I do not have an answer to the question, but I can certainly endeavour to get one and provide it to the committee in due course.

The Convener: If you were signing off a set of accounts, you would find it odd that the opening value was the same as the closing value after investing a further £11 million in the project. I do not understand that, and I would be grateful if you could clarify it for me.

A lot of the profits have been made on fuel conversion; in fact, the fuel trading figures at Prestwick have gone up by more than 100 per cent. Given how the price of fuel and oil goes up and down, is that not a fragile way of increasing an airport's turnover?

Keith Brown: I do not think that it is so much the volatility of the price that determines those opportunities as the willingness of carriers to use Prestwick for that purpose. After all, they have to get fuel from somewhere. There are some interesting issues to do with price and the sourcing of fuel, but the question is probably best answered by the ops co, which has been involved in some pretty robust discussions with the suppliers to try to improve its margins.

I know that representatives from Prestwick airport have previously appeared before the committee, and they are probably better placed to answer some of the specific questions. I do not know whether Roy Brannen wants to say anymore on the fuel situation.

Roy Brannen: In terms of fuel—

The Convener: Before you go on and just to put the issue in context, I would point out revenue from other aviation property, car parking concessions and passenger numbers has all but flatlined. The only increase in revenue in 2016-17 was due to freight, so it plays a pretty important part.

Roy Brannen: The biggest increase in terms of fuel is the additionality that has come from military planes flying into Prestwick to refuel on fixed-base operations. Private jets and other aircraft that fly in have to go somewhere to refuel if they are flying across the Atlantic, and Prestwick has been very successful in attracting that additionality. The airport has seen a huge increase in that additionality and it hopes to grow that in other streams such as car parking, revenue from passengers and the operations of the property itself. We expect that, once Chevron continues its maintenance, repair and overhaul, Prestwick will have more work coming through that facility.

As I have said, this is about not just passengers, but growth across a huge range of activity. I hope that, when the committee goes down to Prestwick,

I hope that Andrew Miller and his team will be able to communicate exactly what their plans are.

The Convener: I will park my final question and just say that I am very much looking forward to taking up the offer of a visit. I would love to see the investment property, because it seems to decline in value every year.

Peter Chapman: I have a specific question that follows on from what has been said about growing the business.

One of our great export success stories is Scottish food and drink, and our biggest food export is Scottish salmon. We export thousands of tonnes of salmon to America every year. All that salmon, as I understand it, is trunked down to Heathrow airport, which is 400 or 500 miles further south than Prestwick, and flown to America from there. I see a huge opportunity for Prestwick airport to grab some of that freight business, and I have already written to you on the subject. How actively are you looking at that proposal? There are real opportunities there.

Keith Brown: As you say, we have discussed the issue previously. I think that I mentioned at that time that we had also looked at the issue previously ourselves. There has been a huge increase in farmed salmon in Scotland, and there is huge international demand for it. As you say, some of it is transported to Heathrow, which does not make sense for the environment. However, as I mentioned, much of it is transported to the middle east in the belly of passenger jets, and we would have to overcome the economics of that.

The way in which the system works now is that exports go to certain points where there are distribution centres. If they are going to the US, they go to one centre where there is a huge distribution network.

Nevertheless I have investigated the proposal before. After we had our discussion, I spoke to the management at Prestwick airport when I was down there recently. To try to move things on, I have asked them to convene a meeting with suppliers and others. Many of them are pretty fixed in the way that they currently haul their products—you will know that better than I do. When there were huge problems at the Channel tunnel, we said that Prestwick and other airports were available and that the economics of using the tunnel did not stack up, but the suppliers wanted to use the haulage networks that they already used, notwithstanding the problems at the Channel tunnel.

The issue is being actively looked at, and I have asked the management at Prestwick to convene a meeting with some of the producers, so that we can properly investigate any possible opportunities.

John Finnie (Highlands and Islands) (Green):

Before I ask my question, I declare my membership of the National Union of Rail, Maritime and Transport Workers parliamentary group. I am sorry for not mentioning that earlier—it was remiss of me.

The Convener: Thank you.

John Finnie: Cabinet secretary, I would like to ask you about high-speed rail. A report was commissioned in 2016, and I understand that there is joint working between Scotland and the UK to progress that work. Can you provide an update on the development of plans to extend high-speed rail services to Scotland since the report was published? Do you have a view for those who are critics of the level of investment that is being made in a single scheme, including even rail enthusiasts?

