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Dear Ian,

Infrastructure Commission for Scotland – Initial Call for Evidence

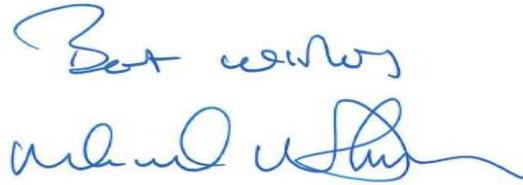
I am very supportive of the engaging approach the Infrastructure Commission is taking, believing it a vital part of your work. The call for evidence is the first stage of your outreach, and I welcome the opportunity it offers to draw upon the wealth of knowledge and expertise right across Scotland.

As part of that, I would like to share some work which may help as context and assist your consideration of the right 30 year vision for infrastructure. Specifically, Scottish Government has been looking with others at longer term demographic and technological change. Notable developments are also emerging in relation to “place-making” and officials are developing a new digital planning tool, which can be demonstrated to the Commission. This week, Scottish Ministers have published information on Scotland’s best trade priorities for the medium-term. And you will wish to note the important advice published by the Committee on Climate Change on the level of long-term emissions reduction targets, upon which the Scottish Government has acted immediately to amend the current Climate Change (Scotland) Bill.

In drawing your attention to these inputs linked to the strategic drivers in your remit, I would welcome the Commission’s insight around their implications for infrastructure priorities. Annex A gives details and provides links to a number of relevant policies and strategies already in place or being developed. This is not an exhaustive list, and I’m happy to share any further information you wish, or arrange for Commissioners to receive relevant official background briefing. Should you wish to discuss any of these issues further please let me know.

As you know, the 2018 Programme for Government included a National Infrastructure Mission to increase annual investment in infrastructure by 1% of 2017 Scottish GDP by 2025-26. The Scottish Government is currently concluding delivery of those projects detailed in the 2015 Infrastructure Investment Plan. My expectation is that the Scottish Government's future strategy, covering the next Parliamentary period, might best be set out during 2020 in the next Infrastructure Investment Plan. Clearly the Infrastructure Commission's expert and widely engaging work to define the right vision and priorities for Scottish infrastructure will be crucial to informing this new Plan.

I look forward with interest to your initial findings at the end of June.



MICHAEL MATHESON

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Infrastructure Commission for Scotland – Initial Call for Evidence Scottish Government Contribution

The remit of the Infrastructure Commission for Scotland has been informed by the Scottish Government's outcomes-based [National Performance Framework](#) and [Economic Strategy](#) and the accompanying [Economic Action Plan](#), which sets out the actions we are taking to enhance the conditions in Scotland to thrive.

The economic rationale for the Scottish Government's National Infrastructure Mission and the establishment of the Infrastructure Commission for Scotland was supported by a paper produced by Scottish Government analysts¹, which sets out the important role that infrastructure investment plays in improving the productive capacity of the economy and delivering long run economic benefits.

Under the Commission's remit, the Scottish Government set out seven strategic drivers to consider as you formulate your advice:

- Demographic and other social change factors
- How to prioritise investment to deliver inclusive economic growth and low carbon objectives
- Technological change and innovation
- Place-making
- Securing Scotland's international competitiveness
- The markets and connections Scotland requires for goods, services and people
- Considerations around development, ownership and financing of infrastructure, including Fair Work.

The following information provides a selection of important developments in the evidence base relating to these drivers, along with a number of developments in individual subject areas, which we believe to be relevant to the Commission's work.

Demographic and other social change factors

The National Records of Scotland have, in conjunction with Scottish Government, compiled a paper drawing on previously published statistics to summarise the key demographic trends for Scotland and submitted this to the commission in response to the call for evidence². This evidence should be helpful in understanding how Scotland's demographics, both nationally and at a local level, are changing to allow the Commission to consider in relation to future needs and demand for infrastructure.

¹ <https://www.gov.scot/publications/exploring-economic-rationale-infrastructure-investment/>

² <https://www.nrscotland.gov.uk/files//statistics/consultations/infrastructure-commission-for-scotland-call-for-evidence-may-19.pdf>

This paper provides the latest evidence showing how Scotland's population is projected to continue to rise, with all of the growth coming from migration (from both overseas and the rest of the UK). Scotland's cities are projected to experience most of their population growth through overseas in-migration, whilst also seeing outward migration to surrounding areas. Whilst most council areas in Scotland are projected to increase in population, increasingly more may experience depopulation in future, particularly in the west and southwest of Scotland and the Islands. The age structure of Scotland is also changing, with all council areas projected to see an increase in the population of pensioners.

