

## **Report to Partnership Meeting 26 April 2019**

### **PARTNERSHIP**

#### **Strategic Transport Projects Review 2 (STPR2)**

##### **Introduction**

CP1919Plus21 consultants were invited by HITRANS in early 2019 to undertake scoping desk-based research into the impact and potential opportunities for HITRANS from the current Local Governance Review. A subsequent action identified from the delivery of this initial research phase was further analysis of the inclusive growth contributions from smaller scale capital investments compared to larger scale national projects ahead of the consultation phase commencement of the second Strategic Transport Review (STPR2). Thus the HITRANS Partnership Director tasked CP1919Plus21 with undertaking desk-based research to produce a provocation piece for debate with the Partnership Board.

##### **STPR2 Context**

Transport Scotland announced in December 2018 the letting of the contract for STPR2. The work for STPR2 will see an AECOM/Jacobs led consortium manage, collate, analyse, identify and appraise the multi-modal transport projects and schemes across Scotland. This work will then enable recommendations to be made on the strategic transport interventions for the next 20 years which will make a significant contribution towards NTS2 Vision and Outcomes, based upon an investment hierarchy embracing maintenance and safe operation of existing assets, making better use of existing capacity and targeted infrastructure improvements. STPR2 will have a national focus to consider the strategic links between the cities and key ports, international gateways and cross-border links. It will also have a regional focus to consider the role of the strategic network in the context of regional economic geographies and changes emanating from the Planning Bill, and city and regional deals. The recent lobbying by HITRANS and other stakeholders has seen the creation of a working group for the region for STPR2 rather than a series of separate groups.

##### **Provocation Piece**

The recent creation of the HITRANS area STPR2 working group is a welcome initial recognition of the subsidiarity principle identified in the Local Governance Review research. The appended paper makes a further case for even greater recognition of the need for locally and regionally identified transport issues to be the foundation of the emerging STPR2. If the identified STPR2 infrastructure and service investment is going to drive the Scottish Government's central purpose of sustainable economic growth, with a clear focus on inclusive growth reducing the inequalities locally felt by local communities across the HITRANS area there needs to be an initial debate around how Scottish Transport Appraisal

Guidance, the mode hierarchy and Transport Scotland's investment hierarchy fits with a growth strategy that seeks more than ever to ensure that its outcomes are distributed fairly across society and creating opportunities for all for involvement in society.

The paper makes a suggestion that delivering inclusive growth through STPR2 needs a change in engagement and involvement structures, moving further away from a top-down vertical investment leadership and delivery model used previously. Recognising the need for even greater subsidiarity of approach to strategic transport planning in Scotland and making some suggestions for how this could be undertaken over the course of the next 2 years.

The paper summarises the current prevailing narrative around the need for structural changes to enable greater integrated economic and social policy to deliver inclusive growth and questions to provoke debate whether this needs similar structural change to current methods of transport appraisal. Some examples recent work on inclusive growth is summarised and a key output seems to be a requirement at local and regional level of a deeper understanding of local assets and their impact on connecting people to quality jobs and services and resourcing place regeneration as well as business investment. There can be a significant severance effect of area-based disadvantage for individuals which can be hard to quantify its impacts. Those living in certain less affluent and more remote areas are from evidence less mobile, more reliant on public transport and less able to commute to job opportunities given expensive and/or fragmented transport networks.

The piece also highlights for initial discussion the suggestions of a number of studies or responses where it's been suggested in light of the increasing focus on inclusive growth there should be review/reform of project appraisal. The piece observes commentary from others that previous/current methods of transport appraisal have largely focussed on journey time savings, albeit with a noted growing recognition of their contribution towards agglomeration economics in more urbanised areas.

However, it seems to be clear that there is an acceptance in some sections of the transport community that current techniques are not able to capture the full benefits of transport investment for inclusive growth and that previously appraisal has focussed on national data, rather than regional and local information which might enable the capture of benefits for rural and remote rural strategic investments. The piece also raises the need for STPR2 to also consider non-econometric appraisal, greater participation of local communities and recognise the human rights aspects of transport investment on the cohesion and opportunities for all individuals of Scotland. This would link back to the inclusive growth aspects of appraisal in terms of not just measuring the rate of growth or return on investment, but also the individual human experience of investment and growth.

## **Conclusion**

The research paper suggests that the STPR2 assessment and engagement process is a clear opportunity to follow up the suggestions of several recent research projects and reports and capture more of the inclusive growth impacts of transport investment during the appraisal process, complementing the existing transport appraisal frameworks with targeted finer grained analysis. The aim being to avoid a situation where the valued added returns of infrastructure investment are reduced because particular places or neighbourhoods have barriers to using this infrastructure or benefitting from the investment. Again, as with the

Local Governance Review report, the suggestion is that this points to a clear need for subsidiarity of project appraisal including greater participation with local stakeholders. The new need/aim of inclusive growth clearly points to the need for new techniques or new additions to the assessment frameworks utilised for STPR2 to enable the best value in econometric and non-econometric sifting of options for strategic transport investment in Scotland over the next 2 decades.

## **RISK REGISTER**

### RTS Delivery

Impact - Positive

Comment – The Research and Development Programme is the key mechanism by which HITRANS promotes delivery of the Transport Strategy for the Highlands and Islands

### Policy

Impact – Positive

Comment – Actions within the report set out opportunities for greater subsidiarity in the delivery of transport services and infrastructure and promote the development of a more inclusive Scotland where the Highlands and Islands can improve socio economic outcomes.

### Financial

Impact – Positive

Budget line and value – This item reports on the work commissioned through the Research and Strategy Delivery budget in 2018/19.

### Equality

Impact – Positive

Comment – Actions within the report set out opportunities for greater subsidiarity in the delivery of transport services and infrastructure and promote the development of a more inclusive Scotland where the Highlands and Islands can improve socio economic outcomes.

## **RECOMMENDATIONS**

1. Members are asked to note the report.
2. Members are asked to approve further discussion with HITRANS partners initially through the Partnership Advisors group on the report's recommendations.
3. Members are asked to approve the report being shared with Partners including Transport Scotland.

