

Kenneth Gibson MSP
Convener
Finance and Public Administration Committee
The Scottish Parliament
By email to: FPA.committee@parliament.scot

12 March 2025

Dear Kenneth

2025-26 SCOTTISH BUDGET – FOLLOW UP TO 18 FEBRUARY 2025 SESSION

During my appearance at the Stage 2 Committee session on 18 February, I agreed to respond to you in writing on a number of issues.

1. Capital – Infrastructure projects included in 2025-26 Scottish Budget.

Please see Annex A for information on capital infrastructure projects and programmes that are supported by the 2025-26 Scottish Budget.

2. Future Scottish Spending Review - timeframe and approach.

I am currently considering options for the timing and approach to the next Scottish Spending Review. I will be in contact with the Committee before confirming the timetable.

3. Two-child benefit cap – request to share evidence

I indicated at Committee that I would share evidence from key stakeholders that outline the anticipated impact of mitigating the two-child cap in the context of addressing child poverty in Scotland. I have set out below a brief outline of some key findings and relevant papers that were published in advance of the Scottish Budget in December:

Child Poverty Action Group published a range of recommendations in their [Autumn budget representation](#) in September 2024. In this they stated:

“The first step to reducing child poverty must be removing the two-child limit. Scrapping the policy today would instantly pull 300,000 children out of poverty and stop another 200,000 being drawn into poverty over this parliament. It is the key driver of rising child

poverty today and the most cost-effective way to stop the number of children in poverty increasing.”

The Joseph Rountree Foundation [published a report](#) in October 2024, which asked how effective social security is at reducing poverty and advancing equality in Scotland. As part of their report they stated:

“scrapping some of the most egregious elements of the UC, such as the 2-child limit, younger person’s rate and benefit cap could lift around 25,000 children out of poverty.”

The Institute for Fiscal Studies also [published a report](#) in October 2024, looking at trends in child poverty and options to address this. The report outlined that

“The government has a number of levers it can pull through the benefits system if it wants to reduce child poverty. Among the policies we consider, the single most cost-effective policy for reducing the number of children living below the poverty line is removing the two-child limit.”

The End Child Poverty Coalition [published briefing](#) outlining their priorities for the budget, in November. As part of this they stated that

“CPAG estimates mitigating the two-child limit in Scotland would lift an additional 15,000 children out of poverty at a cost of around £100 million.”

Since the policy was announced in the budget, the **Fraser of Allander Institute** have [published details of their own modelling](#). As part of this they advise: *“Our modelling shows that about 20,000 children would be kept out of poverty by mitigating the two-child limit in 2026-27, slightly higher than the [Scottish Government estimate](#) of 15,000. The reduction would mean a 2 percentage point decrease in the relative child poverty rate.*

4. Adult and child disability payments – data comparison between Social Security Scotland and DWP.

Further to my evidence to the Committee on comparability between Social Security Scotland and the Department for Work and Pensions, I would also highlight the Institute for Fiscal Studies’ commentary *Scottish Budget 2025–26 What has happened to disability benefits in Scotland? An update* (2024). This report notes that, following a spike in Scottish approval rates for Adult Disability Payment applications immediately after national launch, recent data indicates that new ADP recipients show a similar increase to that seen for PIP in England and Wales. In addition the Scottish Fiscal Commission has noted that much of the projected increase in spend for Adult Disability Payment and Child Disability Payment is part of UK-wide trends. To the extent this is the case, Scotland receives a population share of this increase through the Block Grant Adjustment.

5. Availability of documents relating to the 2015 Commission on Local tax Reform.

I understand that the license for the website for the Commission on Local Tax Reform has expired and is not owned by the Scottish Government. However, the following link can still be accessed - [Download our Final Report – THE COMMISSION ON LOCAL TAX REFORM](#) and copies of the report are available for downloaded.

6. Council Tax Reform – timeline.

The Scottish Government and COSLA have launched a joint programme for engagement which will run from February 2025 to early 2026.

We are currently commissioning expert independent analysis on the range of choices available, recognising that our approach must be evidence-led. Public Engagement will begin in the summer and will run until the end of the calendar year. The programme includes a formal public consultation process, town-hall events, and focused discussions with key stakeholders and experts. Analysis of the engagement activity will be concluded by early 2026, leading to a debate in the Scottish Parliament.

