

4 December 2023

Richard Leonard MSP
Convener
Public Audit Committee
Scottish Parliament

By email

Dear Convener

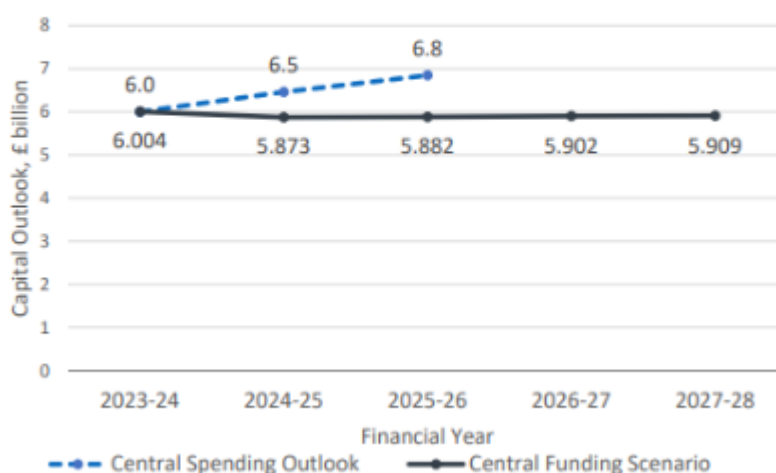
Investing in Scotland's Infrastructure

On 2 November 2023, I provided evidence to the Committee on my briefing paper [Investing in Scotland's Infrastructure](#). During the meeting, Committee members requested further information, which I have responded to below. Specifically:

Capital budget

The Scottish Government's [medium-term financial strategy \(MTFS\)](#), which was published in May 2023 sets out the challenging financial outlook. Figure 15 of the MTFS sets out the difference between the central spending scenario and the expected capital funding. In total, by 2025/26, the Scottish Government expects a £900 million gap between its spending plans and the available funding.

Figure 15: Funding outlook (excluding FTs) compared with spending outlook from 2023-24 onwards



The Scottish Government will publish its 2024/25 budget and multi-year spending plans in December, this will provide more information on its capital spending plans. It will also publish an updated MTFS in Summer 2024.

Infrastructure investment plan projects

In paragraph 21 of my briefing, I say:

By June 2023, out of 45 projects, the costs of eight had increased, 13 had been delayed and a further three had been paused.

Mr Simpson requested the details of these projects. Appendix 1 sets out this information by project. It is taken from the June Major Capital investment update annex B which shows projects with a budget of £5 million or more and are passed the outline business case approval stage.

The table in Appendix 1 shows the projects which have had a change in cost or timescales between September 2022 and March 2023. Several projects are awaiting business case approval which will affect the timing and costs of the project. We expect further details when the Scottish Government publish its updated list of infrastructure projects alongside the 2024/25 budget, and the next Major Capital Investment update. Due to the challenges in tracking these projects, which I report on in paragraph 9 of the briefing and we discussed at the session, an element of judgement has been used to determine whether a project is delayed or paused.

Expiring PFI projects

At the evidence session on the 2 November Mr Beattie asked about expiring private financed contracts, Appendix 2 shows the list of contracts which are due to end before 2030. These are compiled from information published by the Scottish Government on their website. Individual bodies will be able to provide more detail on the steps they are taking to prepare for the end of the contract.