**Report by:** Ranald Robertson  
**Designation:** Partnership Director  
**Date:** 25<sup>th</sup> March 2019  
**Additional Information:** Appendix – STPR2 Provocation Piece

## Provocation Piece



Ronald Robertson **Formulary for a New Urbanism**

## **Introduction**

The Second National Transport Strategy (NTS2) process has undertaken a call for evidence, the publication of an early engagement survey and a series of working groups over 2018 to develop the vision, strategic framework and policies, ahead of a formal consultation in Summer 2019 and completion of the NTS2 in late 2019. This will subsequently enable the development of an updated and second Strategic Transport Projects Review (STPR2) for Scotland. In late 2018 Transport Scotland (TS) announced the award of the contract for STPR2, to AECOM and Jacobs, with input from the Institute of Transport Studies (ITS), University of Leeds<sup>1</sup>.

Transport Scotland are clear that the second STPR2 will consider future investment in all transport modes including the strategic road and rail networks as well as active travel, island connectivity, ferries and buses. This will be the first STPR since the change in the key pillars supporting the Scottish Government's central purpose in 2015 outlining its commitment to an "inclusive growth"<sup>2</sup> agenda in Scotland's Economic Strategy<sup>3</sup>: of sustainable economic growth by increasing competitiveness whilst tackling inequalities. It will be crucial that the governance of investment in transport infrastructure strikes the correct balance and appropriate level of subsidiarity of delivery of such key pillars. STPR2 will be the first one published with a clear and final version of Regional Transport Strategies available during the STPR2 production phase.

The associated desk-based report for HITRANS to this provocation piece, suggested it might be optimal in subsidiarity terms that the STPR2 identifies key areas of investment but leaves regional authorities to identify, develop and deliver key regional/local projects. The Transport Act 2005 outlines legislation for a statutory delivery plan for regional transport projects and the forthcoming Transport Bill will if passed enable all Regional Transport Partnerships (RTPs) to have multi-year budgets. TS could then support them with strategic funding and advice but not directly deliver themselves, given the change over the last decade towards greater collaboration and reduction of inequalities to achieve growth, which would seem to implicitly require a greater subsidiarity approach to projects. Scotland's Economic Strategy is clear of the need to capitalise upon local knowledge and resources to deliver equal growth across Scotland.

Indeed, one of the key recommendations of the desk-based research report was the need to undertake further research and discussions with key stakeholders and communities on the socio-economic benefits and inclusive growth contributions of smaller scale service and capital investments, versus the previous traditional sole focus of STPR on larger scale investments, rightly focused at that time on primarily stimulating sustainable economic growth definition prior to the 2015 introduction of the twin pillars. This paper seeks to provide an initial stimulus to those discussions.

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<sup>1</sup> <https://www.transport.gov.scot/news/strategic-transport-projects-review-update/>

<sup>2</sup> <http://www.oecd.org/inclusive-growth/>

<sup>3</sup> <https://www.gov.scot/publications/scotlands-economic-strategy/>

The available literature on inclusive growth is consistent in its view that transport services and accessibility can be a preventative measure as part of a wider integrated economic strategy if actions go beyond traditional capital-based transport investment. This is in line with Scotland's Economic Strategy recognition and promotion of the need for fair work, actions to address long-standing labour market barriers and tackle cross-generational inequalities. It is this type of assessment that is vital if any future STPR2 is to fully embrace and deliver inclusive growth for the HITRANS area.

There also needs to be a clear recognition of subsidiarity in the forthcoming NTS2 and a recognition of the need for local and regionally identified transport issues to be the foundation of the emerging STPR2, if this infrastructure and service investment is going to drive inclusive growth as per Scottish Government's central purpose and reduce the inequalities locally felt by local communities and the wider Highlands and Islands region. That is a clear change from the top-down vertical leadership and delivery model used for 200; it speaks to the need for a greater subsidiarity of approach to transport planning in Scotland, recognising the role individuals and communities have in building and sustaining Scotland's transport system.

This would be linked to the proposal for research into the inclusive growth impacts of smaller scale projects ahead of the Second Strategic Transport Projects Review.

The recent Royal Society of the Arts (RSA) Inclusive Growth Commission<sup>4</sup> highlights the need for an integrated economic and social policy emphasizing the need for place-based strategies to deliver inclusive growth across the UK. This involves at a local and regional level a deeper understanding of local assets and their impact on connecting people to quality jobs and services and resourcing place regeneration as well as business investment. This would appear to have been recognized and actioned by Scottish Government, by their recent creation of Scotland's Centre for Regional Inclusive Growth (SCRIG)<sup>5</sup>. The Royal Town Planning Institute in their 2016 "Poverty, Place and Inequality" policy paper<sup>6</sup> highlights the significant severance effect of area-based disadvantage for individuals. Those living in certain less affluent and more remote areas are from evidence less mobile, more reliant on public transport and less able to commute to job opportunities given expensive and/or fragmented transport networks. The Urban Transport Group in their response<sup>7</sup> to the RSA Inclusive Growth Commission highlighted the need for reform of project appraisal. They observed that current methods of transport appraisal (largely based on journey time savings, though with a growing recognition of the contribution towards agglomeration economies in urban areas) are not always able to capture the full benefits of transport investment for inclusive growth or assess the desirability of a given distribution of benefits over another.

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<sup>4</sup> <https://www.thersa.org/action-and-research/rsa-projects/public-services-and-communities-folder/inclusive-growth-commission>

<sup>5</sup> <http://www.inclusivegrowth.scot/>

<sup>6</sup> [https://www.rtpi.org.uk/media/1811222/poverty\\_place\\_and\\_inequality.pdf](https://www.rtpi.org.uk/media/1811222/poverty_place_and_inequality.pdf)

<sup>7</sup> [http://www.urbantransportgroup.org/system/files/general-docs/UTG%20Inclusive%20Growth%20response%20final\\_0.pdf](http://www.urbantransportgroup.org/system/files/general-docs/UTG%20Inclusive%20Growth%20response%20final_0.pdf)

Therefore; it will be vital that STPR2 incorporates this significant shift in outcome focus within its appraisal methodology. Alongside, recognition of the need for strategic documents such as STPR2 to be based on an ever-increasing participative approach to investment planning. It would seem to be appropriate for the new investment appraisal approach to draw on local and regional strategies and their understanding of assets and outcomes. This would seem to be a clear extension of the logic proposed by SCRIG and RSA work on Inclusive Growth in recent years, and the clear view expressed in NTS2 that whilst it is TS's responsibility to deliver the strategy document; it is everyone's strategy to deliver the outcomes identified. Therefore, by extension its STPR2's role to presumably identify the most appropriate strategic projects or investment/interventions, they could be thematic outcomes and devolve delivery responsibility to others closer to communities and democratically accountable to them.

