



REPORT TO: POLICY AND RESOURCES COMMITTEE ON 10 MARCH 2020

**SUBJECT: INFRASTRUCTURE COMMISSION FOR SCOTLAND PHASE 1
REPORT SUMMARY AND RECOMMENDATIONS**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To inform the Committee of the Infrastructure Commission for Scotland Phase 1 report on the recommendations made for the future of infrastructure in Scotland.
- 1.2 This report is submitted to Committee in terms of Section III (B) (37) of the Council's Scheme of Administration relating to consideration of any new policy matter which does not fall within the terms of reference of any other committee.

2. RECOMMENDATION

2.1 It is recommended that the Committee:

- (i) **considers the implications for Moray of the Commission's recommendations; and**
- (ii) **agrees to request a meeting with the Infrastructure Commission for Scotland to discuss and seek clarity on the implications for Moray.**

3. BACKGROUND

3.1 The Phase 1 report on the "why and what" of infrastructure focuses on 2 themes:

1. Addressing climate change through Net Zero Carbon.
2. Creating an Inclusive Growth Economy.

3.2 Essentially the recommendation of the Commission is that all new infrastructure investment should be prioritised against these measures.

- 3.3 The remit is to provide a 30 year vision for infrastructure and short term (5 year) guidance on infrastructure. There is a phase 2 report, the “how” of infrastructure due mid-2020 which will be reported to a future meeting of this committee
- 3.4 The Scottish Government briefed the Commission that infrastructure is defined as transport, energy, telecoms, water, waste, flood defence, housing, education, health, justice and culture. The Commission recommends that natural infrastructure is included as an asset class.
- 3.5 Throughout there has been a consideration on “place” and what is appropriate for different geographies.
- 3.6 The infrastructure commission had 147 responses from the call for evidence, 100 organisations represented from 5 regional forums, 9 specialist roundtable events and 73 and 100 face to face and online surveys from the public respectively.
- 3.7 Moray Council officers from Planning and Transportation attended a regional forum in Inverness and also submitted a written response which can be read at <https://infrastructurecommission.scot/storage/107/ICE069-Moray-Council.pdf>
- 3.8 A summary of the 8 infrastructure themes the Commission recommendations are based on are set out below, followed by a list of recommendations on what Moray Council should seek clarification on for the 8 themes.
- 3.9 A full version of the infrastructure report is available on the members portal or at https://infrastructurecommission.scot/storage/245/FullReport_200120.pdf

4. SUMMARY OF COMMISSION RECOMMENDATIONS

4.1 Leadership

- (i) All projects prioritised against net zero carbon economic outcomes, and to enable this by 2021 the Scottish Government should produce an assessment framework for net zero carbon.
- (ii) By 2023 an infrastructure needs assessment should be published, including for natural infrastructure, and by 2025 an infrastructure investment plan should be published based on the new framework.

4.2 Place

- (i) By 2021 the Scottish Government should lead on a place based assessment of long term supply and demand for housing alongside a labour strategy for the transition to net zero carbon.
- (ii) To support National Planning Framework 4 an infrastructure first approach to planning should be introduced through an outcome based approach.

4.3 Making the most of existing assets

- (i) By the end of 2020 the Scottish Government should require asset owners to have management strategies in place with the presumption that existing assets will have their life extended over the development of new assets. To support this the Scottish Government should produce guidance on this whole life approach which should include cost and build resources.
- (ii) There is a presumption against like for like infrastructure replacement.
- (iii) By 2023 the Scottish Government should have an implementation plan for existing assets to be made resilient and adapted to climate change needs.

4.4 Heat and Transport

- (i) By the end of 2020 the Scottish Government should produce proposals, covering all means, to accelerate the move to net zero carbon buildings in Scotland. This should include plans for public engagement on how to ensure owners upgrade their buildings. By 2022 a route map for the transition to net zero carbon should be published addressing heating and surface transport.
- (ii) The Scottish Government should ensure that the future transport strategies from 2020 onwards reflect net zero carbon. This should include a move towards active travel and shared transport and for roads investment a presumption towards future proofing current roads rather than increasing capacity.
- (iii) The Scottish Transport Appraisal Guidance (STAG) system should be replaced with a new framework to reflect net zero carbon by 2021. In addition to this new charging regimes should be looked at for fuel and road tax.

4.5 Regulation

- (i) By 2021 the Scottish and UK Governments should work together on a devolved regulatory and pricing framework that fully enables energy and telecoms infrastructure to be planned based on future demand.
- (ii) Addressing natural infrastructure there should be regulatory coherence between water provision and flood management.

4.6 Digital and Technology

- (i) The Scottish Government should provide leadership on delivering a full fibre network by 2027 to enable 5G. The Scottish Government should also support an indigenous data centre and invest in subsea fibre optic cables.

- (ii) All future publically funded infrastructure should look at the use of digital services and data as part of the investment.

4.7 Role of the Public

- (i) The Scottish Government needs to ensure that there is the resource for public engagement to ensure the public understand the switch to net zero carbon and inclusive economic growth.

4.8 Independent Long Term Advice

- (i) By 2021 a body should be established to give long term advice to the Scottish Government on Investment decisions.

5. IMPLICATIONS OF RECOMMENDATIONS FOR MORAY

5.1 Leadership

- (i) Any frameworks for needs prioritisation should be regional not national. In terms of assessing impact Moray will nearly always lose out due to user volume. This would also apply to challenge pot type funding. Regional infrastructure planning groups should have input to these frameworks.

