



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Public Audit Committee

**Thursday 7 March 2024**

**Session 6**



**The Scottish Parliament**  
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - [www.parliament.scot](http://www.parliament.scot) or by contacting Public Information on 0131 348 5000

---

**Thursday 7 March 2024**

**CONTENTS**

	<b>Col.</b>
<b>DECISION ON TAKING BUSINESS IN PRIVATE .....</b>	<b>1</b>
<b>“INVESTING IN SCOTLAND’S INFRASTRUCTURE” .....</b>	<b>2</b>

---

**PUBLIC AUDIT COMMITTEE**

**8<sup>th</sup> Meeting 2024, Session 6**

**CONVENER**

\*Richard Leonard (Central Scotland) (Lab)

**DEPUTY CONVENER**

\*Jamie Greene (West Scotland) (Con)

**COMMITTEE MEMBERS**

\*Colin Beattie (Midlothian North and Musselburgh) (SNP)

\*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

\*Graham Simpson (Central Scotland) (Con)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Morag Angus (Scottish Government)

Dr Alison Cumming (Scottish Government)

Alison Irvine (Transport Scotland)

Alan Morrison (Scottish Government)

Peter Reekie (Scottish Futures Trust)

Alyson Stafford (Scottish Government)

**CLERK TO THE COMMITTEE**

Lynn Russell

**LOCATION**

The James Clerk Maxwell Room (CR4)



## Scottish Parliament Public Audit Committee

Thursday 7 March 2024

*[The Convener opened the meeting in private at 09:19]*

10:00

*Meeting continued in public.*

### Decision on Taking Business in Private

**The Convener (Richard Leonard):** Good morning. I welcome everyone to the eighth meeting in 2024 of the Public Audit Committee.

The first item of business on our agenda was to consider our work programme in private, which we have now successfully done.

Agenda item 2 is a decision whether to take agenda items 4 and 5 in private. Does the committee agree to do so?

**Members** *indicated agreement.*

## “Investing in Scotland’s infrastructure”

10:00

**The Convener:** The principal item on our agenda this morning is an evidence-taking session on the Auditor General for Scotland’s briefing paper, “Investing in Scotland’s infrastructure”. I welcome our witnesses, who have joined us in the committee room.

I am pleased to say that we are joined by the director general of the Scottish exchequer, Alyson Stafford. Alongside her are witnesses from the Scottish Government: Morag Angus, chief surveyor; Dr Alison Cumming, director of budget and public spending; and Alan Morrison, deputy director of health infrastructure, investment and personal protective equipment. We are also joined by Alison Irvine, interim chief executive, Transport Scotland, and Peter Reekie, chief executive, Scottish Futures Trust.

In light of the timetabling this morning, we have agreed that there will be no opening statement and that we will go straight to questions. I will begin by asking the director general of the Scottish exchequer a straightforward question: is there any change to the Scottish Government’s capital allocation following yesterday’s budget statement?

**Alyson Stafford (Scottish Government):** The short answer is no. There was no uplift for 2024-25 and, obviously, there is no change to the budget position that was agreed by Parliament only a matter of days ago.

There is a key statistic relating to the outlook for future years that members should be aware of. Yesterday’s figures show us that, over the period 2023-24 to 2027-28, we will experience an 8.7 per cent real-terms reduction in Scotland. That is of the order of £1.3 billion.

**The Convener:** Okay. Is that a reduction in the block grant figure? Changes are also projected to be made in the financial transactions sums that you get, are they not?

**Alyson Stafford:** It is the block grant. As far as the financial transactions are concerned, the figures set out by the United Kingdom Government at this stage show nothing extending beyond 2024-25. It will be for a spending review to be conducted by the Westminster Government at some point before the new 2025-26 financial year or a budget plan to give us more information.

**The Convener:** This is almost a technical question, but why, in projecting forward, can you have with any certainty a sense of what the figure for a real-terms cut will be? We do not know what

inflation will be in two months' time, never mind two years' time, do we?

**Alyson Stafford:** That is a fair question. These are estimates, and estimates can change. They are drawn from the best data available to us—that is, from yesterday's Office for Budget Responsibility publications—and they have been updated to take account of what is used as the gross domestic product deflator, which was updated as part of yesterday's fiscal events.