Such an approach would clearly point to a continuing move away from the previous STRP approach of a traditional vertical leadership model and being willing to experiment, consult and recognize bottom-up change proposals emerging from any STPR2 process. TS being willing to see strategic as not focussed national individual or cumulative physical infrastructure projects, but projects, thematic interventions or investments prioritized nationally but delivered at the most appropriate level of subsidiarity that deliver the greatest combined inclusive growth impact, regardless of their scale or geography. Or as recognized by ITS researchers<sup>8</sup> in their recommendations, that appraisal techniques are in some cases lacking in wider context and project specific data, they recognize that you ultimately need uniform criteria to rank projects but that a focus on a very procedural mechanism can miss the impacts of some projects and speaks to the wider narrative of traditional investment appraisal failing to identify and incorporate inclusive growth impacts. For example, the availability of knowledge and understanding locally and regionally on say ferries in the HITRANS area.

### **First STPR**

The first STPR was published in December 2008 and set out the Scottish Government's 29 transport investment priorities up to 2032<sup>9</sup>. The STPR identified those investment priorities on the basis that they would most effectively contribute towards the Government's purpose of increasing sustainable economic growth, prior to the adoption of the inclusive growth agenda in the middle of this decade and recent revision of the national outcomes via the first statutory National Performance Framework published in Summer 2018. Therefore, understandably the new STPR2 will seek to support a renewed purpose and set of national outcomes in its previously stated widened focus beyond just road and rail network priorities.

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<sup>8</sup> [http://eprints.whiterose.ac.uk/83528/1/Venables,%20Laird%20and%20Overman%20\(2014\)%20TIEP\\_Report.pdf](http://eprints.whiterose.ac.uk/83528/1/Venables,%20Laird%20and%20Overman%20(2014)%20TIEP_Report.pdf)

<sup>9</sup> <https://www.transport.gov.scot/media/5065/stpr - summary leaflet - final - 10 december 2008.pdf>



STPR was undertaken using an objective-led, evidence-based approach to appraise potential outcomes for addressing identified transport challenges and issues. The approach was compatible with Scottish Transport Appraisal Guidance (STAG) methodology and supported the delivery of the previous three strategic outcomes identified in the NTS:

- improving journey times and connections – to tackle congestion and the lack of integration and connections in transport which impact on our high-level objectives for economic growth, social inclusion, integration and safety
- reducing emissions – to tackle the issues of climate change, air quality and health improvement which impact on our high-level objective for protecting the environment and improving health, and
- improving quality, accessibility and affordability – to give people a choice of public transport, where availability means better quality transport services and value for money or an alternative to the car.

The outcomes of the STPR were structured on a tiered approach to investment, based around the priorities of: maintaining and safely operating existing assets; promoting a range of measures, including innovative solutions, that make better use of existing capacity; and promoting targeted infrastructure improvements where these are necessary, affordable and practicable.

In producing the first STPR, TS were clear that a range of delivery partners will be needed for measures which address both national and local objectives. However, the first STPR does not specifically include recommendations that are the responsibility of Local Authorities and Regional Transport Partnerships to develop and deliver. It will be vital that STPR2 moves in a much more co-designed and co-produced phase in line with a greater subsidiarity of approach, making use of all the spheres of governance and participation across Scotland, in order to maximise the benefits realisation from STPR2 investment. In other policy spheres<sup>10</sup>, the benefits of customer engagement and the benefit of giving people a voice and working with them has shown clearly that it leads to better services and stronger, more confident communities. Transport should not be any different in this customer interaction and enhanced benefits realisation.

### **STAG Guidance**

The first STPR<sup>11</sup> used a staged methodology for option generation and appraisal, first identifying the constraints and opportunities of the Scottish transport national network and then setting expectations and objectives. A further report then detailed

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<sup>10</sup> [https://www.wheatley-group.com/\\_data/assets/pdf\\_file/0028/66934/The-Democratic-Society-Democracy-Starts-at-Home-report.pdf](https://www.wheatley-group.com/_data/assets/pdf_file/0028/66934/The-Democratic-Society-Democracy-Starts-at-Home-report.pdf)

<sup>11</sup> <https://www.transport.gov.scot/our-approach/strategy/strategic-transport-projects-review/#>



the methodology for generating, developing and sifting the proposed intervention packages. This process was informed by the Government's sustainable economic growth purpose, key strategic outcomes of the NTS, network constraints and opportunities, relevant national objectives and aspirations and proposals of key stakeholders.

An initial qualitative appraisal phase sifted those proposals which merited detailed appraisal consistent with the STAG Part 1 methodology. A detailed appraisal phase undertook a quantified review of the performance of the interventions, or packages of interventions, against: STPR objectives; STAG Part 2 appraisal criteria; NTS strategic outcomes, Government's strategic objectives and deliverability criteria. There was clearly consideration of labour market accessibility, sustainability and other indicators vital for inclusive growth. The approach undertaken was clearly compliant with the Government's focus and purpose of the time. However, as with all processes, there is change and the renewed focus of Government on Inclusive Growth, clearly points to the need for an evolution of STPR2 process around appraisal of options and benefits especially in a time of a completely renewed NTS and NPF vision and outcomes, as well as crucially a much greater participative approach to the creation of both NTS2 and NPF documents.

STAG guidance now makes clear mention of accessibility and social inclusion. It is one of the 5 STAG Criteria outlined in the published guidance<sup>12</sup>: Environment, Safety, Economy, Integration and Accessibility and Social Inclusion. The Guidance highlights that accessibility and social inclusion is a broad concept that defines the ability of people and businesses to access goods, services, people and opportunities. There is clear recognition of the requirements for assessment of public transport network coverage and local accessibility. However, the current prevailing narrative there is no significant or strong narrative around the use of local or regional data to inform assessment of such accessibility. There is also welcome recognition of comparative accessibility in terms of the needs of groups of people or communities, notably the equality aspects, income or transport availability as well as geographic location. Therefore, the building blocks of an inclusive growth STPR2 led assessment are there to supplement with further diagnostic tools.