7. Scottish Government Strategies – process review and timing of update.

I have asked my officials to accelerate work to review the current number of live strategies and I will provide an interim update to the Committee by the end of March. This will be followed by a further, more detailed review before the originally agreed June deadline.

I trust this additional information is helpful to the Committee.

Yours sincerely,

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Annex A – Capital projects and programmes

The following tables set out, for each portfolio, the capital infrastructure projects and programmes being funded through the 2025-26 Budget. Capital infrastructure is defined as the physical and technical facilities required by society, and the tables include:

- Infrastructure projects where the total publicly funded capital investment over the lifetime of the project is £5 million or more,
- Infrastructure programmes where the total publicly funded capital investment over the lifetime of the programme is £20 million or more.

CEAC

List of Capital Infrastructure Projects	Update
Citizen's Theatre	£8m to be provided in 2025/2026 budget to Glasgow City Council reflecting additional support they have provided to The Citizens Theatre.
National Library of Scotland – George IV Bridge	Initial scoping work is due to begin in 2025-26 (£0.2m) with the majority of the funding to be provided 2026-27 to 2028-29 (expected to be £10m and subject to business case) This project includes mitigating known risk in collections protections, including improving fire prevention by replacing fire dampers and smoke extract systems, reducing revenue costs for future year maintenance and reducing risk of a catastrophic event. The project will also redesign the entrance hall to reduce access barriers, with upgraded accessible toilet facilities to meet current good practice, including a Changing Places toilet. It would also allow access for those using larger wheelchairs to the Reading Rooms and building by upgrading and installing a new lift system. Current accessibility for those in larger wheelchairs is limited and not fully inclusive.
National Records of Scotland – New Register House	National Records of Scotland are investing £2.3m in 25/26 as the final year of the roof replacement project for New Registers House.

DFME&G

List of Capital Infrastructure Projects	Update
R100 broadband programme	Overview The 2025/26 budget will continue to invest in digital infrastructure, a critical component in the Scottish Government's plans to grow the economy and underpins the delivery of high quality, modern public services. A core theme of Scotland's Digital Strategy is ensuring that no one is left behind in the digital world and that geography should not be a barrier to getting online – by focussing investment in extending the reach of digital infrastructure into Scotland's rural and island communities we are ensuring we meet that objective. The Scottish Government's NSET 10-year plan includes a strong commitment to provide an efficient and resilient digital infrastructure in Scotland. Our recent and this continued investment, which has predominantly focussed on delivery of full fibre infrastructure, is providing future-proofed, resilient connectivity for decades to come. Despite telecoms being reserved to Westminster, successive Scottish Governments have prioritised direct additional investment in enhancing Scotland's digital infrastructure and we continue to work closely with the UK Government to maximise their investment in both Scotland's broadband and mobile digital infrastructure.

	<p>Capital income being received in 2025/26 is as a result of a higher than forecast take-up of services in previous broadband contracts and is being prioritised for use to further enhance digital connectivity infrastructure across Scotland. Around 80% of the premises to be connected through the R100 contracts are located in rural areas reflecting our view that investment should be focussed where it is needed most – rural Scotland.</p> <p>Progress In total, the R100 contracts are currently expected to connect around 113,000 premises with contract currently scheduled for completion in 2028. The vast majority of R100 contract build is full-fibre and Gigabit-capable – over 30 times faster than our original superfast commitment. The R100 programme is now delivering at pace to Scotland’s homes and businesses, with build volumes increasing year-on-year. Over 74,000 connections have been delivered to date through the R100 programme, including over 16,000 additional connections beyond contract scope. This additional build would not have been possible had it not been for R100 deployment. The programme will continue to deliver and connect over 20,000 premises to gigabit capable broadband in areas of market failure by March 2026. The R100 Scottish Broadband Voucher Scheme remains available to those who are beyond the reach of commercial or R100 contract build plans, offering up to £5,000 with which to secure an improved broadband connection.</p>
Digital Strategy	<p>Overview Digital is a key enabler of public service reform programme and the 2025/26 budget will invest in the expansion of Civtech, driving innovation and also continuing to invest in initiatives to ensure re-use of digital solutions and approaches across the Scottish Government and the wider public sector. This will reduce duplicative investment and operational costs, improve customer experience; ensure greater control over capability deployment of digital staff into higher-value digital roles; strengthen the resilience of public services by allowing investment in cyber defences to be more focused and targeted; and enable greater innovation in digital public services.</p> <p>Progress on common platforms</p> <p><u>Cloud 1st Programme (Cloud Platform Service):</u></p> <ul style="list-style-type: none"> • now has 36 public sector workloads using the service which exceeds KPI’s for the first year of operation and to date has saved Scottish Government £343k. • secure networking and FinOps services available to customers • continue to onboard customers onto AWS and Azure platforms including ARE Services and customers from Saughton House data centre in support of its closure <p><u>Payments Platform (ScotPayments):</u></p> <ul style="list-style-type: none"> ○ As of February 2025, 69,022 payments totalling £128.4M have been processed. ○ Development of platform will continue to summer 2025. ○ Continue to onboard customers, most notably SPPA (£3.1bn payments per annum) <p><u>Digital Identity Service (ScotAccount):</u></p> <ul style="list-style-type: none"> • Live with Disclosure Scotland, currently being used with their Protecting Vulnerable Groups (PVG) service (since Feb 2023) and Basic disclosure checks (since Feb 2025). This massively speeds up the process for customers, and also represents a significant step to assuring and de-risking the delivery of the Disclosure (Scotland) Act. Quote Disclosure Scotland Chief Executive: “this is an example of how government can collaborate to deliver digital successfully”. • Service currently covers 5 customers, with the Register of Tobacco and Nicotine Vapour Product Retailers the most recent to onboard.