Keith Brown: We are not responsible for that investment—the UK Government is. As you say, a substantial increase in the high-level costs of the current proposals for high speed 2 has recently been reported. Our position is that Scotland should benefit from that investment, and not just in terms of the benefits south of the border that might feed through, say, in reduced journey times north of the border.

There are two aspects to it. One is reduced journey times, which we think will improve the attractiveness of rail travel, especially in comparison to air travel. Journey times are important for that purpose. However, probably more important are the capacity issues on both the west and east coast main lines. That is why we think there has to be investment.

A commitment was made by the then UK transport secretary, at his party conference, to reduce journey times from London to Scotland to three hours. We noted that commitment and investigated it, and we know that it is not possible to achieve that kind of journey time without investment in high-speed rail in Scotland. We are not talking about a fully high-speed rail line all the way to Edinburgh or Glasgow, but there must be high-speed elements to it. We have used that commitment to have discussions and some joint investigations with the UK Government as to the feasibility of the proposal, and those discussions are on-going. It is true that we will get some benefit from improvements to the network from London to the midlands, but we want improvements here in Scotland as well. That is the current position.

Do you want to add anything, Roy?

Roy Brannen: The north of high speed 2 working group, which is comprised of the Department for Transport, High Speed Two, Transport Scotland and Network Rail, has

narrowed the proposal down to two options on the east and west coast lines. Just before Christmas, the First Minister announced that we would undertake a more detailed study on the feasibility of those two options.

On the east coast, we are looking at a new high-speed line between Dunbar and Newcastle, which would potentially reduce the journey time to an hour on that section and bring those two cities of the northern powerhouse—Newcastle and Edinburgh—much closer. Equally, it would make the Edinburgh to London journey time three hours and 25 minutes. On the west coast, we are looking at improving with a high-speed rail link a cord that touches Rutherglen and Carstairs and then runs down to the border, which would get the journey time to London down the west coast to three-and-a-bit hours.

Tenders are now back, and we hope to award a contract for that feasibility study. I am happy for the team to report back to the Rural Economy and Connectivity Committee later in the year on the outcome of the study.

John Finnie: Can you clarify whether, in layman's terms, that would be a completely new line or an upgrading of the existing line? There is concern that the existing facilities and infrastructure could lose out due to the approach that is being taken on high-speed rail.

Roy Brannen: On the east coast, it would be a new high-speed line. I might have got the speed wrong, but there could be a line speed of up to 250mph off the existing line. Members may know the existing line, which is very close to the coast and has been moved already. It is probably going to need to be moved again in two or three decades, so there would be a new high-speed line, separate from the existing line, that would provide the opportunity both to run high-speed trains and to provide the local service enhancements that we will be looking for.

John Finnie: I have a question for the cabinet secretary about the carbon assessment of infrastructure. My colleague Patrick Harvie raised issues at the Finance and Constitution Committee and received back a letter from the cabinet secretary's colleague, Mr Mackay, with positive news. The percentage of the Scottish Government's infrastructure spend that is low carbon is moving from 21 to 29 per cent. Consequently, high-carbon spend is down from 23 to 12 per cent. That excludes local government spend, over which the Government has no control. How can you maintain that trajectory, particularly with the road-building programme that you have planned?

Keith Brown: In our view—this has also been confirmed by a previous UK transport secretary—

there had been insufficient investment in Scotland's transport infrastructure for decades, and that relates to roads as much as to anything else. That is why we have had a large roads improvement project over a number of years. It is also necessary for low-carbon vehicles, buses and even bikes to use roads. We felt that that investment was absolutely necessary. That has been matched by our investment in rail, whether in improvements to services, new rolling stock, new stations or new lines, in the case of the Borders railway.

11:15

Some time ago, we said that our ambition was to have all Scotland's cities connected by at least a dual carriageway if not a motorway, and completion of the A9 and the A96 will mark the point at which that has been achieved. Even in anticipation of that point, with some of the big projects that we have had—the M80, the M8 bundle that Richard Lyle talked about and the Queensferry crossing—we are seeing a shift towards some of the low-carbon things that the First Minister talked about in the programme for government. I think that that shift will increase over the coming years.

We thought that it was essential to make those investments in the roads network to make up for decades of underinvestment.

John Finnie: There is going to be the same time lapse with regard to investment in roads that are outwith that triangle, because a lot of the roads infrastructure that is not within it has not been maintained or upgraded. Will there not be further lapses if you are spending £6 billion on two roads?

Keith Brown: As you have mentioned, the vast majority—96 per cent, I think—of the roads in Scotland are under the control of local authorities, and it is for them to take action on their roads.