### **Inclusive Growth Appraisal Examples**

Therefore, in terms of STPR2 delivering inclusive growth and reduced inequalities aspects of the Government's renewed purpose, it is vital as far as is possible that no individual, community of geography or interest/ social group is excluded from participation in the Scottish economy at national, regional or local levels. This means that traditional investment appraisal and policy making needs to integrate and have due regard to the needs of those who suffer the social and/or economic inequalities in Scotland. STPR2 must seek to involve and account for the impacts of policies and projects on the needs and opportunities afforded to the most marginalised from the participation in society. There is also a concurrent need for a clear long-term commitment to all in society benefitting from investment and growth and there being

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<sup>12</sup> <https://www.transport.gov.scot/media/41507/j9760.pdf>

clear equality and outcome improvements for those marginalised individuals and communities by STPR2 interventions. This means the public policy process needs to clearly be focused and assessed in a manner that enables that type of benefit realization pattern to occur. Quite a challenge but there are existing techniques that could be utilized and augmented to address these new requirements.

For example, through the Equality Act 2010, public sector organisations have legal duties and responsibilities to consider the impacts of their plans and activities on groups who have defined “protected characteristics”. The Scottish Government, in April 2018 also enacted Part 1 of the Equality Act, to introduce a “Fairer Scotland Duty<sup>13</sup>”, so a more limited set of public bodies have a legal responsibility now to actively consider how they can reduce inequalities of outcomes caused by socio-economic disadvantage when making strategic decisions. The Fairer Scotland Duty consultation<sup>14</sup> also highlight other aspects of socio-economic consideration for relevant authorities, in terms of the requirement for Community Planning Partnerships (CPPs) to act to reduce inequalities of outcome and for local authorities and health boards to reduce child poverty.

It was clear from the consultation discussions that many in the public sector and beyond see the Fairer Scotland Duty as an opportunity to do things differently and to put **tackling inequality genuinely at the heart of key decision-making**. There is also in the HITRANS context, a legal requirement on the Scottish statute books to “island proof” policies via the Islands (Scotland) Act 2018<sup>15</sup> and proposals in addition, to a recently renewed National Performance Framework (NPF)<sup>16</sup> which specifically incorporated the United Nation’s Sustainable Development Goals (SDGs)<sup>17</sup> and the national policy agenda. There are a significant number of the new national outcomes which focus on key aspects of inclusive growth and which presumably the STPR2 appraisal process will need to have due regard to addressing and undertaking a Fairer Scotland duty assessment using the published guidance<sup>18</sup> as per the published contract notice in Summer 2018<sup>19</sup>.

The Scottish Government’s own SCRIG appear to have reflected well on this challenge laid down by an Inclusive Growth agenda for traditional economic appraisal techniques. SCRIG is committed to providing access to relevant analytical tools to help stakeholders progress on the development and practical application of inclusive growth policies and action. SCRIG’s inclusive growth diagnostic framework emphasises the need to consider an evidence-based approach to policy making. This process starts with understanding local data and evidence to identify areas for further investigation, including acknowledging evidence gaps and working to improve

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<sup>13</sup> <https://www.gov.scot/publications/fairer-scotland-duty-interim-guidance-public-bodies/>

<sup>14</sup> <https://www.gov.scot/publications/consultation-socio-economic-duty/>

<sup>15</sup> <http://www.legislation.gov.uk/asp/2018/12/enacted>

<sup>16</sup> <https://nationalperformance.gov.scot/>

<sup>17</sup> <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

<sup>18</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/guidance/2018/03/fairer-scotland-duty-interim-guidance-public-bodies/documents/00533417-pdf/00533417-pdf/govscot%3Adocument>

<sup>19</sup> [https://www.publiccontractsscotland.gov.uk/search/show/search\\_view.aspx?ID=JUN320824](https://www.publiccontractsscotland.gov.uk/search/show/search_view.aspx?ID=JUN320824)

them. SCRIG have been developing an **Inclusive Growth Diagnostic Tool**<sup>20</sup> and **are currently in the process of** refining and updating the diagnostic tool and a new version will be available on this page in February 2019. It would hopefully be possible for cross-departmental learning from SCRIG to TS to enable their chosen STPR2 consultants to integrate this learning into STPR2 with an understanding of local/regional data and evidence continuing to inform not only NTS2 but also STPR2.

There has also been open source work undertaken in Norfolk and Suffolk<sup>21</sup> that has developed a couple of Inclusive Growth Impact tools, that might be worthy of application or evolution for STPR2. They seek to split the focus between a strategic tool to determine whether Investments or Interventions (IOI) supports Inclusive Growth and an Operational tool which provides an analysis of whether non-Inclusive Growth tools could be managed or procured to ensure Inclusive Growth principles are supported. Mott MacDonald have also produced for Highways England the Equality, Diversity and Inclusion sifting Tool<sup>22</sup> (EDIT) which seeks to help project managers, designers and lead engineers to make evidence-based and informed decisions about their scheme, supporting the appropriate consideration of equality, diversity and inclusion issues in project design and development. Therefore, potentially something similar could be developed for appraisal of STPR2. Equality Impact Assessments (EQIA) have also been highlighted as a key tool to ensure inclusivity and equality/equity is mainstreamed into the developmental stages of policy and projects. The first STPR was produced before the Royal Assent of the Equality Act 2010. Therefore, it's unsurprising that alongside a Strategic Environmental Assessment there is not a published EQIA on the first STPR hosted on TS webpages. EQIAs are assessments that public authorities often carry out prior to implementing a policy, with a view to ascertaining its potential impact on equality. They are not required by law, although are a way of facilitating and evidencing compliance with the Public Sector Equality Duty<sup>23</sup>. Any EQIA could build upon the identification of key challenges identified and data collected by Equality Outcomes and Mainstreaming reports identified across all 32 councils and specifically for transport, all RTPs as identified public bodies under the 2010 Act. A robust and wide-ranging EQIA will be vital, alongside the other existing statutory assessments required in Scotland for STPR2. The NTS2 was in early stages of policy development toying with a policy around a specific transport equalities duty, but could a better proposal be around an IG IOI companion toolkit or to supplement existing appraisal techniques. An initial example provided in Appendix A to stimulate discussion, which would seek to ensure a conscious approach to existing duties whilst focusing on inclusive growth.