You are right, convener. This is all about the information that we have; however, that will no doubt vary, because those things will and do vary. However, it is the best information that we have to work on.

The challenge comes with forward-looking or major capital programmes, where commitments have been made. That is interesting, and it raises a whole series of issues, but my operational colleagues who lead on those things are much more aware of all the different stages that have to be gone through between the concept and delivery for citizens of Scotland. However, this is the best information that we have at the moment.

**The Convener:** Thank you. My colleagues might have further questions on the subject of yesterday's budget statement, but I now turn to the Auditor General's report. I also want to take into account a letter that you sent to the committee on 29 January in which you addressed some of the points raised in our evidence session with the Auditor General.

One of the recommendations that the Auditor General made was on the extent to which you provide "clear and regular information" and the extent to which that information bears out whether it supports "wider governmental goals". He also commented on improving reporting on "individual projects and programmes" to better highlight cost overruns and/or delays. Will you update the committee on where you are in responding to the recommendations?

**Alyson Stafford:** Yes, certainly. It might be worth my initially putting on the record the overall position on the recommendations in the Auditor General's report.

The Scottish Government accepts the principles of the recommendations that Audit Scotland has set out. Some of the recommendations can be implemented only with the agreement of other parties; that is where this morning's conversation is really helpful, given that one of those other parties is the committee. The design for what was considered to be helpful to be seen and tracked through our capital project reporting was formulated and agreed by three parties: the Public Audit Committee—although it probably had a different name at that point—Audit Scotland and

the Scottish Government. What we present and set out in our reporting of the infrastructure investment pipeline is in a format agreed by those three parties, but we are very open to having another look at how the material is presented.

In the 2021 infrastructure investment plan, we set out to report at a different threshold, again with the committee's agreement. More things have now been brought into scope to be reported on, including major projects of more than £5 million and major programmes of more than £20 million. In terms of scope, that is where the threshold has been set, obviously to ensure that we would have a manageable amount of data and that the main things that were happening in infrastructure investment in Scotland could be captured. In each six-monthly report, we update the previous position.

Again, if you are interested in seeing different sorts of information, how all of those string together right from outline business case through to full business case, areas where we have set out benefits realisation or a bit more about the trend data around these things, I am very happy to look at that. Overall, I am happy to accept that, and I am very open to working with the committee through the clerks and with Audit Scotland to formulate what might well be the next iteration of our reporting formats.

**Graham Simpson (Central Scotland) (Con):** You mentioned projects of more than £5 million and programmes of more than £20 million. What is the difference between a project and a programme?

**Alyson Stafford:** Programmes are often made up of subsets of projects. Some areas might lead on just one very specifically defined thing; that would be a project, and the area will work that through. Other areas will have a collection of activities, which they will manage as a programme. That is the distinction between the two.

**Graham Simpson:** We will probably ask you about the A9 later, but would you describe the A9 as a programme or a project?

**Alyson Stafford:** I would describe it as a programme.

**Alison Irvine (Transport Scotland):** The A9 dualling programme is a series of projects.

**Alyson Stafford:** It is probably one of the best examples, Mr Simpson.

**Graham Simpson:** Okay.

**The Convener:** As we are on the subject of roads, I am not going to ask about a local bypass in my region or anything like that, but a broader and probably more profound point here is how you

deal with competing interests. There is, of course, pressure for road building, road enhancements and so on, but such things might not be carbon neutral or carbon negative—they might be adding to emission levels. How do you reconcile the competing demands placed on you?

**Alyson Stafford:** The reconciliation has to take place with ministers around the Cabinet table trying to get the best fit between the objectives that have been set out.

If we think back to the means that we had for setting those overall objectives, what we had in 2021 was the infrastructure investment plan. That had been subject to consultation and there was a framework for what we envisaged would come through a capital spending review.

The infrastructure investment plan in 2021 set out three core strategic themes for guiding investment decisions. I see you nodding, convener, so you might well remember them, but just for quickness—

**The Convener:** I hope that you are not going to test me, director general.

**Alyson Stafford:** Of course not. I was just going to inform the committee that enabling the transition to net zero emissions and environmental sustainability was one of those strategic themes and the other two were driving inclusive economic growth and building resilient and sustainable places.