	<ul style="list-style-type: none"> • Service is delivering cashable savings per transaction contributing savings of at least £12,000 per week (£2.31 per Disclosure Certificate) and supporting nearly 400,000 applications per year. • The level of savings will continue to be realised at transaction level as further customers onboard onto the platform. • Continue to onboard customers, most NHS Digital Front Door and the new 'mailbox' digital communications service. <p>Progress on CivTech</p> <p>Capital funding will be delivering innovative solutions to a range of challenges facing the public sector, in doing so also creating a number of new jobs and associated economic benefits. The majority of the capital budget for 2025/2026 will focus on the delivery of pre-commercial contracts for CivTech 10, delivering working solutions ready for implementation. CivTech 10 consists of 11 Challenges focused on a range of important areas, with a diverse range of Challenge Sponsors. Among the 11 Challenges are groundbreaking projects in areas including the use of public data, advanced fire and rescue technology, skills development, carbon sequestration, the circular economy applied to the health sector, and AI applied to education services and to business support systems.</p> <p>This year will also see the launch of CivTech 11. Challenge definition workshops are currently underway with public sector Sponsors to discuss and develop potential Challenges.</p>
Regeneration Programmes	<p>The 2025/26 budget will deliver two strands of investment:</p> <ul style="list-style-type: none"> • £24m to support town centre and community led regeneration through funding for pipeline projects including restoring investment following the pause of the Regeneration Capital Grant Fund and Vacant and Derelict Land investment Programme. <p>Progress - Work is progressing to agree recommended projects for support with 27 projects identified (including those named within the draft Scottish Budget document) Once the recommendations are agreed by the investment panel, and subject to Accountable Officer and Ministerial approval, these will deliver locally significant assets in communities across Scotland that will support regeneration, town centre action, contributing to the FM four priorities a number of the projects also respond to the housing emergency.</p> <ul style="list-style-type: none"> • £23m direct allocation to local authorities restoring the commitment made to deliver the Place Based Investment Programme, which was established to develop longer term investment plans accelerate ambitions for place, 20-minute neighbourhoods, town centre action, community led regeneration and community wealth building. This follows the significant reduction of the budget in 2024/25 which interrupted the delivery of the long term planning that had been developed for the delivery of this funding. LAs have made clear the challenges this presented: stalling projects that were in progress, securing match funding, delivering community ambitions and resulting loss in community trust and engagement, wider investment and enterprise opportunity. <p>Progress - LAs have been advised of the intention to deliver the funding, pending parliamentary and Ministerial approval of the budget, and to consider planning for its delivery.</p>
Ferguson Marine	<p>The capital budget for Ferguson Marine for 2025/26 is £46m this is set to cover two strands:</p> <ul style="list-style-type: none"> • £36m to cover the remaining cost to complete the build of Glen Rosa (vessel 802). Based on latest estimates provided by Ferguson Marine to the NZET committee the vessel is due to be delivered by September 2025. The programme for delivery is currently under review by the Ferguson Marine board of directors and an update to the NZET committee will be provided when the plan has been reviewed and approved. • £9m funding for the capital investment programme, subject to due diligence and Parliamentary approval, the capital expenditure is likely to be drawn down over the next two financial years. Ferguson Marine are currently preparing an updated business plan that will include the capital investment proposal. The £9m included in the 25/26 budget is part of the £14.2m capital investment plan announced in Parliament in July 2024.
City and Regional Growth Deals	<p>The 2025/26 funding will support the ongoing long-term investment of all 12 Regional Growth Deals now in delivery in line with regional partner delivery programmes and tripartite funding agreements. Each Deal is designed and delivered by regional partners and supports a</p>