In some areas, where there is a conjunction of local roads and trunk roads, such as the Longman roundabout in Inverness, which you will be aware of, we are working with the local authority. There are proposals for a similar scheme in Ayrshire. However, such roads are the responsibility of local authorities, and you would not want us to be telling local authorities how to do their business.

John Finnie: I do not want you to spend £70 million on a roundabout just to get people off a bridge five minutes quicker. I think that the public do not get the differentiation between Government trunk road responsibility and local authority responsibility for the infrastructure where they are. Infrastructure is currently outwith that triangle.

Keith Brown: Whatever the public's perception is, there is a legal definition of a roads authority,

and we are not the roads authority for those roads. We cannot go in and start working on those roads—we are not able to do that.

In relation to the Longman roundabout, we responded to requests from local partners, including local authorities, about the projects that they wanted to prioritise.

John Finnie: I am equally critical of them, but thank you.

Gail Ross (Caithness, Sutherland and Ross) (SNP): Cabinet secretary, you mentioned—in fact, you went over in some detail—the dualling of the A9 and the A96. John Finnie has just touched on that as well, so I will not linger on it for too long.

I will start with the A9 dualling project. Our briefing papers say that

“preferred routes for over 36 miles of the 80 miles to be dualled”

have been identified, but in your opening statement you said that 90 per cent have been identified. That is considerably more than we have been told about. I would also like to know about the other 10 per cent. If you travel the A9, you will know that there are some bits where it would be quite difficult to get a dual carriageway in. When do you envisage 100 per cent of the preferred options being identified?

Keith Brown: I think that I gave a date for that of later this year. Michelle Rennie knows about the background to that. At present, £200 million of new projects are being procured, starting from Luncarty. Sorry—it is Alasdair Graham who can comment on that.

Alasdair Graham (Scottish Government): As the cabinet secretary says, over 90 per cent of the A9 now has preferred option status. The one section that does not is between Birnam and Dunkeld. We are currently working with the local community in a co-creative process to identify a preferred option for that section later this year.

Keith Brown: You might have seen one of the options that is being proposed mentioned on social media. We have been undertaking work there with local authorities through a very unusual process called a co-creative process. It is the first time that we have used it. The Children’s Parliament came up with the suggestion of an egg-shaped roundabout with a guinea pig farm in the centre. We are looking at all possibilities and suggestions.

Gail Ross: That sounds fantastic.

Keith Brown: You are right to ask why that section is an outlier, if you like. Constraints related to the Dunkeld rail station and the local roads are one reason why whatever is done there is going to

be contentious. That is why we have taken a bit more time on that section.

Gail Ross: For both dualling projects—the A9 and the A96—how do you engage with communities along the route to make sure that there is minimum disruption and that you are doing what is best for those communities?

Keith Brown: That is one of the reasons—not the only reason—that we have done the work in 12 phases. As you will know better than me, if we tried to go out to public consultation on the entire length of the A9, people would be swamped with information about large parts of the road that they were not familiar with. We have phased the work in manageable chunks, which allows us to undertake pretty substantial consultations.

I recently met members of the Mannachie group on the A96, and that approach allows them to focus on the particular part that is of most interest to them. The approach goes right the way through the consultation process, public exhibitions, local interest groups, community councils and local authorities to, if necessary, a public local inquiry. There is huge amount of engagement involved in the projects.

Gail Ross: As you and John Finnie have said, each project costs £3 billion, with the A9 due to be completed in 2025 and the A96 in 2030. I know that it is very early but, at this point in time, are you on schedule and on budget? Are you where you would want to be?

The Convener: I do not think that that is a spring or autumn question; it is quite a general one.

Gail Ross: Indeed.

Keith Brown: At this stage of the project, all that we can do is give an indicative figure, which is what the £3 billion is. The A9 work has 12 different phases, so we are going to the market 12 times, which means that we had to give an indicative figure. However, we have been specific about the completion date of 2025. That is our intention, and nothing has changed our intention to complete work on the A9 in 2025 and on the A96 in 2030.

When we first announced the projects, some people talked about how far away they seemed. However, if you look at the processes that we have to go through, such as PLIs and so on, that is quite a tight timescale and it always was. We said that from the very start.

As things stand, there is nothing to change our minds about those target dates.

The Convener: There are a lot of questions in this section, and I would like to push through them as quickly as possible in order to get everyone in.