As you can see, there is potentially almost a little bit of tension between those three themes, and I suppose that the Government's role is to reach a judgment on what the overall balance should be. However, the plan set the context for that work, as well as the context for a capital spending review that was published at that time.

Two major challenges from all of that work have, however, impacted on the ability to fund capital projects in that time: a lower-than-expected capital grant from the UK Government—we have already talked a little about that and projected forward—and unprecedented levels of inflation. We had a real inflationary shock caused by Brexit and Ukraine, with supply chains and the labour supply all affected.

If you look at the Office for National Statistics data for construction inflation, you will see that “inflationary shock” is probably the right phrase to describe it. It hit its highest point in May, June and July 2022 at 10.7 per cent, which meant that prices were hiked up and, as a result, the extent to which the public pound could cover such things was stretched.

You asked about how we deal with that context and the conflicts that arise. I suppose that that has come out most starkly in the budget for 2024-25.

Between our spending review and the UK Government's, the reduction that we have seen as a result of those two events in 2021 will impact on the year that we are about to start—that is, 2024-25—to the tune of £435 million, as part of the £0.75 billion cut that came through the spending review.

Having to make difficult choices has therefore been particularly prevalent this year—that is the context. I am going to ask Alison Cumming to take us through the methodology and the sorts of things that the Scottish Government then had to take into account with a constrained budget when arriving at some of the choices for the budget.

10:15

**Dr Alison Cumming (Scottish Government):** The starting place for us with an annual budget and capital allocations is the extent to which expenditure is already contractually committed to multiyear projects or programmes. For legal reasons, that expenditure has first call on the budget allocation.

Beyond that, for this year, we looked at the category of essential spend, which involves not areas relating to contracts but areas that ministers considered that they had little choice but to invest in. Maintenance is a good example of that. There are, for example, a number of road maintenance projects where there are safety reasons for proceeding with that investment. Similarly, in health and other sectors, we need to keep investing in the estate to keep it operating safely.

That then leaves what we might describe as the headroom to consider what is available for projects and programmes that do not fall into those two categories—that is, continuing programmes and new projects from the pipeline that ministers are looking to commence. There are also some areas of capital spend that have come along since the infrastructure investment plan pipeline was put in place. One example in which there will be investment in 2024-25 is the expansion of free school meals and the provision of additional capital to local government to support the work on the kitchens and dining spaces required to support that policy.

When we start to consider headroom, we bring forward to ministers an assessment that includes consideration of how those different projects align with the IIP themes and also with the three missions set out in the policy prospectus for the Government. Ultimately, it becomes, for ministers, a question of prioritising those missions and projects. An area of spend that was prioritised in 2024-25 was to progress the building of replacements for HMP Inverness and HMP Barlinnie, which resulted in funding of £167 million

being allocated to the justice and home affairs portfolio to take forward those projects.

The other dimension in 2024-25, and in years since the co-operation agreement was reached with the Scottish Green Party, is the Bute house agreement commitments, and we also look at how they contribute to the missions. Obviously, they make a strong contribution to the opportunities in the IIP in relation to net zero and climate.

**The Convener:** Members of the committee will probe those issues in a bit more detail.

During the evidence session that we had with the Auditor General in November, he welcomed the single Scottish estate approach as a useful first step, but it was pretty clear from what he told us that he felt that it fell short of what was really required. In other words, operational buildings are not part of that approach, or certainly were not at the point at which he was putting together his briefing. Do you have any reflections on that? His view, which the committee shares, is that it is important that consideration is given to how the whole estate can be properly used and maximised.

In recent weeks, we have taken evidence about the fact that parts of our infrastructure—whether in our prisons or the health service—are reaching the end of their lives; in many cases, they have gone beyond the end of their expected lives. How are you approaching the development of a single Scottish estate approach that also takes into account the operational buildings?

