

Petition briefing for PE2125: End the pause on new NHS building projects and prioritise capital funding for primary care buildings

The petitioner is calling on the Scottish Parliament to urge the Scottish Government to restart overdue work on NHS Scotland buildings, and prioritise funding for primary care building projects to ensure community health teams have the physical spaces and renovations required to treat their patients efficiently and safely.

Background

The petitioner is concerned that funding for general practice is too low in Scotland, noting that this is around 8% of the total NHS budget in Scotland. The petitioner also states that insufficient funding of general practice is contributing to widening health inequalities, and that hospital buildings are being prioritised for capital funding over GP practices which:

“are well overdue renovation or complete replacement throughout the country”

This briefing will provide an overview of funding for the NHS in Scotland, recent funding allocations in the 2025/26 Budget, and general information on the funding of capital projects in Scotland.

NHS finance in Scotland

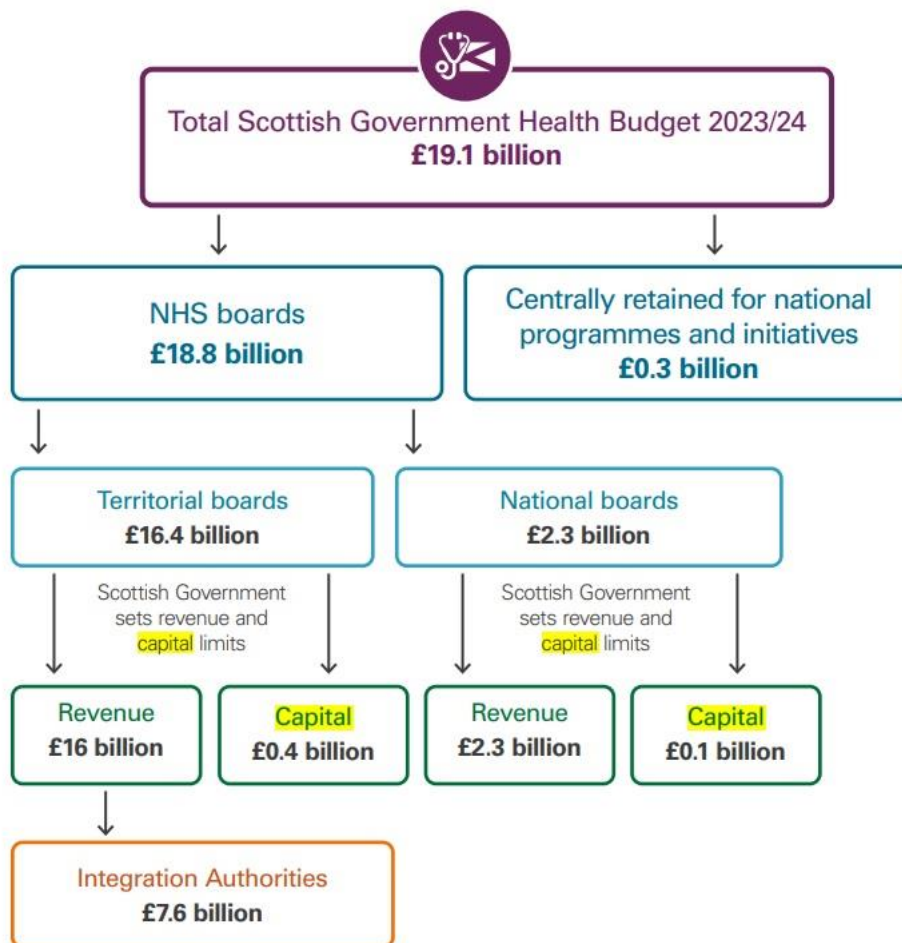
On 3 December 2024, [Audit Scotland published its report on the finances and performance of the NHS in Scotland](#). Key findings in this report include:

- Health accounts for about 40 per cent of the Scottish budget, and NHS funding grew again in 2023/24, but recent increases have been used largely to cover pay commitments and inflation. Costs are forecast to continue rising, identifying and making savings remains challenging, and investment in new healthcare facilities remains paused. To address current financial pressures, fundamental change in how NHS services are provided is now urgently needed.
- Despite increasing funding and staffing, the NHS in Scotland is still seeing fewer patients than before the Covid-19 pandemic. Progress to reduce the backlog of care has been slower than anticipated. National commitments to reduce waiting lists and waiting times have not been met, and reducing delayed discharges remains an intractable problem.