John Finnie: I have a question about consultation. Although I do not support either of the projects, I do support the co-operative and constructive approach that is being taken in the Dunkeld area—particularly the engagement of young people. Given the timescales that we are talking about, they are the people who will use the new facilities. Do you envisage using the co-creative process for the A96?

My other question is on a specific issue that I have raised with you previously, if not at the committee then in writing. If the consultation suggested that, rather than a grade-separated junction, a roundabout should be the preferred option and would mean significant savings, would that be taken on board?

Keith Brown: It would certainly be taken on board. This is the first time that we have used the co-creative process. If the co-creative process takes substantially longer than the standard process and that jeopardises the long-term targets, we will be criticised for that, I am sure. We must, therefore, have an eye on making sure that we proceed with the project.

It is true to say that we are trying to learn from doing this for the first time. There has been talk with another member who is not present about whether the process could be used for one or two more contentious parts of the A96, and we are willing to look at that. If it results in a suggestion for a roundabout rather than a grade-separated junction, of course we will look at that.

I am conscious that I am sitting beside transport experts here, but I should say that a roundabout introduces a level of disruption to a journey that a grade-separated junction seeks to alleviate. There are pros and cons on both sides. We would, nevertheless, look at any suggestions that were made as part of the process.

John Finnie: Thank you. That is reassuring.

Fulton MacGregor: On the M8, M73 and M74, it is testament to Transport Scotland and the Scottish Government that we are talking about the project towards the end of the meeting, which indicates that there have been very few issues following the completion of the project. I live in one of the areas that it goes through, and I can testify that it has brought benefits.

However, my concern going forward is about how we can ensure that the expected benefits are realised, particularly because a lot of the areas that the road runs through, including my constituency, are deprived areas. How will they benefit? Do you have any thoughts on that, cabinet secretary?

Keith Brown: To be fair, there have been issues subsequent to the project's completion, as

Mr Lyle would attest, but Mr MacGregor is right in saying that the project has been hugely beneficial to the area. You will know better than I do about the transformation that has been effected for people using the Raith interchange. At the opening, which was attended by the First Minister, somebody from Scottish Chambers of Commerce mentioned a comment made by Will Hutton some time ago about how, if the proper transport links—rail as well as road—could be created between Edinburgh and Glasgow, as well as points in between, that could make the whole area a real powerhouse, because it would improve labour mobility. That is where some of the huge benefits come from when roads are improved.

It is a bundle of roads, and we have been questioned about why we sometimes put different, sometimes disparate works together. The answer is that we can get more for our money if we do that. It was a difficult project because, unlike some of the other projects that we have discussed, it was all online. The Aberdeen western peripheral route is almost entirely in its own space, whereas the M8 link was online on one of the busiest roads in Scotland. It means, however, that main street Scotland, if that is how you want to refer to the motorway between Edinburgh and Glasgow, is now a motorway the whole way. The reduction in journey times and in environmental damage—because traffic jams are one of the worst things for producing fumes—and the relative ease with which people and goods can move around the country are among the benefits that will come from the improvements. During the construction, there were also substantial benefits from the employment that the project created.

Fulton MacGregor: Constituents have come to me with feedback about better journey times and less congestion, as you mentioned, but I have a longer-term concern. The road is up and running and everybody is behind it, but I would not like it to become a bypass for towns such as Coatbridge, Airdrie and Bellshill. I am sure that that is not the Government's intention, but I wonder whether you can look at ways to avoid that happening, so that every part of the network gets equal advantages when it comes to improving communities.

Keith Brown: It might be useful to hear from some of the experts. We take that into account before we commit to major projects, but it is a dilemma. The classic example is route 66 in the States, where they got an efficient road service but many communities suffered as a result. I am aware from my time as Minister for Transport and Veterans that many communities want a bypass but subsequently find that the consequences of bypassing can be substantial. We try to take that into account in the assessments that we do. One of my colleagues may wish to comment on that.

Roy Brannen: As the engineer in charge at Transport Scotland, I will try to answer that. We now look beyond traditional transport economic modelling at the wider economic benefits of all our transport schemes. In the past, our considerations would traditionally have been about engine efficiency, journey time savings and accident savings, but now we look further than that. A useful example is the Borders railway, the blueprint for which covered benefits much wider than just those of having a linear transport link between the Borders and Edinburgh. Mr MacGregor's point is well made. When we did the opening at Maxim, the chap in charge said that there had been an increase in business activity towards that location because the strategic network had been unblocked. We are catering for strategic traffic, but we are also mindful of business growth in the local area.