5.2 Place

- (i) There needs to be a clarification of what a place based assessment of long term supply and demand for housing means, as the current system is relatively effective.
- (ii) An infrastructure first approach, as advocated by the Planning Scotland Act (2019), is required with a long term vision and funding that is sufficient to enable a delivery focussed planning system. The Local Development Plan Delivery Programme has a key role to play in planning, coordinating and delivering infrastructure however delivery has to be resourced with staffing and funding.

5.3 Making the Most of Existing Assets

- (i) Clarification on what natural assets are and if they are to be included in any asset register, and how?
- (ii) More clarification in the second phase report of how assets are firstly going to be maintained beyond their current life if there is a presumption against replacement, and how buildings will be adapted for climate change, given that Councils are not in the financial position to deliver either. Taking the Councils school estate as an example these assets are simply not fit for purpose, and a like for like replacement would bring significant environmental, educational and financial benefits and deliver net zero carbon ambitions.

- (iii) It is crucial that current core budgets are protected and the cost of maintaining and extending the life of buildings comes from new additional funding.

5.4 Heat and Transport

- (i) The transition to net zero carbon will be more difficult in rural areas due to a lack of provision of public transport, lower wage levels and more complex journeys. Any strategy must recognise and support this issue and not simply adhere to a “one Scotland” for reducing emissions.
- (ii) Moray industries are energy intensive, particularly in food and drink. Any future policies should recognise the disproportionate impact net zero carbon will have on certain regions and a system of transition support put in place.
- (iii) The Dualling of the A9 and A96 must remain a priority. According to statistics presented in the Commission’s report road journey miles have increased by 37% from 1993 to 2017 with the volume of traffic doubling from 1975. The investment in dualling the A96 will bring significant inclusive economic benefits to the region through journey time reductions, better connectivity to markets, road safety and active travel links. Without this investment many businesses will choose not to locate in the region or not to invest in expansion. Without this investment the region, not just the road, will not be future proofed.
- (iv) There is a clear mismatch that the Infrastructure Commission notes the need to change investment guidance and the appraisal process for transport schemes, but there is no proposal to do so before the current Strategic Transport Project Review (2) is concluded – meaning that imminent investment decisions will be made against criteria / using appraisal tools which are considered to be flawed in light of current strategic priorities in the National Transport Strategy.
- (v) Clarification and study is required on how any changes to the tax regime would affect different regions of Scotland and urban/rural.
- (vi) There needs to be investment in encouraging behavioural change around travel and investment in the active travel network to support this including in subsidised public transport for rural areas.

5.5 Regulation

- (i) If energy intensive industries are expected to move to net zero carbon how will the tariff and pricing of the networks be adjusted to facilitate this without damaging business?
- (ii) If Natural Assets are to be included as an infrastructure class then there needs to be a joined up approach to planning covering aspects such as food production, renewable energy and woodlands. For onshore wind a change to the methodology is needed in the identification and approval of sites based on local considerations and changes to the consenting process.

5.6 Digital and Technology

- (i) It is essential that with the focus shifting to full fibre and 5G that many in Moray still do not have access to a fibre connection or 4G. In addition, with R100 (Broadband Programme) delayed it appears that this will be the case for the foreseeable future. A fibre connection and 4G for all has not been delivered as a priority yet.

5.7 Role of the Public

- (i) The level of change recommended by the Commission will require buy in from our communities. To achieve this the Scottish Government should engage with Local Authorities to develop local strategies for engagement based on local needs.

5.8 Independent Long Term Advice

- (i) Any bodies that are delivering advice to the national government must come from within the regions. As acknowledged in the report the regional differences must be recognised. A one size fits all advisory board for infrastructure will not deliver for Moray.

6. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The recommendations of the Commission have the potential to impact on the delivery of both the corporate plan and LOIP as it may change the way infrastructure is delivered.

(b) Policy and Legal

The Commission recommendations may have implications for policy depending on Scottish Government acceptance.

(c) Financial implications

There are no financial implications directly linked to this report. Recommendations made in the phase 2 “how” report are likely to have financial implications as the path to the delivery of these recommendations is laid out. An infrastructure first approach would also require significant additional investment.

(d) Risk Implications

There are no risk implications

(e) Staffing Implications

There are no staffing implications directly linked to this report. Some recommendations of the commission would have implications on staff resources.

(f) Property

There are no property implications directly linked with this report. Recommendations could have implications.

(g) Equalities/Socio Economic Impact

There are no Equalities/Socio Economic impacts directly linked to this report. Recommendations could have implications.

(h) Consultations

The Head of Economic Growth and Development, the Head of Financial Services, the Head of Governance, Strategy and Performance, Caroline Howie (Committee Services Officer), Nicola Moss (Transportation Manager) and the Equalities Officer. Any comments received have been considered in writing the report.

7. CONCLUSION

7.1 The recommendations of the Infrastructure Commission could have long lasting consequences for infrastructure investment in Moray. All future investment will be viewed through the lens of Net Zero Carbon and Inclusive Growth.

7.2 The phase 1 report focuses on the “what and why” of infrastructure. The phase 2 report, the “how” needs to be clear on how the range of infrastructure issues from transitioning to Net Zero Carbon to maintaining the A95 will be funded.

7.3 Moray Council took part in a regional forum, the results of which were published, however the input the Commission received at the forum does not appear on the whole to have been used to inform the phase 1 report.

7.4 While the transition to these measures will mean change there is opportunity for Moray to be at the forefront of future investment, particularly with Moray’s contribution towards the Net Zero Carbon targets in terms of natural resources.

7.5 If natural resources are to be classed as an asset then clarity needs to be sought on how these will be balanced with net zero carbon.

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Background Papers: Infrastructure Commission for Scotland Phase 1: Key findings

Ref: https://infrastructurecommission.scot/storage/245/FullReport_200120.pdf