	range of projects and programmes tailored to local economic needs and circumstances. Deals are delivering key sector innovation, enabling infrastructure and skills support to unlock potential and drive economic growth at a regional level.
Clyde Mission – Heat Decarbonisation Fund	The 2025/26 funding will commence the £25m Heat Decarbonisation Fund on eligible investment activity in line with a new Strategic Masterplan and Clyde Mission Energy Masterplan led by Glasgow City Region.

E&S

List of Capital Infrastructure Projects	Update
Dunfermline Learning campus	2025-26 sees a capital allocation to SFC of £64.8m for college maintenance and the delivery of Fife College’s Dunfermline Learning Campus (DLC). It is now for the SFC to determine the best split of the resources. The budget was based on a set of assumptions around reprofiling which the outcome cannot be confirmed until the end of the 2024-25 FY. This may impact the final 2025-26 budgetary requirement for DLC. The cost of the New build Fife college campus in Dunfermline is £154.5 million. The planned completion of the project construction stage is September 2025 with the new campus expected to be operational by February 2026.
Technologies for Learning	2025-26 will see an allocation of £10m to support digital inclusion amongst families with children of school-age. This is intended to be a single year allocation with no funding currently requested or allocated for future years. Work is underway to develop and agree a delivery model - both local authorities/schools and the third sector are potential routes for delivery.
Play parks	2025-26 will see allocation of £25m to local authorities for the renewal of Play Parks across Scotland. This is the final allocation of an overall £60m commitment from Scottish Government since 2021-22. As of April 2024 this funding has supported Local Authorities to renew a total of 887 play parks. Local Authority partners will be reporting on progress again in April 2025 and April 2026. The commitment is an action within our Child Poverty Action Plan and supports children and families to access free play opportunities in their local community.
School Age Childcare	Capital investment to support delivery of local systems of childcare in Early Adopter Communities projects. Capital investment to support the design and development of a future digital childcare service for Scotland, following the development and approval of a business case to support this.

F&LG

List of Capital Infrastructure Projects	Update
Vacant and Derelict Land	The budget to deliver the Vacant and Derelict Land Fund (VDLF) is calculated using an agreed formula as a contribution from the overall local government capital settlement. In 2025/26 this is £7.6m. It supports the 5 local authorities with the highest proportion of Vacant and Derelict Land (VDL) as identified on the VDL Register. Eligible LA’s have been asked to develop proposals for the use of the fund to submit to Scottish Government by 1 April for consideration and approval of Ministers. In line with previous years we expect to see proposals that will utilise the fund to address persistent VDL to unlock these sites bringing them back into positive use, benefitting surrounding communities. Persistent VDL sites are typically in our most disadvantaged communities and addressing these sites forms part of the longer term plans for place-based regeneration. Updated guidance has been issued, agreed with COSLA, that this can include sites addressing the housing emergency where the development is part of a wider place-based regeneration approach.

H&SC

List of Capital Infrastructure Projects	Update
Monklands Hospital	Full business case expected to be submitted to Scottish Government for review in late 2025/early 2026.
Replacement Eye Pavilion	This project is restarting and NHS Lothian will begin updating and refreshing the Outline Business Case. It is unlikely the OBC will be ready for review in 2025-26.
Replacement Belford Hospital (Fort William)	This project is restarting and NHS Highland will begin updating and refreshing the Outline Business Case. It is unlikely the OBC will be ready for review in 2025-26.
Radionuclide Facility – Glasgow Baird and ANCHOR	This facility is in construction and should complete in 2026-27. These facilities are in construction and should be completed in 2025-26.
Foxgrove (National Secure Adolescent Inpatient Service for Scotland)	This facility is in construction and should complete in 2025-26.
National Treatment Centre – Forth Valley	This facility is in construction, completion date is unknown.
Golden Jubilee Foundation - Phase 2 National Treatment Centre	This facility is already open, but further investment is required in decontamination resilience and capacity.
NHS Greater Glasgow & Clyde - QEUH Rectification Works - Atrium Cladding	Construction ongoing, completion will be beyond 2025-26.