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<sup>20</sup> <http://www.inclusivegrowth.scot/resources/data-and-analysis/2018/06/inclusive-growth-diagnostics/>

<sup>21</sup> <https://newanglia.co.uk/wp-content/uploads/2018/05/New-Anglia-Inclusive-Growth-Decision-Making-Framework.pdf>

<sup>22</sup> <https://www.mottmac.com/article/9312/equality-diversity-inclusion-tool>

<sup>23</sup> <http://researchbriefings.files.parliament.uk/documents/SN06591/SN06591.pdf>

This would certainly help TS and others address their duties under the Equality Act. Previously, the issue of impact/effects in general legal terms was highlighted in the establishment of “Brown Principles<sup>24</sup>” in regard to the delivery of the Equality Act. The 6 principles are: *Decision makers must be aware of their duty to have due regard to the identified needs; the Duty must be fulfilled both before and during consideration of a particular policy, and involves a “conscious approach and state of mind”; it is not a question of ticking boxes, the Duty must be approached in substance, with rigour and with an open mind, and a failure to refer expressly to the Duty whilst exercising a public function will not be determinative of whether due regard has been had; the Duty is non-delegable; the Duty is continuing; and it is good practice for an authority to keep a record showing that it has considered the identified needs.* The concept of due regard in the sense of the Brown principles has generally been considered alongside a definition of “due regard” made by Lord Justice Dyson. The ruling highlighted that due regard, is regard that is appropriate in all the circumstances, it’s not a requirement to achieve a specific result. These include on the one hand the importance of the areas of life of the members of a particular disadvantaged group(s) that are affected by the inequality of opportunity and the extent of the inequality; and on the other hand, such countervailing factors as are relevant to the function which the decision maker is performing, which make not make it possible to avoid a less than positive impact despite vigorous application of the duty. Therefore, could be helpful in terms of outcomes and corporately helpful to TS in the exercise of their duties but also realise the greatest benefits from STPR2 investment.

A finer grain of analysis undertaken for STPR2 in addition to transparently helpful in fulfilling legal requirements would seem clearly optimal to deliver the outcomes desired around inclusive growth. STPR2 simply cannot focus on a macro-economic view of value added to the economy or the average impact on communities, individuals or households. For inclusive growth, to be achieved, any STPR2 process needs to understand the impact of investment in infrastructure and services within the specific areas of Scotland. The national “average” impact of any projects or policies will differ significantly in HITRANS because of the wide range of geographies and economic circumstances involved. There will be clear pockets of deprivation within urban and rural geographies and this will impact greatly on the distribution of inequalities across the region. The work of ITS researchers<sup>25</sup> in their recent consideration of H&I transport investments highlights that in remote rural areas, market distortions associated with agglomeration economies and issues such as “involuntary unemployment” (or as others have phrased, a choice between unemployment and in-work poverty) may also prove to be relevant considerations any scheme appraisal needs to consider and capture as it will increase the relevance of wider economic benefits potentially for remote rural schemes. There is a suggestion that in the appraisal of rural schemes, how cost benefits are captured and whether they are included alongside primary transport benefits of scheme proposals could alter their scheme ranking and prioritisation in an investment programme.

Any STPR2 cannot take a strategic traditional overview, it needs to ensure the participation and co-design of strategic projects. Whilst not covered by the “duty of

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<sup>24</sup> <http://www.bailii.org/ew/cases/EWHC/Admin/2008/3158.html>

<sup>25</sup> <http://eprints.whiterose.ac.uk/87449/7/Laird%20and%20Mackie%20%282014%29%20WEBs%20in%20remot e%20rural%20areas%204-9-14.pdf>

user focus” from the Public Services Reform (Scotland) Act 2010<sup>26</sup>, it might be helpful to learn lessons from the scrutiny techniques used by the bodies covered, including the Scottish Road Works Commissioner. Also crucially what is defined as nationally “strategic” in terms of a given project and also who delivers on these “strategic” project remit and what is strategic but via a subsidiarity assessment is deemed to be best delivered at most immediate level that is consistent with their resolution to enable a more nuanced approach to delivery, better enable to response to the inequalities of outcome presented in sub-national geographies. It means that STPR2 needs to take a bottom-up approach to “strategic” project appraisal, recognising that what is strategic for one geography may not be for another, but that in an inclusive growth context this difference should not stop it being included in a STPR2 or identified in other documents with national funding devolved. It would also be clearly helpful if the recently announced Scottish Infrastructure Commission<sup>27</sup> also took a highly participative approach in its work on making recommendations for the future of transport investment.

Metro Dynamics<sup>28</sup> have published research and work to encourage decision makers continue to improve how they take account of the inclusive growth impact of their investments and interventions. Their Inclusive Growth Decision Making Toolkit seeks to supplement existing assessment frameworks such as the Treasury Green Book, rather than act as a replacement. It might be helpful in this context to see an associated revision to STAG guidance, to update the language and focus on inclusive growth within this key document of transport guidance, beyond the existing narrative of accessibility and inclusion, which whilst welcomed does not recognize the evolution of the Government’s purpose as much as it possibly could nor the importance of local and regional understanding of needs and assets of their communities. The co-design and production of this supplementary type of guidance with local and regional stakeholders would add a vital participative aspect of any STPR process. It is vital that in the early stages of the delivery of the STPR2 contract work that these principles are mainstreamed into the development of the document. Transport networks serving communities in rural or deprived urban areas do not always have the opportunity afforded by high quality, frequency and accessible services. This can be modelled nationally it is crucial to model the actual population, not a hypothesized “average” population for inclusive growth purposes. Therefore, in this context it will be vital that STAG is supplemented by an approach that measures the impact on individual and households in the intervention area. This for example, might require a much more individualized form of data input, using local household income and local/regional operator fare structures, to ensure the inclusive aspects of interventions are fully captured and measured.