**Alyson Stafford:** We recognise that it is an important issue. You will also, no doubt, have picked up on the drive for public service reform. Part of that will involve the nature of services and how people work together, but it will also involve a consideration of whether facilities can be repurposed or used in a different way. As you will know, the issue involves a massive footprint, and all of that needs to be worked through.

The chief surveyor can say a bit more about what is happening and the phasing around some of that.

**Morag Angus (Scottish Government):** Thank you, convener, for the opportunity to share some of the good reasons for the way that we have designed the programme. We understand why the Auditor General highlighted the point that you mention. As Alyson Stafford has said, it is important that every element of the estate is used efficiently and is considered in a way that moves us towards having a net zero estate.

The short answer to your question is that different governance applies to different elements of the estate. In general, the body that occupies a property is responsible for maintaining and

managing it, and it gets guidance from its overseeing body. With that comes the responsibility to assess and use the estate efficiently. Although the single Scottish estate programme will not address operational property directly, the accountable officer still has a role in looking at the efficient use of the estate at all times.

The programme will begin where it can have the most influence and impact, which is with the bodies that are within the remit of the Scottish public finance manual, which requires ministerial consent to major changes for administrative property. Where we are rolling out location-based reviews, if there is a sensible opportunity to also look at operational property, which will no doubt happen from time to time, we will do that. We might be able to deliver some of the wider benefits that the Auditor General identified through working with bodies that sometimes have administrative estates side by side with their operational property.

It is important that we work with public bodies and the rest of the public sector to deliver things that reflect their deep knowledge and understanding of how to deliver their services, which we cannot replicate and should not get in the way of, and that reflect local choices and local needs while driving an efficient and collaborative umbrella approach, so that we get the best use out of the ministers' estate.

**The Convener:** Can I pick you up on the point about different governance arrangements? Are you saying that they are an impediment and that they prevent you from doing that, or are you saying something different?

**Morag Angus:** They are a feature rather than an impediment. The way in which the Scottish Government has established itself allows bodies that responsibility, because the estate closely relates to their delivery needs. It is important to design an estate that relates to service delivery.

A few minutes ago, Ms Stafford referred to public service reform. The opportunity to look in a cohesive manner at how we deliver our services to the people of Scotland in the best way will flow from that governance, and the overarching programmes—I am sorry to use that word—are one way in which we can start to drive that more efficient umbrella approach.

**The Convener:** Okay. I think that cohesion is what we are after here. We are looking for cohesion in the operational side as well as the administrative side to make sure that we maximise the opportunities.

**Alyson Stafford:** May I come in? I will bring in Mr—



**Peter Reekie (Scottish Futures Trust):** Peter.

**Alyson Stafford:** I will bring Peter in. Do call me Alyson.

The important thing in public service reform is that the hard landscape is driven by the service needs, rather than the other way around. You will have the stats on the number of facilities. We are dealing with a big overall project and programme here. There is at least a commonality of the types of facilities and functions that take place in the administrative programme, whereas there is a wide variety of functions in service delivery. That is not to say that there is not opportunity; there are innovative ways of creating new areas that bring together activities that bring synergies for all users of the space, which also creates a cost-efficient model.

Peter, would you like to come in with the operational activity point of view?

**Peter Reekie:** Of course. The difference in governance, particularly between local authorities and the Scottish Government, is baked in, because there are different responsibilities in each place. That is why the Scottish Government and the Convention of Scottish Local Authorities agreed the place principle. I know that we talk a lot about place, but when people, location and resources combine to create a sense of identity, public services and public buildings are a massive part of that.

The place principle says that everyone who is responsible for providing services and looking after assets in a place needs to work together to plan with local communities. Community engagement, as well as engagement between the individual authorities, is important. Authorities also need to work with communities to improve people's lives, support inclusive sustainable growth and create more successful places.

Whenever authorities are thinking about new assets—wherever an investment is happening—they work together to make their place the best that it can be. There are some great examples of that. In Clackmannanshire, 75 police officers now do place-based working in the council building, and in Perth and Kinross, the 24-hour social work team for the council has moved into the fire station.

There is a role for big programmes of work, but there is also a role for the guiding principle that any authority can work together with other service providers in a place. We like to broker those arrangements place by place and instance by instance to get folk to work better together, as you said. That is important at the operational level as well as for the big national programme.