J&HA

List of Capital Infrastructure Projects	Update
HMP Glasgow	HMP Glasgow construction contract with Kier was signed in January 2025, with construction completion scheduled for 2028 and a total project cost £998m. The 2025/26 budget includes £261m capital funding to begin construction in 2025/26. HMP Glasgow will have a design capacity of 1344, which will add 357 places to the overall prison estate. HMP Glasgow's design is modern and trauma-informed, making use technology to free up staff time to allow for more positive engagement time with those in custody. The cells are in line with international standards and are future proofed for the ageing prison population, with the ability to accommodate more wheelchair users. The establishment is all electric and no fossil fuels will be burnt on site for the running of HMP Glasgow.
HMP Highland	The construction contract for HMP Highland was signed in spring 2024 and construction completion is scheduled for 2026. The total cost of HMP Highland is £209m. The 2025/26 budget includes total capital funding of £355m to the Scottish Prison Service (SPS) to enable SPS to progress the estate priorities of HMP Highland and HMP Glasgow. HMP Highland will provide SPS with an additional 107 places and will deliver safe and secure accommodation, with maximum possible benefit and opportunity to those who live, visit and work there.
Emergency Services Communications Programme	Home Office-led programme is ongoing and due to conclude 2029-30. Construction of an upgraded mobile 4G network and provision of new equipment for the three emergency services to connect to the network will continue in 2025-26.

NZE

List of Capital Infrastructure Projects	Update
Offshore wind	<p>£150m has been allocated for 25/26. Funding will be allocated through the Scottish National Investment Bank and Enterprise Agencies, in line with our strategic framework, using a commercial-first approach to identify the best projects to maximise economic value. Each investment opportunity will be subject to rigorous due diligence and value-for-money assurance processes. We will continue to work closely with industry and public sector delivery partners to ensure we identify and deliver the best projects at pace. Due to the competitive nature of the market, details of the project pipeline are commercially sensitive at this time.</p>
Heat in buildings programme	<p>£302.6m allocated in the 2025-26 Scottish Budget. This will support delivery clean heat and energy efficiency measures to households in Scotland, as well as to SME businesses and the public sector. This funding will also support heat network projects in Scotland. Funding will be delivered through existing heat in buildings schemes, including:</p> <ul style="list-style-type: none"> • Warmer Homes Scotland • Area Based Schemes • Social Housing Net Zero Heat Fund • Home Energy Scotland Grant & Loan • SME Cashback and Loan • Scottish Green Public Sector Estate Decarbonisation Scheme • Scotland's Heat Network Fund <p>Scheme allocations will be confirmed shortly.</p>
Energy Industries	<p><u>Blue Hydrogen</u> - Ineos O&P have commenced work on fuel switching programme - £5m over 3 years (24/25, 25/26, 26/27). Development of selected phase study to support blue hydrogen fuel switching at Ineos.</p> <p>Acorn Project – Feeder 10 pipeline. Initial pre-FEED work undertaken in Q4 of 24/25. IN 25/26 the next phases of FEED work will total up to £40m but with no requirement for SG funding in 25/26.</p> <p><u>Project Willow</u> - Alongside UK Government, we have funded the Project Willow study to assess commercial opportunities at Grangemouth. This funding will support progress of recommendations and study opportunities to further understand the impacts and needed work.</p> <p><u>SEITE</u> – Industrial Decarbonisation. To date we have co-investment with industry on a range on industrial projects during year 3 of 5 year commitment. Going forwards we will continue this work to support FM pillars of growing the economy and tackling the climate emergency.</p> <p><u>Energy Transition Fund</u> - Funding of 3 of 4 projects due to be completed including Global Underwater Hub, Aberdeen Hydrogen Hub and Net Zero Technology Transition Programme. We will continue capital support of Energy Transition Zone Ltd for final year of SG funded delivery. Supporting Works to develop and implement greenspace enhancement on greenfield development sites and works on the Green Hydrogen Test & Demo site and will invest in carbon reduction development of ETZ building sand finding to support wider Net Zero adoption within Alrens Industrial Estate.</p> <p><u>Grangemouth Just Transition Fund</u> - This is a newly established fund to support business bringing forward recommendations from Willow, develop infrastructure propositions and others as yet unknown pieces of work that will support workers, the community and business. We are engaging at pace with stakeholders to develop the mechanism for the fund and identify projects that can be expedited. We are also seeking to align this resource to the UK Government £200m National Wealth Fund announced by the UK Government.</p> <p><u>Green Hydrogen Funding Calls</u> - Awards from the 2024/25 call will be announced shortly and will total over £3m. These will support strategically important green hydrogen production projects and projects to develop related supply chain. Subject to agreement from Scottish Enterprise that they will be the delivery partner, and Ministerial approval of draft arrangements, it is planned to conduct a similar call in 2025-</p>