Technological change and innovation

The Scottish Government is currently pursuing a programme of work focused on how Scotland can better exploit the opportunities and mitigate the risks associated with technological change in the mid-term future.

This includes work commissioned by Scottish Government and undertaken by Frost & Sullivan, which has provided an overview of the top technology trends affecting Scotland to the year 2035 and an elaboration – through a set of scenario narratives - of how these trends might play out under different assumptions and their economic, social and environmental impacts. Reports associated with this project are expected to be published shortly and will be supplied to the Commission directly on release.

Securing Scotland's international Competitiveness

The recently published [*Scotland – A Trading Nation*](#) uses an evidence-based approach to how, when and where export support is delivered, to achieve the maximum benefit for businesses and for Scotland's economy. The analysis that underpins this plan is the most detailed examination of Scotland's international export performance alongside market opportunities ever undertaken by the Scottish Government.

In the coming months the Scottish Government will be working with businesses who are already amongst our top exporters to identify the main barriers to increasing their export performance. Some of these barriers are likely to be related to infrastructure and dealing with these infrastructure constraints will be important in delivering the ambition to increase exports as a percentage of GDP from 20% to 25% by 2029.

The Scottish Government also plans to undertake similarly data and evidence-led analysis on attracting inward investment, and of particular interest to the Commission will be a potential focus on currently **vacant and derelict land**, and an assessment of which sites and over which timeframe could be readied and released for private investment. It is likely a number of these sites would benefit from long term infrastructure planning, and it is therefore already being coordinated with other initiatives set out here, not least the Planning Bill and the Place Principle set out below.

Place-making

Place-making and place-based approaches provide clear opportunities for infrastructure to deliver multifunctional benefits in an efficient and coordinated manner. Place-based approaches are at the heart of community-led regeneration.

The Scottish Government and COSLA have recently agreed to adopt the **Place Principle** to help overcome organisational and sectoral boundaries, to encourage better collaboration and community involvement, and improve the impact of combined energy, resources and investment in Scotland's regions, cities, towns, neighbourhoods, villages and islands.

The **Place Standard** is an easy to use tool that allows people to assess the quality of a place. The tool has been widely used by communities and professionals across Scotland and provides a framework for structured conversations about a place. The tool promotes a focus on outcomes, allowing the assets of a place to be considered holistically and to take advantage of the multifunctional nature of place.

Housing has an important role in place-making and in meeting the Scottish Government's aims for Scotland. The Scottish Government views housing (both new homes and existing stock) as a form of essential infrastructure - supporting economic productivity and wider benefits spread across communities. These benefits include contributions to eradicating child poverty and homelessness, ending fuel poverty and tackling the effects of climate change.

The Scottish Government is looking beyond its current major investments which are increasing the supply of homes across all tenures (including delivery of 50,000 affordable homes by the end of 2021) and improving the energy efficiency of existing homes. Work is underway to create a route-map to the housing system in 2040 and the steps needed to achieve that system³. An **Energy Efficient Scotland route map to 2040** describing how to make the country's homes warmer, greener and more energy efficient has already been put in place.

The planning system has an important role in linking future development with infrastructure and this has been a key objective of our ongoing planning reform. The **Planning (Scotland) Bill** aims to streamline the planning system to ensure that planners can focus less on procedure and more on place and actively enabling the delivery of good quality development. During scrutiny of the Bill, the Scottish Parliament has made it clear that they expect planning to align with infrastructure investment, including by adding new duties for development planning to address matters including health and education infrastructure.

³ <https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2018/09/housing-beyond-2021/documents/housing-beyond-2021-discussion-paper/housing-beyond-2021-discussion-paper/govscot%3Adocument>

Following the Planning Bill work will commence on **National Planning Framework 4 (NPF4)**. This work will have strong links with infrastructure planning and investment, setting out both national planning policies and a long term spatial plan for Scotland to 2050, and aligning with the Strategic Transport Projects Review and Infrastructure Investment Plan.

There is also a significant opportunity to make use of our emerging digital mapping tool as the evidence base for engagement and development of NPF4. The **Digital Planning** programme of work, of which the mapping tool forms part of, aims to bring about systemic transformation of Scotland's planning system. Whilst the work is still at an early stage, it is evident there is significant potential to collaborate and join-up to provide data and tools facilitating a clear focus on a place-based approach across policy areas and organisational boundaries. **Scottish Government officials are happy to present this tool to the Commission at your convenience.**

Inclusive Growth

Scotland's Economic Strategy sets out the Scottish Government's approach for delivering inclusive and sustainable growth in Scotland's economy, underpinned by two mutually supportive ambitions – boosting competitiveness and tackling inequalities.