**The Convener:** We will have more questions about the estates and so on shortly, but I now turn to Colin Beattie, who has some points to put to you.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** The Auditor General's briefing paper says that

"it is difficult to get a complete picture ... of how"

the Scottish Government

"is directing funding to"

its infrastructure

"priorities."

That seems to be because there is limited supporting documentation on how projects are prioritised. I do not know whether "limited supporting documentation" is some kind of code for poor-quality record keeping, but there is no indication of how those projects contribute to wider policy outcomes, such as gender equality, climate change and so forth. Do you agree with that?

**Alyson Stafford:** The short answer is no. I will ask Alison Cumming to come in with some of the specific things that we are able to do.

**Colin Beattie:** Do you agree with the Auditor General's briefing?

**Alyson Stafford:** I agree with the spirit of the recommendations—

**Colin Beattie:** Okay.

**Alyson Stafford:** However, on whether we can point to data on how our budgets are impacting on various things, I say that we do, indeed, have some data—I am not saying that it is perfect, but there is some data.

Alison Cumming, as the director of budget, will be able to go through some of the things that are set out in our budget and other supporting documents.

**Colin Beattie:** Alison, you could perhaps answer the question that I am about to ask, which is related to that point. What work are you doing to improve reporting on major capital projects and infrastructure investment plan progress, including providing the information in tabular form, for example, which would make it easier to track over a period?

**Dr Cumming:** To deal with the picture of how we provide the information on the prioritisation process and how the projects and programmes that are funded contribute to different outcomes, I point to a couple of publications. We are developing our approach to carbon assessment of resource and capital budget decisions, and we published a more developed carbon assessment alongside the 2024-25 budget that covered

resource and capital spend and looked at a taxonomy approach to how different types of spend contribute to carbon emissions.

In January this year, we also published an updated carbon assessment of the 2021 infrastructure investment plan that seeks to develop our approach and recognise that we are still learning how to do that—approaches are still being developed internationally across Governments—and that we can still make improvements.

We also publish an annual equality and fairer Scotland budget statement, which sets out how the minister's duties in relation to advancing equalities and the fairer Scotland duty have been considered in decision making.

I take the point that we could do more to provide information about what has driven some of the individual decisions and how they relate to missions and the Government's priorities. We are looking to incorporate that information in the work that we are doing now to refresh the IIP pipeline and revisit the multiyear capital outlook.

I envisage that we will publish a greater amount of information than you have perhaps seen in the past. Although some information on those points was set out in the capital spending review, I take the point that it was perhaps not granular to the level of individual projects and outcomes.

10:30

Through the engagement with the committee and Audit Scotland to which Alyson Stafford referred, we are considering how we can improve reporting. I am sympathetic to the point about having information in the tabular form that Audit Scotland colleagues made when they gave evidence to the committee in November. We could look to provide that.

Having come into this role when the reporting had already been agreed, I can see that there would be benefits from being able to see in one report how things flow through from when they were first reported to now. We could make some straightforward changes that would significantly help the committee and Audit Scotland with that line of sight. We have put the data out there, but not necessarily in a way that is as easy to follow and track as it could be. We could make more of an effort on that so that others do not have to try to track it through themselves.

**Colin Beattie:** Another comment from the Auditor General was that it was

“difficult to track the progress and spending of individual”

IIP

“projects and programmes.”

Do you agree with that?

**Dr Cumming:** We have put the information out there, but we might not always have put it in a format that shows clearly how it tracks from one period to the next. I want us to address that through the enhancements that we are looking to make to our reporting, subject to the committee and colleagues at Audit Scotland being content with that approach.

**Colin Beattie:** To what extent were emissions reduction and equality considerations taken into account when the IIP was being developed, and how will you weave them into the consideration of the next IIP?

**Dr Cumming:** We undertook carbon assessments and equalities impact assessments as the IIP was produced and we published them alongside it. We have enhanced the carbon assessment, given that our approach is now more sophisticated than it was at the time of publication. We have also used an enhanced approach on equalities with ministers for the 2024-25 budget round whereby we draw in equalities considerations at an earlier stage of the decision-making process and bring them to ministers.