	26, with the scope widened to include projects to develop supporting transport and storage infrastructure, and projects to help support demand and off-take.
CARES	The Community and Renewable Energy Scheme (CARES) provides advice and support for communities across Scotland looking to develop renewable energy and heat decarbonisation projects. CARES capital funding in 2025/26 will be used to provide support for an increased Community Energy Generation Growth Fund. This support will build on the success of the Fund run in 2024/25 and provide support to communities looking to develop their own renewable energy projects, including wind and solar PV projects. Capital will also be used to provide continued support to communities for the decarbonisation of their community buildings and will take a whole building retrofit approach covering zero emissions heat installations, small-scale generation and energy efficiency measures.
Nature Restoration Funding	Committed funding of £55m to date for key nature restoration activities.
Flood Risk Management	£15 million in budget for implementation of the Flood Resilience Strategy, wider flooding resilience and coastal adaptation work.
Just Transition Fund	A proportion of the £75 million in capital allocated through the fund was spent directly on developing physical and technical facilities, including £18.884 million on construction projects (SeedPod, Energy Transition Skills Hub and Just Transition Hub) and £9.8 million supporting businesses by enabling them to invest in their own facilities through the Supply Chain Pathway and Energy Transition Challenge Fund. £15.9 million in capital has been allocated to the Fund for 2025-26. This includes £8.5 million in new capital and £7.4 million in existing commitments across 4 existing projects. Subject to AO approval, the remaining £8.5 million will be utilised to launch an open funding round inviting bids focused on delivering skills, jobs and economic growth in the NE region. Following award £83.5 million in capital will have been allocated through the Fund to March end 2026.

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List of Capital Infrastructure Projects	Update
Woodland Creation	Since 2015, Scottish Forestry has provided grant funding for 91,400 hectares of new woodland - 180 million trees. We have approved approximately 10.2k hectares which could be planted in 2024/25. Based on prior years, we would expect a level of attrition (driven by weather, changing plans, etc) suggesting actual tree planting in the range of 8.2-9.3k hectares. The 2025/26 capital funding of £31m delivers approximately 11-12k hectares of new native/non-native woodland. The supports the PfG commitment to tackle climate change and drives confidence in a sector that contributes around £1billion to the Scottish economy.
Peatlands Restoration	£29m will deliver approximately 14,000 hectares of peatland restoration which will reduce emissions, support biodiversity and flood and water management.
Agricultural Transformation Fund	£23m has been allocated in 2025-26 to be shared between a new Future Farming Investment Scheme providing grants to drive efficiency, or support nature and climate friendly farming and to support new entrants and young farmers into the sector; and grants to support the food and drink processing sector.
The National Islands Plan - Islands Programme	£5.3 million capital has been allocated to our £25.8 million Islands Programme which supports local growth, population retention, and improved community resilience in support of the statutory National Islands Plan. AO approval is pending. As in previous years, the 2025-26 Islands Programme will support the six island local authorities to fund locally developed infrastructure projects that align with the Strategic Objectives of the National Islands Plan. Managed by our delivery partners, the Scottish Futures Trust, funding will be distributed under a competitive bidding procedure under careful scrutiny by our Islands Program Investment Panel.