Richard Lyle: Before the AWPR, the bundle of road projects on the M8, M73 and M74 was one of the biggest projects in Scotland. It was in my area and many members of the committee were fed up with me continually asking questions about it. I have to say that, during the time that Mr Brannen, Michelle Rennie and the cabinet secretary have been dealing with the project, you have responded diligently to all the questions, letters and complaints from my constituents, and I want to thank the three of you personally for that. I know that you were instrumental in getting all the traffic cones removed from the M74 the day it opened. You are right that there have been issues. On the Raith interchange, people were going one way one day and the other way the next day. It was confusing for a lot of car drivers, and we had to remember that people were working, but what you did was absolutely fantastic, and I compliment you on it.

11:30

The bad bit, however, relates to the Shawhead flyover. Between my colleague Fulton MacGregor's constituency and mine there has been a site full of building materials, fences and so on for the past six months—I see Michelle Rennie nodding. Another factor is that, with the greatest respect to my colleague, there ain't no signs for Bellshill on the M8 coming out of Glasgow Fort. You have put up three gantries there, and one of them could have a sign to Bellshill and Coatbridge, and there could be a sign to Bellshill at the Bargeddie roundabout. There are more signs to Mackinnon Mills than to Bellshill. You already know my position on this, but I want Bellshill back on the map for those coming off the M8.

As I said, I compliment you on the work that you have done on the project. Journey times have improved and we have fantastic roads. However,

the question that has to be asked is: what lessons have you learned? From discussions that I have had with Transport Scotland, I understand that there was no leeway to vary the contract. That is particularly evident with regard to tree felling and tree reinstatement. I understand that Roy Brannen and Michelle Rennie have been out in areas investigating issues around noise reduction, and there are still some areas that need to be tidied up.

The Convener: Many of the issues that have just been raised regarding signs, storage and tree felling are constituency issues, and I would be happy for Michelle Rennie or the cabinet secretary to respond to Richard Lyle in writing on them. However, I think that there was an overarching point about lessons that have been learned, and I invite the cabinet secretary to answer that.

Keith Brown: Richard Lyle makes a good point. To go back to the point that Colin Smyth made earlier, we must ask what we can learn from projects once we have completed them. There is a tension between cost, delivery dates and how tight or flexible the contract is. Richard Lyle also made a point about how we can ensure that traffic management is handled in the best way possible and that there is consultation about it. Those are real tensions and different awarding authorities take different approaches. We take those issues into account.

The project that Richard Lyle is talking about is a fantastic one that has resulted in long-term benefits to the roads network, but I think that we have some lessons to learn, especially with regard to diversions and traffic management.

Mike Rumbles: Yesterday, the Government made a welcome announcement about the fact that 99 per cent of drivers on the A90 are now obeying the speed limit because of the average speed cameras between Aberdeen and Dundee. That is welcome news. Everybody wants that, as well as a reduction in the number of road accidents. Is an assumption being made that, because drivers are now staying within the speed limit, there will have been a reduction in accidents in October, November and December? It would have been helpful to make the connection between the two issues. Would it be possible to have the statistics regarding whether there has been a reduction in accidents in those three months on that stretch of trunk road?

Keith Brown: That is a fair question. However, the issue is more one for Humza Yousaf, because it is not a major project. I know that, on the A9, there was a time lag between the figures for the number of drivers who were speeding and the number of accidents. However, other than that, I do not think that there is any issue with the information that you request being made available,

although it is issued by the police rather than the Scottish Government, as far as I recall. I am happy to ask my colleague whether that information could be provided.

Mike Rumbles: That would be helpful.

The Convener: The clerks will contact you to confirm the request for that information.

Jamie Greene: I apologise to the cabinet secretary if this is a matter for the transport minister, but I will pose the question to benefit from the panel's knowledge. Our briefing says that the M8, M73 and M74 project was completed in the spring of 2017. Does the cabinet secretary have any views on the fact that the overhead gantries are not in full use at present, the information matrix boards are not fully operational, there are no speed or safety cameras in operation and none of that has any mains power and is all being run off diesel generators? Can the cabinet secretary or anyone else on the panel outline a timetable for when that motorway network will be fully operational, including all its safety features?

Keith Brown: That is a question for me rather than for Humza Yousaf. We can get a detailed response from the officials on that but what I will say—this applied also to the Queensferry crossing—is that, if we were to wait until every part of the project was finished before opening the road, we would come under substantial pressure from members of this committee, other MSPs and the public, who would ask, “Why not open the road and do those things as and when you can do them?” I know that that has happened previously.