Our framework for inclusive growth considers a broader range of drivers for supporting our inclusive growth agenda – from investment in physical, human and digital infrastructure to supporting internationalisation, innovation, skills, health and wellbeing; and considered within the parameters of the constraints of financial and environmental sustainability. Addressing future challenges around demographics, and considering how best to unlock opportunities for growth across Scotland's regions and places, and for communities and businesses is key to delivering inclusive growth.

The Scottish Government's Inclusive Growth diagnostic tool⁴ has been developed to help identify key priorities and constraints for inclusive growth at the regional and local level. Our outcomes framework measures success against the 5 broad themes of population, productivity, participation, place and people. Data and analytical tools to help are available at [Scotland's Centre for Regional Inclusive Growth](#).

Delivery of our infrastructure of the future will need to consider wider societal changes such as **skills and workforce development** and should provide opportunity for all. Scottish Government [Labour Market Strategy](#) and recently published [Fair Work Action Plan](#) recognise the importance of investing in our people and our infrastructure.

⁴ <http://www.inclusivegrowth.scot/resources/data-and-analysis/2018/06/inclusive-growth-diagnostics/>

In 2017, the Scottish Parliament unanimously agreed the **Child Poverty (Scotland) Act**, which sets ambitious targets for child poverty reduction by 2023 (interim targets) and 2030 (final targets). Independent projections suggest that child poverty levels could rise across the UK in coming years, largely because of UK Government welfare reform. This places still greater emphasis on realising the ambitions of the [Tackling Child Poverty Delivery Plan 2018-22](#) and delivering better jobs for parents currently on low incomes and clear routes to in-work progression. Investing in infrastructure can help to achieve these ambitions – affordable childcare and creating enhanced transport links, for example, have been identified as areas which help to widen the access to jobs for all communities.

Evidence shows the particular importance of a gendered perspective in tackling child poverty effectively – child poverty is strongly linked to women’s poverty – with race and disability also key considerations. So it is crucial that economic development – including infrastructural change - has a strong equality focus if it is to help meet the government’s child poverty targets. Indeed, equality and broader socio-economic considerations underpin effective policy making more generally and must be at the heart of everything we do.

Low Carbon Objectives

The Climate Change (Scotland) Act 2009 sets out targets to reduce Scotland's emissions of greenhouse gases by at least 42% by 2020, and 80% by 2050. The Scottish Government has introduced a new Climate Change Bill that will raise the level of existing targets.

On 28th April, the First Minister of Scotland declared a Climate Emergency and on 2nd May, the Scottish Government received new advice from the Committee on Climate Change relating to long term targets⁵. The Committee advise that Scotland should set a 2045 target for net-zero emissions of all greenhouse gases, provided UK-wide ambition is increased to net-zero by 2050. The Scottish Government has acted immediately in response to this advice, with amendments to the Bill to set a net-zero target date of 2045 and to increase the emissions reduction targets for 2030 (to a 70% reduction) and 2040 (to a 90% reduction). If these amendments are agreed by Parliament, Scotland will have the world’s most ambitious targets and our contribution to climate change will end, definitively, within a generation.

In response to these developments, the Scottish Government has lodged amendments to our Bill targets and is committed to doing what is needed to limit global temperature rises. If agreed by Parliament, the Bill proposals will ensure that Scotland reaches net-zero emissions, based on domestic action alone, before any other country.

⁵ <https://www.theccc.org.uk/2019/05/02/phase-out-greenhouse-gas-emissions-by-2050-to-end-uk-contribution-to-global-warming/>

Delivering Scotland's climate targets will require the reinforcing of existing infrastructure as well as developing wholly new infrastructure, to capture carbon and supply hydrogen, or to supply municipal heat through district heating networks, for example. It will also require a much more efficient and 'smart' use of available infrastructure, facilitated by new digital communication tools – and more flexible use of the energy networks by the end users of those networks, assisted by new market tools and consumer tariff innovations.

Adapting to the changing climate will help to ensure our communities, society, economy and environment are resilient to the expected intensifying impacts of climate change. Notably, reducing **flood risk** will become even more crucial as climate change is expected to increase the frequency and severity of flooding across Scotland. Current and projected sea level rise and coastal erosion has the potential to put existing and future infrastructure at risk.