Edinburgh Biomes	Project will transform the current failing RBGE (Royal Botanic Garden Edinburgh) estate – home to Scotland’s national biodiversity research collections - to a create a world-class facility that will produce climate, economic, wellbeing and environmental benefits, as part of a green economic recovery for Scotland. 2025/26 will see the completion of the restoration of the Victorian Palm Houses, and works commence on the construction of a new energy centre for Scotland’s national living plant collection.
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List of Capital Infrastructure Projects	Update
Affordable Housing Supply Programme	To end September 2024 we have delivered 24,382 affordable homes towards our 110,000 affordable home target. The 2025-26 draft budget allocated £767.745m to the AHSP comprising CDEL £595.5m, TMDf CDEL £92.245m and the retention of Financial Transactions income to be recycled £80m. The funding will be used to support the provision of social and affordable homes across Scotland towards the delivery of our 110,000 affordable homes target.
Cladding Remediation	<p>Capital Budget: In line with the government’s commitment to advancing the Cladding Remediation programme, £52.2 million has been allocated in the 2025-2026 Scottish Government budget of which £46.7 million is Capital allocation. This allocation is intended to support both the core programme delivery, and increase both the pace and breadth of action on cladding. The programme is demand-led, as its expenditure is dependent upon the outcome of Single Building Assessments (SBAs). It is not possible to determine whether a building requires remediation, or the extent of remediation required until a building has been assessed. This makes it challenging to provide an accurate forecast of the programme’s full-life costs.</p> <p>Brief update on progress: Significant work has been undertaken within the programme to establish the technical and legal means to carry out both assessment and remediation of buildings with external wall cladding systems in Scotland. This has been particularly important given the Scottish tenure system, in which there is no single building owner for domestic properties. Work carried out to date, includes but is not limited to:</p> <ul style="list-style-type: none"> • The development and commencement of the Housing (Cladding Remediation) (Scotland) Act 2024 (the Act). • The development of the Single Building Assessment (SBA) specification and subsequent SBA Standards. • The development of an interim Cladding Assurance Register. • Ongoing commissioning of SG led SBAs and pilot cleanse. • Seeking agreement on Developer Remediation Contract. • Working to complete implementation of the Cladding Remediation Act. • Contributing to SG response to Grenfell Tower Inquiry Phase 2. • Developing Business Case for corporate approval and publication. • Ongoing management of Glasgow Harbour development. <p>Priorities for 2025-26: The priorities for action on cladding in 2025 -26 includes:</p>

	<ul style="list-style-type: none"> • Delivering assessment and commence remediation for properties that have been part of our 'pilot' programme and for which the Scottish Government is taking responsibility in the absence of an identified developer. • Completing the implementation of the Housing (Cladding Remediation) (Scotland) Act 2024. • Conclude the Developer Remediation Contract negotiations to enable the assessment and remediation of affected properties by the relevant developers. • Continuing to improve communication with residents and owners affected by cladding. • Working with partners to develop and deliver new schemes to support risk mitigation, identification and prioritisation of assessment and remediation. <p>For more information please visit: Written question and answer: S6W-32849 Scottish Parliament Website</p>
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Transport

List of Capital Infrastructure Projects	Update
Rail services, infrastructure and maintenance	<p>This programme invests in existing trains to ensure resilience and underpin the continuing provision of rail services across Scotland in 2025/26 together with the ongoing maintenance and renewal of the existing rail network and infrastructure preparations for the introduction of new fleets in 2030s</p> <p>Most notably of the portion of the budget allocated to rail enhancements in 2025/26, over the next year we plan to complete the electrification and enhancement of the East Kilbride route along with commencement of key works in Fife to enable new fleet introduction via Network Rail, and via ScotRail, plan to initiate the invitation to tender for the replacement of ScotRail's Intercity fleet of trains,</p>
Ferries replacement programme and investment in ports and harbours	<p>The 2025-26 budget supports our major investment in ferry services across the west coast and northern isles routes. In addition to the routine repairs and maintenance programmes for vessels and ports, delivered by CMAL and the service operators, it enables work to continue on the Islay and Little Minch vessels and other major vessel projects.</p> <p>The first of our six new major vessels, MV Glen Sannox, was successfully deployed on the Arran route from January 2025, and the remaining five major vessels currently under construction will be delivered over the coming months.</p> <p>Procurement of the seven new electric vessels in Phase 1 of the Small Vessel Replacement Programme is nearing completion, with contracts expected to be signed by CMAL in March 2025.</p> <p>The 2025-26 budget also makes provision for significant investment in ports and other infrastructure, including the potential purchase of Ardrossan Harbour, should ongoing due diligence work and agreement of a fair settlement be reached with the port owners.</p>
Dualling the A9	<p>Using the budget allocations for the 2025-26 financial year we expect to deliver the following:</p> <ul style="list-style-type: none"> - Continue construction of the section between Tomatin and Moy - Award the contract and commence construction of the section between Tay Crossing and Ballinluig - Commence and progress procurement of the section between Pitlochry and Killiecrankie - Progress advance works contracts including archaeology works, utility diversions, under rail track drainage crossings and tree felling works - Continue work to update the Outline Business Case and provide advice to support a decision on the procurement route for the five remaining sections between Killiecrankie and Slochd - Progress work to complete the development and assessment of the preferred option for the section between the Pass of Birnam to Tay Crossing and publish draft Orders and the Environmental Impact Assessment report.