- There needs to be an increased and ongoing focus on improving the health of Scotland's people to reduce the pressure on the NHS. Without this change, the NHS is unlikely to be able to meet growing demand. The Scottish Government's restated vision for health and social care is not clear on how current operational issues will be addressed or how reform will be prioritised.

Audit Scotland recommended that the Scottish Government produce a national capital investment and asset management strategy.

The report provides a breakdown of how the 2023/24 health budget was allocated, which is set out below:



[Public Health Scotland publish data on the payments made by NHS Scotland to General Practices](#). In the financial year 2023/24, there was a total of £1,068 million to 898 General Practices, which is an increase of 5.5% compared to 2022/23.

In November 2024, the [Cabinet Secretary for Health announced an additional £13.6 million in funding for General Practice in Scotland for the 2024/25 financial year](#), although this funded is for staff costs.

Capital funding in Scotland

The 2025-26 Budget has a total of £7,343 million in capital and financial transactions resources available, which is an increase of £942 million compared to the 2024-25 Budget (14.7% higher in cash terms, or 12% in real terms).

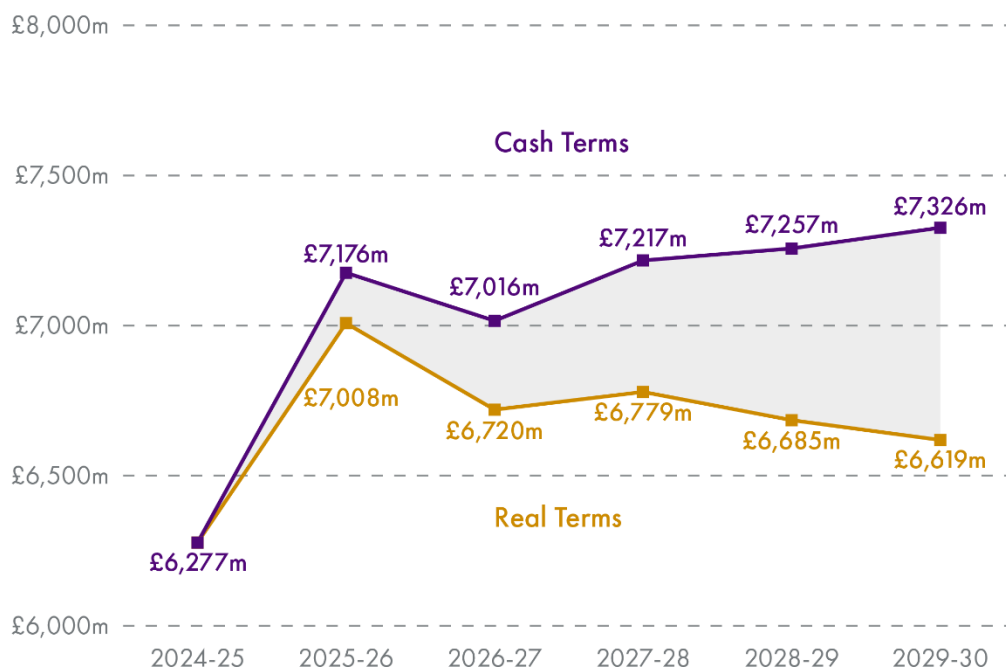
The majority of the capital budget comes from HM Treasury. The core Barnett settlement increased by £1,323 million to £6,256 million (85% of total capital budget). Part of this increase is due to ring fenced funding for Network Rail, which was separately identified in previous years, now being part of the core settlement. The remainder of the increase is the result of policy decisions taken in the October UK Budget. There is also £122 million in capital funding anticipated to come from the UK Government in support of City Deals.

The UK Government have provided Financial Transactions (FT) funding of £167 million, an increase from the £124 million that was available in 2024-25.

The Scottish Government has once again stated it intends to make full use of its capital borrowing powers, which adds a further £472 million to available funding. This is an increase of £14 million compared to 2024-25, as the [revised Fiscal Framework agreed with the UK Government](#) increases the annual and cumulative borrowing limits in line with inflation (this uses the GDP deflator, which is 2.4% for 2025-26).

In addition to the capital borrowing, the Scottish Government plan to utilise £326 million of ScotWind proceeds.

The Budget includes a five-year forecast for capital funding. This shows a drop in total funding available in 2026-27, with relatively muted growth in the final three years of the forecast.