This is not snagging work; you are speaking about work that would always have to be done, on the gantries and so on, but we try to get the road open as soon as possible for the benefit of the public and we anticipate that some work will take place after that.

Michelle Rennie: The first thing to be clear about is that, before we open the roads, they are deemed safe for operational use by an independent road safety auditor. There is no risk at all to the road user. In addition, as Mr Brown said, there are always works that are not necessary for the safe operation of the road but that it would be preferable to have completed at the earliest opportunity.

With that in mind, the contract is set up in such a way that there is a milestone for opening the road for full usage and then another milestone after that, which is final completion. With those milestones, there is an associated payment. Until such time as all aspects of the road are fully complete, the contractor does not receive full payment, so he is fully incentivised to complete that as quickly as possible.

The programme for completing any of those jobs is a matter for the contractor; it is his programme and it is up to him to manage and resource it. The contractor for the M8 currently estimates that he should reach completion around April. It is up to him to make sure that that happens, and he will not receive the full payment until such time as he has completed the programme.

Jamie Greene: Just to clarify, are you saying that the current presumed date for the aforementioned additional features of the motorway system to be completed is April 2018?

Michelle Rennie: Yes, that is what the contractor is projecting.

Jamie Greene: Thank you.

The Convener: At the outset, the cabinet secretary mentioned the Queensferry crossing. If members have any questions on that, now is the appropriate time to ask them.

I will start with a small question. I have struggled to find this out and maybe just a quick answer from the cabinet secretary will clarify it. Am I right in thinking that the Queensferry crossing budget covers all the costs to the existing road network from one side of the crossing to the existing road network on the other side and no other work has been put into any other budget?

Keith Brown: In fact, the budget also covers substantial works on either side to the existing road network—

The Convener: Is that all covered in the budget price that you have given us, right the way across, from where it forks off the existing road and joins the road again on the other side?

Keith Brown: Yes. There are three distinct elements to it. I think that your underlying question is whether we are salting some part of the budget away to some other budget. That is not happening as far as I am aware.

The Convener: I was not suggesting that. There were quite a lot of works in the lead-up to and the lead-off from the new road and I just want to ascertain that everything was in the budget.

Keith Brown: I think that we were clear that there were three distinct elements to the budget and we priced each of those. The costs have come down over time.

Michelle Rennie: All the works associated with the project are included within the budget that we have been reporting to the committee.

The Convener: Does anyone else have a question?

Mike Rumbles: It is great that the road is now open. I ask the officials, not the cabinet secretary, when all the works—not just the snagging—will be completed.

Michelle Rennie: The committee has received a letter from us that outlines the programme of works between now and next September. We expect the works that we know about to be complete by then.

Mike Rumbles: By September.

The Convener: The committee has received a letter that says that responsibility for the Queensferry crossing has passed to Humza Yousaf. You have mentioned that at some length this morning. It would be helpful to clarify to whom we should direct our questions for future meetings, should there be any. A letter with confirmation would be useful.

Keith Brown: It is relatively straightforward. Major projects, including the Queensferry crossing, are my responsibility. That project is coming to an end, as you can tell, and I am still answerable for that part of the project. The day-to-day running is Humza Yousaf's responsibility. I will write to the committee with a clarification, if that would suit.

The Convener: That is at odds with the letter that we have received. It would be useful to have clarification.

Richard Lyle: Are any more snagging or road closures needed? Is it all now fully opened and running well?

Keith Brown: The answer is pretty much as laid out in the letter. Would Michelle Rennie like to add anything?

Michelle Rennie: The situation is as laid out in the letter.

Richard Lyle: Thank you.

The Convener: That is all our questions. I thank the cabinet secretary and Michelle Rennie, Alasdair Graham and Roy Brannen for their attendance. I will pause the meeting to allow the witnesses to leave.

11:41

Meeting suspended.

11:42

On resuming—

Subordinate Legislation

Sea Fish (Prohibited Methods of Fishing) (Firth of Clyde) Order 2017 (SSI 2017/450)

Specified Crustaceans (Prohibition on Landing, Sale and Carriage) (Scotland) Order 2017 (SSI 2017/455)

The Convener: Item 3 is subordinate legislation. We are considering two negative instruments about the management of fishing. No motions to annul have been received in relation to the instruments.

Is the committee agreed that it does not wish to make any recommendation in relation to the instruments?

Members *indicated agreement.*

The Convener: The committee will now move into private session.

11:43

Meeting continued in private until 11:45.

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