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<sup>26</sup> <https://www.gov.scot/publications/public-services-reform-scotland-act-2010-section-112-1-guidance-duty-user-focus-listed-scrutiny-authorities/pages/1/>

<sup>27</sup> <https://www.gov.scot/news/infrastructure-commission-appointed/>

<sup>28</sup> <https://minutes3.belfastcity.gov.uk/documents/s71456/Appendix%201%20-%20Metro%20Dynamics%20Inclusive%20Growth%20Decision%20Making%20Framework.pdf>

The 2016 report of the First Minister's Independent Advisor on Poverty and Inequality "Shifting the Curve" recommended the commencement of what was to become the Fairer Scotland Duty. The duty as discussed previously seeks to ensure that all policies are evaluated through the lens of social and economic circumstances and target anti-poverty measures on those who need it most. Transport Scotland and local authorities are covered by the duty, despite lobbying for inclusion RTP's have not been included on the initial list. The duty seeks to ensure that policies to address socio-economic disadvantage, fundamental for inclusive growth, will need to be assessed from a bottom-up rather than implemented and devised from the top-down. Therefore, subsidiarity and local democracy will be crucial aspects for any actions which seek to address inclusive growth, in this context the STPR2.

Therefore, in terms of inclusive growth it would seem critical that any assessment has to have participation from those suffering disadvantage currently and their local and regional representative and participative representatives. Any form of project assessment for inclusive growth needs to strengthen the ability of local communities to participate and be represented in the process, to ensure its addressed and appraised as a local inequality matter, rather than be lost in a central and uniform approach to the complex issue of inclusive growth. Any inclusive growth assessment of strategic transport projects needs to be informed by subsidiarity and local democracy contexts. As the Shifting the Curve report concludes its not a binary choice between national vs local or universal vs targeted and the same for the appraisal of Inclusive Growth IOI, it is about having an assessment process that enables pre-intervention appraisal to avoid national government spending on priorities continue not to maximize its impact on key inequalities. We need to enable a rebalancing of the assessment and delivery of strategic projects to meet the needs of those that need the investments or interventions the most to get "on board" with inclusive growth.

Another example of an emerging finer grained focus has been the work on the Government's Equality Budget statement, that has developed to be an assessment tool in recent years from a prevailing narrative of a reporting instrument in early years of its existence. The earlier EBS documents were statement of the Government's achievements or spending around the protected characteristics and socio-economic disadvantage mentioned in the Equality Act. It was a clear statement of spending, a version of their "Greatest Hits" for want of another phrase and to be fair there has been some "hit singles" in previous years but it was a retrospective record rather than an LP of new material. It was not a policy analysis tool, albeit with further data availability it has enabled a greater focus on measuring the impact of emerging policies or interventions. However, even having a statement on the Budget has had an effect of focusing the development of Government policy on key issues in recent years and this has a clear link between STPR2 and any monitoring framework for NTS2. This alongside the emerging reporting on Fairer Scotland Duty and Environmental Assessments could enable the foundations of an Inclusive Growth focused delivery of STPR2. A greater focus and availability of data about people and place, rather than solely journey times or gross value added to the national economy.



The requirement to demonstrate compliance to the Equality Act Public Sector Duty and in Scotland the Fairer Scotland Duty, have meant the most recent budget assessment in December 2018<sup>29</sup> is a significantly enhanced document. In the 2019-20 document they outline that the area of distributional analysis will be explored further, which would be a welcome addition to the inclusive growth agenda. It would seek to analyze the impact of specific policy sets on different groups and geographies. A distributional approach to the STPR and a publication of an Inclusive Growth analysis ahead of any STPR could be a welcome extension to the current analysis. This builds on a key recommendation of the Inclusive Growth Commission by the RSA for distributional analysis.

The RSA 2016 final report<sup>30</sup> also suggested changes to how we view infrastructure investment. It argued strongly that the centrality of Gross Value Added (GVA) in assessing the case for investing in infrastructure should be reset. The report concluded that an overbearing focus on traditional GVA calculations at the expense of other considerations often tilts investment towards already successful areas where the immediate GVA impact is likely to be larger. It demonstrated clear examples where a GVA or econometric led approach misses opportunities for investments which are necessary to spark new growth and share its benefits, rather than just reinforcing growth in already successful areas. It noted that where traditional governmental accounting methodology privileges physical capital assets, meaning that large infrastructure projects are treated as long-term investments while social infrastructure investment is regarded as short-term spend and has to be accounted for up-front, despite its value appreciating over time. The RSA Commission did recognise the difficulty of putting their principles into practices<sup>31</sup>, stating that inclusive growth/quality GVA is never going to be easy to measure, or entirely objective. No one measure is going to be definitive. Nor can this be a general measure which might be right to apply anywhere. It will have to be different from place to place, whilst national government need better measures to track the national picture. It also needs to relate to what the strengths and assets of the place are highlighting a fundamental importance of subsidiarity of approach to interventions.

This points to any STPR2 having to avoid such pitfalls, embracing new approaches at the national level, to focus debate and policy development on the distribution of growth as well as its headline rate, and actively engage at the sub-national level, to give national intervention and investment review important insights into the economic dynamics of all areas of Scotland, contributing to the national objective of inclusive growth.

There is also an argument that we need to also move beyond an econometric analysis of investments or interventions. Even in terms of “inclusive growth” which could with associated change in intervention and investment appraisal be seen as a paradox in itself or neo-classical economics seeking a set of “protectionist” new

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<sup>29</sup> <https://www.gov.scot/publications/equality-fairer-scotland-budget-statement-scottish-budget-2019-20/>

<sup>30</sup> <https://www.thersa.org/discover/publications-and-articles/reports/final-report-of-the-inclusive-growth-commission>

<sup>31</sup> <https://www.thersa.org/discover/publications-and-articles/reports/inclusive-growth-putting-principles-into-practice>



clothes. There is still a tendency to “objectify” inclusive growth into traditional “economic” terms or monetary benefits to the economy. The measure of direct GVA economic impact continues to be important, it clearly provides a consistent ranking mechanism. However, you cannot put a price on the “economic” necessity of ending inequality. Public policy discourses of inclusive growth impacts need to avoid “commodifying” those suffering its current non-achievement, as the primary spur to action and instead concurrently frame any intervention investments and narrative around the achievement of basic economic, social and cultural rights for all<sup>32</sup>.

Therefore, whilst there should continue to be economic indicators for inclusive growth in Scotland. Moving forward there should also be active consideration of how to incorporate other issues such as human rights which are equally important drivers of the Government’s central purpose agenda into the appraisal system alongside financial benefit measurements. Economies and their economic structures, the societal norms they have perpetuated, are the source of much of the structural inequity and inequality. Whilst it is important to aim to change structural inequalities, we should be looking for a framework of measurement or project appraisal that does not reinforce the econometric centrality of appraisals of possible action, to avoid a Catch 22 situation.