The Scottish Fiscal Commission note that:

“The outlook for the Scottish Government’s capital funding has a different profile to resource, as capital funding peaks in 2025-26 before falling in 2026-27 and then staying broadly flat. The reason for this is the Scottish Government plans to borrow less in 2026-27 than in 2025-26, and there is no planned use of ScotWind proceeds in 2026-27.”

In the absence of a spending review from the UK Government, the Scottish Government have made a number of assumptions to inform this forecast:

- The core Barnett settlement will rise an average of 2.5% per year in cash terms
- UK contribution for City deals will remain £122 million per year
- Scottish Government borrowing for capital will be less than the annual limit at £300 million per year
- There will be no further utilisation of ScotWind revenues or the Scotland Reserve for capital spending during the forecast period

2025/26 Health Budget

The Budget for 2025/26 is still completing its passage through Parliament, and so is not yet finalised. However, in the [Budget presented to Parliament on 4 December 2024](#), a total of £21.7 billion is allocated to health and social care. In total, just over £1 billion in capital funding is available to the NHS Boards, an increase from £820 million in 2024/25. The [Scottish Government highlighted that this capital funding will support investment in Belford Hospital, Monklands Hospital and Edinburgh Eye Pavilion](#). A total of £2.2 billion is available for primary care services, which is an increase of nearly 8%.

Delays to medium term financial strategy and associated infrastructure spending plans

In February 2024, the [Scottish Government announced that all new NHS capital projects would be put on hold](#). Construction projects are under significant pressure due to the increase in construction prices, and the previous UK Government had plans to hold capital budgets flat in cash terms which increased the pressure on devolved capital budgets.

The [Scottish Government’s Medium Term Financial Strategy \(MTFS\)](#) published in May 2023 sets out the Scottish Government’s assumptions around public spending and revenues over a five year period. This is normally updated annually, but the Scottish Government did not publish an MTFS in 2024, citing uncertainty around funding from the UK Government. The 2023 MTFS acknowledged that capital budgets were unlikely to be sufficient to enable the Scottish Government to achieve its plans for infrastructure investment, as set out in the [Infrastructure Investment Plan \(IIP\)](#).

In the light of these challenges, the Scottish Government said:

“To help to address the difference between the capital funding and spending outlook, we plan to publish a reset of the project pipeline, first set out in 2014 and last updated at the publication of the 2021 Infrastructure Investment Plan, alongside the 2024-25 Budget – providing transparency over which projects may now be delivered over a longer timescale. To do this we will undertake a prioritisation exercise to ensure we target the available capital spending to support employment and the economy through the Scottish Government’s infrastructure plans, support the achievement of net zero emissions targets and underpin the provision of high-quality public infrastructure and services across Scotland.

Without further funding and increased fiscal flexibility through increased borrowing powers from the UK Government, tough decisions will need to be made as we prioritise infrastructure investment to meet the core missions set out in the policy prospectus.”

However, no further information on infrastructure investment plans was provided alongside the 2024-25 Budget. Since last year, the Scottish Government have published limited updates on Major Capital Projects (in [January 2024](#) and [October 2024](#)), but have delayed an updated IIP until a new MTFS can be prepared, which in turn is reliant on the UK Government spending review. This is now expected in June 2025. In [correspondence to the Finance and Public Administration Committee in September 2024](#), the Cabinet Secretary for Finance and Local Government noted that:

“As you are aware, the Scottish Government had committed to publish its reset Infrastructure pipeline alongside Budget 2025-26. The announcement by the Chancellor of the Exchequer of a one-year budget in October 2024 means however that, while we will have some certainty on the 2025-26 capital grant by the time of our Budget announcement, we will not have confirmation of the 2026-27 capital grant until after the UK Government’s multi-year comprehensive spending review, which is not due to conclude until Spring 2025. As such anything said later this year about projects or programmes that continued into 2026-27 could be subject to change once the UK Spending Review is published.

There has been considerable uncertainty in recent years, both for bodies looking to deliver infrastructure projects and for the construction sector looking to bid for public sector contracts. My intention in publishing a reset pipeline is to provide clarity on what will be delivered in the remaining years of this Infrastructure Investment Plan. I believe it is important that the information provided will be stable and based on the best available information on future budgets. I therefore plan to delay publication of our IIP pipeline reset until after the UK Spending Review.”

Andrew Feeney-Seale
Senior Researcher, SPICe

24 January 2025

The purpose of this briefing is to provide a brief overview of issues raised by the petition. SPICe research specialists are not able to discuss the content of petition

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