Yours sincerely

Stephen Boyle
Auditor General for Scotland

Appendix 1 – IIP projects

Project		Status	Cost increase (£m)	Delay	Reason
A9 Dualling Tomatin to Moy	Delay	Procurement	n/a	Unknown	New procurement required
CMAL - Two New 100 metre Ferries	Delay	Construction	n/a	3 to 9 months	Build errors
HMP Barlinnie Programme of Works	Delay	Operational	n/a	1 month	labour shortages
HMP Highland	Delay	Procurement	n/a	4 months	scope changes
NHS Ayrshire and Arran - National Treatment Centre	Delay	Awaiting FBC approval	n/a	Unknown	Awaiting FBC approval
NHS Fife: Elective Orthopaedic Centre	Delay	Operational	n/a	3 months	Market conditions
NHS Forth Valley - National Treatment Centre	Delay	Construction	n/a	3 months	quality assurance process
NHS Lothian - Short Stay Elective Centre	Delay	Awaiting FBC approval	n/a	Unknown	Awaiting FBC approval
NHS Western Isles: Barra & Vatersay community campus	Delay	awaiting OBC approval	unknown	unknown	
National waiting times centre board - hospital expansion programme - phase 2	Delay	Construction	n/a	4 months	scope changes
Aberdeen Baird Family Hospital and ANCHOR Centre	Delay and cost increase	Construction	16.3	2 months	Quality assurance process and changes to scope

Project		Status	Cost increase (£m)	Delay	Reason
NHS Highland - Highland Elective Care Centre	Delay and cost increase	Operational	5	1 month	multiple
NHS Tayside - Electrical Infrastructure Zone 2 - Radiotherapy, Maternity and West Ward Block	Delay and cost increase	Construction	2.4	6 months	construction costs and covid-19 measures
Borders Railway Decarbonisation	Paused	Paused	unknown	unknown	Refresh of decarbonisation action plan
Fife Decarbonisation	Paused	Paused	unknown	unknown	Refresh of decarbonisation action plan
NHS Lothian - Re-provision of Eye Services	Paused	FBC development	unknown	unknown	Awaiting FBC
Dunfermline Learning Campus (College Element)	Cost increase	Construction	11.6	n/a	Changes to scope and inflation
East Kilbride Rail Enhancement	Cost increase	awaiting FBC approval	12.8	n/a	Changes to scope
National Facility for Women Offenders	Cost increase	Construction	4	n/a	Market conditions
NHS Lothian - Edinburgh Cancer Centre	Cost increase	Construction	0.2	n/a	market conditions
Reston and East Linton Rail Stations	Cost increase	Operational / construction	3.2	n/a	construction costs

Appendix 2 – Expiring PFI contracts

Project name	Procuring authority	Sector	Year ending	Capital Value (£m)
Kilmarnock Prison	Scottish Prison Service	Justice	2024	32.0
Tippethill (Bathgate)	NHS Lothian	Health	2025	2.3
New Craigs Hospital	NHS Highland	Health	2026	16.5
Ayrshire College-Kilwinning Campus	Ayrshire College	Further Education	2026	8.6
Falkirk Schools PPP1	Falkirk Council	Schools	2026	65.0
East Renfrewshire Schools PPP1	East Renfrewshire Council	Schools	2026	14.2
Police Force Training Centre	Police Scotland	Justice	2026	17.0
Dalmuir	Scottish Water	Waste	2027	32.2
Carseview Centre	NHS Tayside	Health	2027	10.0
Highland Schools PPP1	The Highland Council	Schools	2027	17.0
Balfron Schools	Stirling Council	Schools	2027	16.5
Perth & Kinross Office	Perth and Kinross	Other	2027	15.0
Larkfield	NHS Greater Glasgow and Clyde	Health	2027	10.0
M6 DBFO	Transport Scotland	Transport	2028	96.0
Aberdeenshire Schools PPP1	Aberdeenshire Council	Schools	2028	14.3
Royal Infirmary of Edinburgh	NHS Lothian	Health	2028	180.0
Wishaw General	NHS Lanarkshire	Health	2029	100.0
Fife Schools PPP1	Fife Council	Schools	2029	40.4
Argyll & Bute Waste Management	Argyll and Bute Council	Waste	2029	21.7

Project name	Procuring authority	Sector	Year ending	Capital Value (£m)
Ellen's Glen House	NHS Lothian	Health	2029	2.7
AVSE (Almond Valley Seafield & Esk)	Scottish Water	Waste	2029	105.0
Tay	Scottish Water	Waste	2029	83.9
TOTAL				900.3