Such a broadening of approach would continue the Scottish Government’s strong history of embedding human rights in policy<sup>33</sup> and also the Scottish Human Rights Commission recommendations<sup>34</sup> that Scotland should develop and implement integrated human rights impact assessments for all policy, practice and decision making. The Commission has previously recommended that a human rights framework for budgets alongside the existing equality budgeting statements would add value to efforts to realise social justice in Scotland: ensuring that the government gives appropriate priority within the budget to spending on critical areas for human rights such as health, education, access to justice and work. Focusing on continually enhancing the availability, accessibility and quality of critical government goods and services for everyone. Delivery of all these human rights in Scotland is serviced currently and will drive future demand for transport services and therefore by extension it would seem logical that any STPR2/NTS2 process seeks to embed human rights in its policy and assessment processes.

A specific example could be, as much from a Human Rights prospective as an Inclusive Growth prospective, a commitment across Scotland that we have a transport system that allows all of Scotland to have a meaningful day trip to Edinburgh or Glasgow to access significant cultural and economic or social facilities. This could have a human rights foundation expressed as a transport objective building on similar social-economic approaches to the appraisal transport projects in Norway<sup>35</sup>, a clear strategic approach to inter-regional connectivity<sup>36</sup> as outlined in other national transport plans and building on the human rights approach TS

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<sup>32</sup> <https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx>

<sup>33</sup> <https://www.gov.scot/policies/human-rights/embedding-human-rights-in-our-work/>

<sup>34</sup> <http://www.scottishhumanrights.com/economic-social-cultural-rights/human-rights-budgeting/>

<sup>35</sup> [https://www.ntp.dep.no/English/\\_attachment/1525049/binary/1132766?\\_ts=1571e02a3c0](https://www.ntp.dep.no/English/_attachment/1525049/binary/1132766?_ts=1571e02a3c0)

<sup>36</sup> <https://www.regjeringen.no/contentassets/7c52fd2938ca42209e4286fe86bb28bd/en-gb/pdfs/stm201620170033000engpdfs.pdf>

undertook in producing the Accessible Travel Framework for Scotland<sup>37</sup>. There have been examples from Denmark<sup>38</sup> and Scotland<sup>39,40</sup> of toolkits and previous assessments that could help with the development of such an approach to transport appraisal.

The RSA report<sup>41</sup> framed this sphere of appraisal as its second key principle e.g. as measuring the human experience of growth not just its rate and made a suggestion of measuring what we value and want to achieve from inclusive growth: Is it easy and affordable for everyone to travel to work and to access public services? Do working age people have access to quality jobs, where they are paid fairly and have opportunities to learn and progress? Is there a difference in the healthy life expectancy between certain groups in my community? Do people believe in their own future and their ability to succeed? They have economic under-pinning but it is lived experience in the front and centre of the assessment of success not monetary value.

This type of assessment could be built around concepts such as “transport poverty” which whilst ITS researchers<sup>42</sup> highlight the transport profession continues to struggle to produce a uniform definition but that can see a wide range (10-90%) of any population of geography or interest defined as transport poor based core aspects of a number of definitions. This suggests that socio-economic or human rights deficiencies in transport are a far greater problem than the transport profession has previously been prepared to recognise and one that requires urgent attention if inclusive growth and fundamental rights is to be built into the projects we seek to deliver in Scotland moving forward.

### **Conclusion**

The start of the STPR2 assessment and engagement process should be viewed as a clear opportunity to follow up on the suggestions of several recent research findings in enabling a focus on the elusive business of prevention, early intervention and inclusive growth. STPR2 could be a genuinely inclusive place based approach utilizing local and regional data and knowledge, tailored to the needs, ambitions and nuances of places’ economic geography feeding up projects to the national level or thematic interventions for local and regional delivery.

STPR2 alongside NTS2 presents a clear opportunity to take into account safety, accessibility and inequality, intersectionality across groups and how these impact on people’s accessibility and mobility in a transport benefit context but also socially in terms of marginalisation of individuals and communities across Scottish society. The “once a decade” appraisal opportunity afforded by STPR2 will also be fundamental

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<sup>37</sup> [www.accessibletravel.scot/](http://www.accessibletravel.scot/)

<sup>38</sup> [https://www.humanrights.dk/sites/humanrights.dk/files/media/dokumenter/business/hria\\_toolbox/hria\\_guidance\\_and\\_toolbox\\_final\\_may22016.pdf](https://www.humanrights.dk/sites/humanrights.dk/files/media/dokumenter/business/hria_toolbox/hria_guidance_and_toolbox_final_may22016.pdf) 223795\_1\_1.pdf

<sup>39</sup> <http://www.scottishhumanrights.com/media/1549/hriajan2012.doc>

<sup>40</sup> <http://eqhria.scottishhumanrights.com/>

<sup>41</sup> [https://www.thersa.org/globalassets/pdfs/reports/rsa\\_inclusive-growth-commission-final-report-march-2017.pdf](https://www.thersa.org/globalassets/pdfs/reports/rsa_inclusive-growth-commission-final-report-march-2017.pdf)

<sup>42</sup> <http://eprints.whiterose.ac.uk/94663/1/ICE%20paper%202016%20Symplectic.pdf>

to driving inclusion in and across Scotland, but that does not mean it should be steered solely from a central national driving seat. We need to be talking about childcare and social care facilities in the same breath as infrastructure at the scale of the Queensferry Crossing in STPR2, given their impact on mobility patterns of people, if we are serious about inclusive growth and inclusive places. That is a clear challenge for transport and STPR2 which in 2008 took a very traditional view on “transport priorities” for project investment. As highlighted by the Royal Society of Arts Inclusive Growth Commission<sup>43</sup>, we need to avoid an infrastructure investment situation where the value of physical infrastructure is diminished when particular places or neighbourhoods are unable to connect to its benefits, for example because the skills base is too low to take advantage of job opportunities, or health and complex social issues act as barriers to participation. That means potentially widening our view of a strategic transport project and also how we appraise its benefits.