There will be trade-offs and judgments for ministers to make on prioritisation when we look across equalities, carbon emissions and various other factors. However, we increasingly present evidence in a way that allows ministers to understand those trade-offs when they take those decisions and to publish the result of those deliberations alongside the budget documents, a spending review document and the infrastructure investment plan.

**Colin Beattie:** I have one final question for clarification. Alyson Stafford, you said that the Scottish Government had accepted all the recommendations in the briefing, but you have also indicated that there are parts of it that you do not accept. You have indicated one of them. Are there other areas in the briefing that you have reservations about?

**Alyson Stafford:** The main one relates to reporting and what was previously seen as the right balance between what is given a granular level of detail and what is left as other areas within programmes. For example, the infrastructure investment plan set aside money for Scottish Water in the order of billions but the project pipeline focused in on around £800 million to £850 million, because that was specific to some major works on water treatment centres.

In the data and tracking, it is about working through the distinction between what is provided and what will now be helpful. As I said at the start, I am happy to work through what will now be helpful, recognising that it was previously pitched

at what was felt to be helpful. We want to continue to be helpful.

**Colin Beattie:** We appreciate that, but we take what the Auditor General says literally, and we assume that he has access to any information, documents and so on that are available. If he says that it is difficult to get a complete picture of how the Government is directing funding to infrastructure priorities, we tend to take that at face value. I hear what you say but does it mean that the Auditor General did not get full access to all the information that he needed, and that that led him to his conclusion?

**Alyson Stafford:** By all means, follow that up with the Auditor General, but whatever data is requested is shared. The Auditor General drew on publications and other things that are available. If it would be helpful to set out more things in publications, we are happy to consider that with the committee and with the Auditor General.

**Colin Beattie:** I will leave it at that. Thank you.

**The Convener:** Thank you for that undertaking, director general.

I will bring in the deputy convener, Jamie Greene.

**Jamie Greene (West Scotland) (Con):** Good morning to our panel of guests, and thank you for your comments thus far. I want to follow on from the conversation that we have started. My first question is topical and comes off the back of yesterday's UK budget statement. I have a specific question—this might be a matter of correcting my knowledge. Analysis, which I think is publicly and widely available, states that £295 million of Barnett consequential were announced in the statement, but that that was revenue as opposed to capital, as you rightly said. Is there any flexibility in the system that would allow the Scottish Government to convert revenue funding to capital if it chose or desired to do that?

**Alyson Stafford:** There is a technical ability to convert resource to capital so that the money will be spent on capital. That is correct.

**Jamie Greene:** So that £300 million could, in theory, be converted to the capital budget, which I presume would go some way to filling the £1.3 billion shortfall that you have projected—I think that that is the figure that you gave.

**Alyson Stafford:** It is £1.3 billion in real terms.

**Jamie Greene:** The consequential could be used in that way. Have you had a discussion with ministers about that?

**Dr Cumming:** They could be used for that. I would point to the fact that a resource-to-capital transfer was assumed in the funding position for budget 2024-25. The totals in that reflect an £89

million transfer from the resource budget to the capital budget. That flexibility is technically available to Scottish ministers in our fiscal framework.

That will be considered in the round along with the pressures on the resource budget. The resource consequential that came through yesterday are in large part about addressing 2023-24 pay pressures in health. Obviously, there are resource budget pressures that are closely associated with the reason for providing the consequential. Ministers will consider those matters and factors in reaching a view on how the consequential are applied.

**Jamie Greene:** Absolutely—that is a decision for ministers. What I am getting at is that the figures that you gave were forecasted real-terms cuts, whereas that is potential real cash as opposed to deflationary-valued money. In other words, the money could go some way towards dealing with any potential deficit, should it be spent in that way. Further, it is new money—it did not exist yesterday morning, for example—so I presume that you had not already forecasted it in your budgets.

**Dr Cumming:** You are correct that it is new money. It is actually a lower value than the in-year consequential that we received in 2023-24. Without getting too far into the details of the budget position, I think that ministers would debate the extent to which it is new money that is available for new things. They would point out that, in effect, it is making good part of the funding that they received on a non-recurrent basis in 2023-24 through the final supplementary estimates process.