Infrastructure investment decisions must therefore take into account the latest UK Climate Projections, published in November 2018⁶, which aim to help governments, businesses and individuals to take action to improve resilience. The Scottish Government funds [Dynamic Coast](#), the National Coastal Change Assessment⁷, which aims to create a shared evidence base to support more sustainable coastal and terrestrial planning. In addition, [Climate Ready Clyde](#), a collaborative partnership for adaptation in the Clyde City Region set up with SG funding, has also developed a toolkit for embedding climate change adaptation into major infrastructure and urban development / regeneration projects in project design, delivery and operations.

The Scottish Government is committed to developing Scotland's **Circular Economy**. Our Circular Economy Strategy, [Making Things Last](#) sets out the opportunities around keeping materials in use and reuse as long as possible. Along with delivery partners, Scottish Government is creating the conditions for innovative ideas to deal with items and materials previously seen as "waste" to develop into sound business propositions, including the development of infrastructure to support a more circular approach. Our proposals for a deposit return scheme for example, will create high quality material streams for recycling.

The markets and connections Scotland requires for goods, services and people

- **Transport infrastructure**

Transport Scotland is currently undertaking a collaborative review of our **National Transport Strategy** to set out a compelling vision for the kind of transport system we want for Scotland over the next 20 years. Transport Scotland is committed to consulting on the strategy when in draft form and to publishing the successor strategy by the end of 2019.

⁶ <https://www.metoffice.gov.uk/research/collaboration/ukcp>

⁷ <http://dynamiccoast.com/webmap.html>

Work is also underway on the second **Strategic Transport Projects Review** (STPR2) which will allow the Scottish Government to consider which transport interventions are required to deliver the outcomes and visions that emerge from the National Transport Strategy. The STPR will identify required transport investment by undertaking a Scotland wide appraisal of strategic transport options to inform investment priorities for the next 20 years. STPR2 will be a multi-modal appraisal, have both a national and a regional focus, and will be delivered during the lifetime of this Parliament.

Transport Scotland will provide a more detailed contribution to the Commission's call for evidence and would be willing to share recent developments directly with the Commission should they find it useful.

- **Tourism**

The Scottish Government's support for the Tourism sector is aimed at improving Scotland's appeal to overseas visitors, increasing the distribution of tourists around Scotland and increasing the length of the tourist seasons by presenting Scotland as a year round destination. The Scottish Government is already supporting a range of infrastructure investments designed to support world-class tourism infrastructure through initiatives such as City Deals and Growth Deals - such as the V&A Dundee - and is addressing rural tourism infrastructure needs through the Rural Tourism Infrastructure Fund.

Scotland's current national tourism strategy [Tourism Scotland 2020](#) was launched in 2012 and the target was to grow visitor spend by £1bn (to £5.5bn) by 2020. Whilst good progress has been made in many areas since the launch of Tourism Scotland 2020 in 2012, the Scottish Government – with partners in the Scottish Tourism Alliance - is undertaking a review of the current strategy and the potential future growth opportunities and challenges facing the sector⁸.

- **Marine Infrastructure**

Scotland's first statutory National Marine Plan, published in 2015, implements policy at the national tier of the marine planning framework and sets out how Ministers expect marine activities to be sustainably managed. It extends to 200 nautical miles, contains policies and objectives for a wide range of activities (reserved and devolved), and is binding on all public authorities whose decisions may affect the marine area. The Plan was reviewed in 2018.

The Scottish Government is currently developing an updated Sectoral Marine Plan for Offshore Wind Energy⁹ which encompasses deep water plan options to provide the strategic framework for future offshore wind deployment in Scottish waters.

⁸ <https://scottishtourismalliance.co.uk/beyond-ts2020/>

⁹ <https://www.gov.scot/publications/sectoral-marine-plan-offshore-wind-energy-encompassing-deep-water-plan/>

- **Energy Infrastructure**

[Scotland's Energy Strategy](#), published in December 2017, sets out ambitious targets for a low carbon future for Scotland's energy system and society. The Energy Strategy will boost Scotland's economy, while also tackling the problem of fuel poverty and creating a range of new models for developing local and community energy.

Decisions affecting strategic national infrastructure such as gas and electricity networks will have a powerful influence over the achievement of our energy and climate goals. The majority of energy infrastructure is government by UK Government or UK-wide regulators and Network operators and, therefore, is not within the direct influence of Scottish Ministers. However, Scottish Ministers make consenting decisions on much of this infrastructure – all electricity transmission and electricity generation for example – providing an important tool of influence.