	- Complete the acquisition of land process for sections between Killiecrankie and Glen Garry, Crubenmore and Kincaig and Dalraddy to Slochd.
Improving the A83	The 2025-26 capital budget of £18.5 million to address the landslip challenges at the A83 Rest and Be Thankful will allow continuation of progression of the project through the statutory authorisation process, following the publication of draft Orders in December 2024. It will also enable the continuation of design development and ground investigation work for the long term solution. In addition the budget will enable the Scottish Government to continue to progress improvements to the existing Old Military Road through the Glen Croe corridor to make it a more resilient diversion route until the long term solution is in place.
Improving the A96	Using the budget allocations for the 2025-26 financial year we expect to progress the following: A96 Dualling Inverness to Nairn <ul style="list-style-type: none"> • Complete work to determine the most suitable procurement option for delivering the A96 Dualling Inverness to Nairn (including Nairn Bypass) and thereafter a timetable can be set in line with available budgets. • A market consultation was launched on 24 February 2025 to inform further decision-making for completion of A9 Dualling and also seek industry views to inform development of the procurement approach for the A96 Dualling Inverness to Nairn (including Nairn Bypass) and A9/A96 Inshes to Smithton projects. A96 Corridor Review <ul style="list-style-type: none"> • Prepare a consultation report for the A96 Corridor Review, which was undertaken as part of the then Bute House Agreement, and support Scottish Ministers in making a final decision on how best to take forward improvements along the corridor. • The Scottish Government's position has not changed – we remain in favour of full dualling of the A96 and we are progressing the dualling process from Inverness to Nairn, including Nairn Bypass. • The detailed appraisal stage of the A96 Corridor Review was published for consultation. • The feedback received, which is now under consideration, will help inform the Scottish Government's final decision on how best to take forward improvements to the A96 whilst also balancing the demands of the challenging economic climate and the climate emergency.
Active and Sustainable Travel	The budget for active and sustainable travel in 2025-26 has been set at £176 million. This includes funding for active travel and bus infrastructure through the new delivery models as well as supporting programmes delivered by active travel delivery partners including the National Cycle Network. We will continue to distribute investment through Regional Transport Partnerships to support community projects and behaviour change initiatives.
Low Carbon Programmes	The capital budget for Low Carbon Programmes in 2025-26 has been set at £53.9 million. This investment is in projects for public electric vehicle charging, rural and island charging, low carbon consumer support, ScotZEB 2, Low Emission Zone Support Fund, HGV decarbonisation and freight modal shift. All projects are directly and strongly linked to FM's priority to tackle the climate emergency. The projects include work critical to enabling 27% of Scotland's emissions reduction by 2040, and enabling the development of a legally compliant Climate Change Plan in this Parliament. The projects also support broader priorities on public service reform and child poverty.
Woodside Viaduct	The 2025-26 budget for Woodside Viaduct is £23.5 million. This provides £20 million to allow the M8 to be temporarily propped and restore the motorway to four traffic lanes in each direction, in addition to £3.5 million for the development of the permanent works solution, following the appointment of technical advisers.
Road Safety Improvement Fund	The 2025-26 funding will continue to support critical safety infrastructure schemes focused on lowering risks and reducing casualties on local roads.
Highlands and Islands Airports Ltd	The HIAL Board approved a 2025-26 capital plan at their meeting on 19 February. This will now be submitted to TS for approval. Larger projects include runway and taxiway works at Kirkwall Airport and pavement works and a drainage refresh on the main runway at Sumburgh Airport.

Strathclyde Partnership for Transport	<p>The 2025-26 budget has been confirmed and £12.4 million has been allocated for SPT General Capital Grant (LG Portfolio) for core bus and subway operations and partner projects.</p> <p>This is in addition to the £25.1 million allocation to the Glasgow Subway Modernisation Programme supporting the delivery of new rolling stock, signalling and control systems, new ticketing system and station improvements.</p>
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