Alyson Stafford has set out the way in which we are all working because the UK Government has not published specific spending plans beyond 2024-25. We are working from OBR projections, but our analysis of those projections point to small cash reductions in the capital allocation over the five-year period. As well as the real-terms reduction, there are likely to be some small capital cash reductions if the OBR projections of UK Government spending plans are borne out by subsequent decisions.

**Jamie Greene:** Ms Stafford, where are you getting the 8.7 per cent figure from? What is it made up of? The briefing that we have from the Auditor General forecasts that it will be 7 per cent, and we have heard other individuals talk about 10 per cent. You have today mentioned 8.7 per cent, which is a new figure. What levels of future inflation are you basing that on, based on the latest revised inflationary rates?

**Alyson Stafford:** The period that it covers is 2023-24 through to 2027-28. The 8.7 per cent

real-terms reduction is from a calculation that is based on the inflation data that we heard yesterday. You said that you have heard a forecast of 10 per cent—that is across the same time period that I have given you, but yesterday's inflation changes moved the 10 per cent to an 8.7 per cent real-terms reduction.

**Jamie Greene:** In other words, it is a moving feast. If and when inflation reduces, that number reduces, and it has already reduced substantially in the past few days. Is there a possibility that the 8.7 per cent figure could become 5 or 4 or 3 per cent?

**Alyson Stafford:** You would not expect me to speculate on a number, but I can reflect the calculation that the Office for Budget Responsibility provided at yesterday's fiscal event. It goes straight back to the convener's first question about how certain the numbers are. They will vary but, as I say, it is not for us to speculate on the extent and direction of that variation. We work with the OBR's numbers, and that figure is the latest. Thankfully, the committee has it hot off the press from yesterday's analysis.

**Jamie Greene:** We do, and it is certainly moving in the right direction, which is positive. However, it perhaps raises a wider question. I presume that, when a lot of projects were budgeted for in the first place, we were in a different world, where inflation was extremely low and interest rates were almost non-existent, at towards 0 per cent. When the Scottish Government's various directorates were forecasting the costs of large infrastructure projects, to what extent were they budgeting for a potential rise in interest rates? In other words, was the total cost of a project based on the interest rates that existed at the time? Might it have been more prudent to factor in any potential rise in interest rates, knowing that there was a possibility that they could increase? Where do we sit against that? How realistic were those forecasts?

**Alyson Stafford:** There are two things to say about that. The infrastructure investment plan was set out in February 2021, but when we track what happened with construction inflation, we can see that it peaked some time after that. Obviously, the programmes and projects that were being worked on, shaped and developed to such an extent that they were then named in the infrastructure investment pipeline had been developed to a level at which there was at least some fair estimates of what the costs were going to be.

It is fair to say that the inflationary shock—and it was a shock—was an order of magnitude change that reset prices, having been driven by the exceptional things that we lived through. On the back of the pandemic, Brexit and Ukraine impacted on supply chains and the cost of energy

for the production of some raw materials, and so on. A combination of factors set the inflation level rocketing during that time, which meant that the public purse did not go so far.

You are asking whether the level of estimates and the building in of some degree of variability is reasonable. Those things are often driven by the industry standards that people draw on. It might be useful to turn to Peter Reekie for his insights into the construction sector, Morag Angus, who will have data on the procurement sector, and Alison Cumming, who can speak from the point of view of specific things on roads. If you would like to hear some specific examples, I would turn first to Peter Reekie. We do not necessarily need to go through everybody, but it might be useful to do so.

10:45

**Jamie Greene:** Before you do that, other members might want to speak about specific projects, which would give you an opportunity to elicit some of the detail.

I presume that, when you were looking at overall budgets five to 10 years ago, at the conception stage, buffer zones would have been introduced to cover potential rises in costs or inflationary costs—those could be rises associated with pure inflation or other associated rises. However, it seems that all the headroom has gone completely, and that that is the reason why you are now making prioritisation choices as opposed to wondering how to pay for things that have already been committed to.