The Scottish Government is already working closely with the UK Government and Ofgem to understand and support work on the future design of our gas and electricity networks. We remain determined to ensure that, at all times, Scotland's priorities are properly understood and reflected in any decision making that impacts on the networks. In 2019, the Scottish Government published [Scotland's electricity and gas networks: vision to 2030](#) which looks at the ways in which Scotland's electricity and gas network infrastructure will continue to support the energy transition.

- **Digital infrastructure**

Although telecommunications, like energy, is a reserved matter, it is an area where the Scottish Government has had to become increasingly active, in the absence of a coherent UK-wide strategy for improving rural connectivity. The Scottish Government has set an ambitious digital agenda, recognising that emerging technologies, underpinned by high quality digital connectivity, will increasingly drive sustainable economic growth and enable innovation across all sectors. £600 million has been committed to the Reaching 100% broadband programme, which will extend superfast access to every home and business.

The Scottish Government led a multi-partner investment in the [Digital Scotland Superfast Broadband programme](#), which has transformed access to broadband services and delivered new fibre across Scotland. The benefit of the programme is estimated at £2.76 billion (over 15 years), with every £1 of public funding resulting in £11.60 of economic benefit¹⁰. And soon to be published analysis of the economic impacts of 5G, commissioned in partnership with the Scottish Futures Trust, suggests that up to £17 billion could be added to Scotland's GDP by 2035 if we fully realise the transformative potential of digital connectivity.

¹⁰ <https://www.scotlandsuperfast.com/media/1757/analysys-mason-final-report-for-dssb-050419.pdf>

The Scottish Government continues to develop our analytical capability in this area – with analysts and digital policy leads currently scoping a workstream which will gather evidence to better understand how to track and measure the benefits of investing in digital infrastructure across Scotland. We will keep the Commission informed as this develops.

The Scottish Government views **cyber resilience** as a fundamental enabler of our digital ambitions – if we do not ensure that our digital infrastructure is resilient to the growing cyber threat then we risk citizens, businesses and charities losing trust in online services. In the 2015 Cyber Resilience Strategy, Scottish Ministers have set a goal for Scotland to be a world leading nation in cyber resilience, and we have published a number of [action plans](#) in the past year to help drive us towards that goal. They include a focus on seizing the [economic opportunities](#) of cyber resilience, ensuring that Scotland is recognised as a country where digital goods and services are developed and delivered in a sustainable, resilient way. To achieve this, cyber resilience must be explicitly embedded from the outset in all digital infrastructure projects in Scotland.

Scottish Government Publications

Existing Scottish Government Laws, Policies and Initiatives which are relevant to the Infrastructure Commission's call for evidence include:

- [Infrastructure Investment Plan](#) and [2019 Annual Update](#)
- [Scotland – A Trading Nation](#)
- [Labour Market Strategy](#) and [Fair Work Action Plan](#)
- [Fairer Scotland Action Plan](#)
- [Regeneration Strategy including Town Centre Regeneration](#)
- [Child Poverty \(Scotland\) Act 2017](#) and [Tackling Child Poverty Delivery plan](#)
- [Enterprise and Skills Review](#)
- [Innovation Action Plan](#)
- [City Region and Growth Deals](#)
- [Scottish National Investment Bank](#)
- [Climate Change Plan](#) and [Climate Change Bill](#)
- [Climate Change Adaptation Programme](#)
- [Energy Strategy](#) and [Scotland's Electricity and Gas Networks: Vision to 2030](#)
- [Energy Efficient Scotland Route Map](#) and [Housing Beyond 2021 Discussion Paper](#)
- [Digital Strategy for Scotland](#) and [Reaching 100 Programme](#)
- [Cyber Resilience economic opportunity: key actions 2018-2021](#)
- [Secure and Resilient: A strategic framework for critical national infrastructure in Scotland](#)
- [National Planning Framework](#)
- [National Transport Strategy](#) and [Strategic Transport Projects Review](#)
- [National Tourism Strategy - Scotland Tourism 2020 \(TS2020\)](#)
- [A Culture Strategy for Scotland](#)
- [Scottish natural capital: ecosystem service accounts 2019](#)
- [Making Things Last](#)
- [Scotland's National Marine Plan \(2015\)](#) and [1st Review \(2018\)](#)