Dear Des

At the Finance Committee meeting in Elgin on Monday 7 November, I undertook to provide you with further information in writing on a number of points. This information is provided below.

Transport projects

There are seven new regional transport partnerships (RTPs) being set up in 2006-07, which include Highlands & Islands RTP and North East RTP. Each will be under a statutory duty to draw up a regional transport strategy during 2006-07. This will include regionally significant projects and interventions to deliver the region’s strategic objectives. Many of these will be delivered by the RTPs and the local authorities, but the larger ones may have to be considered for national support and would therefore fall to be considered in the Strategic Projects Review.

An additional £35 million per year is included in the Scottish Budget to support RTP capital projects in 2006-07 and 2007-08.

The major transport projects outlined in Transport White Paper and SE Infrastructure Investment Plan are the current Transport flagship projects. Once completed these will make a real difference to the people and businesses of Scotland.

The National Transport Strategy is about taking a long-term view, balancing our priorities, and investing in a way that meets the needs of all parts of Scotland, all sectors of the economy and all travellers.
The new Transport Agency will also undertake a *Strategic Projects Review* commencing before 2007 and covering all transport modes. This review will be on a scale that we have not tackled before and will look forward to 2020 and beyond. It will depend very heavily on input from local authorities, Regional Transport Partnerships, transport operators, businesses and users. This review presents the opportunity to consider, plan and prioritise the transport infrastructure investment requirements to support Scotland’s growing economy and to deliver the emerging National Transport Strategy.

**Flooding – level of budget allocated**

The 2006-07 budget for flood prevention/coast protection schemes is £33 million. Of this, only some £469k has been formally committed. The start of the financial year does not determine allocation: the grants are allocated in respect of specific schemes as each scheme reaches a key stage, generally upon receipt of tenders and contract award. The allocation would cover the likely period of all contractual expenditure which may be over several financial years. Last year, the then Deputy Minister for Environment and Rural Development, Lewis Macdonald, announced the intention to provide grant to the City of Edinburgh Council on its Braid Burn flood prevention scheme for its programmed expenditure to completion. We expect the Council to confirm details of its expenditure for next and future years in the summer. While no formal announcement has been made, it is also the intention to support other councils whose schemes are expected to reach that tender stage during the period.

**Flooding – scale & complexity of works**

I agree that the studies needed to devise the appropriate solutions to flooding require a broad range of specialist skills and expertise and no local authority would have all of them in-house. Even the Environment Agency, with a budget in excess of £400 million to spend on flood and coastal defence employs consultants, generally from a group of national multi-disciplinary firms. Almost all of these are active in Scotland. While the principles of obtaining the best solution are similar, each catchment has its own unique set of characteristics so the work involved is not replicated. Nevertheless, the Executive considers that a more strategic approach to flood risk management would improve the planning, programming and allocation of resources. The Executive has set up the Flooding Issues Advisory Committee (FIAC), to help it develop this approach and issue appropriate guidance to authorities over the next two years.

**CAP market support**

As is noted in the *Draft Budget 2006-07*, below Table 9.12 (on page 150), the plans for 2006-07 and 2007-08 reflect the baseline agreed by HM Treasury for this Annually Managed Expenditure (AME) programme in SR 2004, while the total value of actual payments to farmers will depend on the prevailing Euro/Sterling exchange rates and the rates of modulation to be applied in any year. Actual gross spending on the schemes is expected to continue to exceed £400m.
Best Value reviews

The Executive’s programme of Best Value reviews is continuing and is on course. A total of 105 Best Value reviews were scheduled to take place over the three year period from 2003-2004. To date, 49% or 51 reviews have been completed. Five reviews have been superseded by other departmental activities, and the remainder are currently underway.

The focus of these Best Value reviews has been on considering options for improving performance and for finding the most efficient and effective ways of delivering core business. Not all reviews have resulted in savings, and for those that have, the amounts involved have in most cases not been quantified. Other benefits generated by the programme of reviews completed so far include changes to business processes and organisational structures designed to improve levels of performance; rationalisation of funding streams; and the development of systems for streamlining the collection of information.

The Scottish Executive is currently consulting on how to refresh its Best Value arrangements for the wider public sector in Scotland, including the Executive’s own Departments. I expect that this will lead to the production of revised guidance and self-assessment materials for public bodies and Scottish Executive departments in April 2006. My officials are engaged in discussions with Audit Scotland on how this refreshed Best Value regime will be audited. I remain committed to ensuring that our Best Value arrangements pursue the highest quality public services at the most efficient cost.

Additional Support for Learning (Scotland) 2004 Act

To allow local authorities to plan and prepare for their new duties under the Act, £8 million was allocated to the National Priorities Action Fund specific grant in 2004-05. The allocation in the Fund will rise to £9.5 million in 2005-06 and £12.5 million in both 2006-07 and 2007-08. This additional funding is being used by local authorities to prepare and support all functions and services concerned with educational provision and affected by the Act, including relevant parts of children’s social work service.

We also provided £3 million in 2004-05 and again in 2005-06 to NHS Boards to help them prepare for their obligations under the Act.

The remainder of the additional funds for this area is being used by the Executive to produce the Code of Practice, for training and raising awareness, and setting up the Additional Support Needs Tribunal for Scotland.

I hope that you find this reply helpful in your further consideration of the Draft Budget 2006-07.

Best wishes

TOM MCCABE