The report does not argue that STPR and its STAG based approach should be subject of significant revision or indeed “kicked to the kerb”. This report proposes that the STPR2 should be complemented with assessment frameworks that focus on the more fine grained aspects of assessment of Inclusive Growth impacts. Merging the strategic traditional appraisal models with the local and regional data driven approaches that produces the combined evidence needed to document the best IOI’s for inclusive growth across Scotland and crucially for the future enables a monitoring framework to be established that enables a post-implementation assessment of Inclusive Growth impact. That points to a much less hierarchical and detached project appraisal process and a clear need for subsidiarity of project appraisal to include local actors and their representatives.

There would appear to be a clear opportunity for the new STPR2 approach to firmly embed “inclusive growth” into strategic and project assessments or produce clear supplementary decision-making guidance or an Inclusive Growth STPR2 IOI companion piece. The need to align, integrate and renew local and regional planning across all policy spheres is a fundamental requirement for Inclusive Growth if we are to create shared binding missions/visions for the whole of Scotland. Therefore, it would seem vital to ensure an appropriate assessment tool for the STPR2 is included or aggregated to the existing appraisal architecture and that the process for producing STPR2 is participative and not a vertical top-down model. There would appear from the initial literature review to be several existing open source toolkits TS and partners could utilize alongside the “in-house” capacity of SCRIG.

Whilst there is no suggestion that elements of an “inclusive growth” appraisal approach are not present in STPR and STAG currently it is clear from a literature review that key elements of the appraisal process have been superseded in terms of analysis or focus in the last decade with the emergence of inclusive growth and renewal of the Government’s core purpose. Therefore, it would seem appropriate to

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<sup>43</sup> [https://www.thersa.org/globalassets/pdfs/reports/rsa\\_inclusive-growth-commission-final-report-march-2017.pdf](https://www.thersa.org/globalassets/pdfs/reports/rsa_inclusive-growth-commission-final-report-march-2017.pdf)

clearly outline to stakeholders in the new NTS2 how these core elements of the Government's central purpose as outlined in the strategy vision and framework will be assessed and appraised in identifying the transport investment priorities for Scotland which should receive national government funding over the next 20-25 years in STPR2. As Jackson Pollock said "new needs need new techniques", there is clearly in the context of the agenda for Inclusive Growth for Scotland, a need for complementary new assessment frameworks to support a STAG lead approach to STPR2.

The number of open source tools available and referenced in this document are clear in terms of seeking to provide a clear assessment tool or guidance for assessment as per the example sketched out in the appendix to this report. There will always be a need for local and regional research to identify the necessary data, but in doing so this should identify the best interventions and investments that provide national inclusive growth on a broad basis to the greatest number of individuals and communities to benefit equally from strategic project investment.

CP1919+21 February 2019

## Appendix A - Analysis Template

### **Aims / Objectives**

This may seem simple, however it is important that the aims/objectives are clear. By the end of your analysis you may find that there are differing benefits for inclusive growth. Any decisions taken which have a disproportionately negative impact on inclusive growth generally or specific localities will need to be justified as a “proportionate means of achieving a legitimate aim” and details provided as how this non Inclusive Growth project will be managed and procured to ensure as many Inclusive Growth principles are supported in delivery.

### **Outcomes**

This section should clearly detail what the outcomes are (what will be achieved) or what the expected outcomes will be for the policy, practice, procedure or service being analysed. You should attempt to describe the outcomes in a short, clear and concise manner as this will assist with any further reviews or analyses which are undertaken. The effectiveness of the policy, practice, procedure or service is measured against the outcomes described therefore it is important that these be clear and accurate.

### **Initial assessment of relevance**

If you decide that inclusive growth is not relevant to the policy, procedure, practice, service or procedure you must clearly demonstrate how you have reached this decision. However it will still be necessary to identify the evidence considered and actions planned.

(Also know you plan to use any operational tools or guidance to evaluate non Inclusive Growth projects to ensure management and procurement ensure as many Inclusive Growth principles are supported in delivery).

### **Evidence considered**

In this section you want to describe the local and regional data used in the analysis. You can include data within the body of the document, or if there is a lot of data, include the data as an appendix to the template.

### **Evidence gaps**

You should use this section to describe any local and regional data that could have informed your analysis which it is not possible to present.

### **Steps taken to address gaps**

If you have decided there is some data which you do not have available you might consider alternative ways to gather some data.

You could do this in the following ways:

- Undertake a short survey with a stakeholder group<sup>44</sup>
- Talk to relevant Forums to get feedback from specific demographic populations e.g. RTP forums or Local Authority Citizen groups, community groups
- Talk to divisional teams and gather feedback: RTPs or Local Authorities

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<sup>44</sup> <https://www.jrf.org.uk/report/tackling-transport-related-barriers-employment-low-income-neighbourhoods>

- Get feedback from external networks or stakeholder groups (if appropriate)

**Analysis of Effects on Inclusive Growth-** *you should note positive benefits and adverse (negative) impacts e.g. for example some possible outcomes listed below. Deliver high quality public services which reflects modern Scotland accurately in economic, social and environmental contexts.*

*Build in subsidiarity from the start when developing new products and services, and ensuring sustainable and ongoing accessibility.*

### **Engagement**

Which stakeholders have you engaged with?

Outline engagement activity with each stakeholder group

What were the outcomes of the engagement?

### **Inclusive Growth Analysis Conclusions**

Has the direct benefit been identified?

Has the indirect benefits been identified?

Have potential adverse impacts been identified which can be justified after considering all reasonable alternatives and mitigating actions?

Has the action plan at the end of this document been completed to demonstrate any actions being taken as a result of the analysis e.g. management and procurement activities for non-inclusive growth projects?

Overall Assessment of action to be taken:

1: Continue 2: Adjust 3: Stop & Remove

### **Other considerations**

Are there any other considerations or dependencies which need to be considered?

Is there inclusive growth/subsidiarity activity already in place that will influence the benefits or impact?

### **Action Plan**

Is an action plan required to address the impact identified?

### **Review**

Set date for review and opportunities continuous improvement.

### **Inclusive Growth Analysis Action Plan**

This could identify relevant objectives and then specify issues, potential actions, date to be achieved and lead for delivery. Examples of thematic headings

- Duty to Secure Best Value;
- Ability to promote well-being locally,
- Duty to advance equality and address socio-economic disadvantage,
- Regional Transport Strategy





**New needs need new techniques.** And the modern artists have found **new** ways and **new** means of making their statements... the modern painter cannot express this age, the airplane, the atom bomb, the radio, in the old forms of the Renaissance or of any other past culture – Jackson Pollock