**Alyson Stafford:** Perhaps Peter Reekie could come in on the overall approach to shaping projects.

**Peter Reekie:** On every project that takes place over a number of years, an assumption has to be made about what the inflationary increases will be. When you get to a certain point in a contract, those are often crystallised in the contractor's price. Sometimes, if there is an inflation clause built into the contract, the contractor's price is subject to variability with inflation. Often, it turns into a fixed price at the point of contract award. However, prior to that, an assumption has to be made.

As Alyson Stafford has said, when the IIP was published in 2021, the expectation for the three-year inflation rate was in the order of 11 per cent. However, inflation during that period was 11 per cent plus at least half as much on top of that. There has been an inflation shock that was not built into the estimates in 2021.

Anyone can argue that we could have allowed a higher estimate—you can always have a different estimate—but the fact is that the best estimates

that were available at the time were used at that time. It has turned out that inflation over that period has been higher than those estimates suggested that it would be, just as inflation in the economy overall has been higher than anyone in 2021 thought that it would be.

There has been a reduction in spending power from the money that is available, and at the peak that Alyson Stafford talked about, the construction industry was probably running ahead of general inflation. However, it has been about the same overall, so the spending power has reduced from what was anticipated.

**Jamie Greene:** Let us face it: very few large-scale infrastructure projects come in under budget, and all governments suffer from things tending to overreach massively. It is a common problem.

However, I want to work out what on earth the Scottish Government will do next when choosing where to spend its money. It had a £5.9 billion capital budget last year. Although, arguably, that will reduce over the coming years, it is still a substantial amount of money, but it is clearly not enough to complete the projects that have hitherto been committed to.

The Auditor General was critical that it is unclear how the Government chooses to prioritise infrastructure spending. What process will the Government go through to decide whether to replace a prison or to build a national treatment centre, for example? There are clearly competing calls for both, depending on which objectives it is trying to meet.

**Alyson Stafford:** It will be for Scottish ministers to work those things through. It is a matter of briefly reprising the fact that the reference points will be the infrastructure investment plan, which will be in place until the next one is produced; the missions that were set out more recently, with the change of Government; and, naturally, a reversion to the hierarchy that Alison Cumming set out on the nature of decision making that took place for the budget for 2024-25.

Ministers will have to work through those contractually committed areas. Obviously, if a contract is in place and we are seeing a project through to its completion, which makes sense from a use-of-public-money perspective, ministers will look at the projects and programmes that are considered essential, whether for safety or maintenance reasons. Alison Cumming gave some very good examples.

It seems strange to use the word “headroom” when we are looking at a shrinking and constrained position, but where there is flexibility, the Government will choose its priorities so that it can move forward on its overall objectives.

**Jamie Greene:** Have you been able to—or have you had to—quantify the financial effect of the Bute house agreement commitments on previous capital commitments? In other words, have you been able to calculate the cost of meeting different objectives—inclusive growth, wellbeing or other net zero objectives—that did not exist when the projects were initially costed? Have you been able to calculate the cost of those changes in government?

**Alyson Stafford:** What I would note is that there is quite a lot of synergy. I will take you back to the three core strategic themes for guiding investment that came from the infrastructure investment plan, “A National Mission with Local Impact: Infrastructure Investment Plan for Scotland 2021-22 to 2025-26”. Theme 1 was

“Enabling the Transition to Net Zero Emissions and Environmental Sustainability”.

There has been a lot of what you might call going with the grain in the discussions around the Bute house agreement and how that works with regard to setting out the budget choices for 2024-25. As Alison Cumming said, the Deputy First Minister regularly met representatives of the Scottish Green Party, such that what was ultimately published was felt to progress what were considered to be the shared objectives.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Good morning. I have a slightly different perspective from that of Jamie Greene on the figures that were announced yesterday. Some of us certainly do not think that a £1 billion cut to Scotland’s capital budget is in any way encouraging, or that it is better news in comparison with the position last week. It represents a huge cut in the Scottish Government’s ability to carry out the programme that we have outlined today.

Alison Cumming said that

“the UK Government has not published ... spending plans beyond 2024-25.”

Why is that?

**Dr Cumming:** That is linked to the spending review periods that the UK Government has set; the current period ends in 2024-25. Our indications, which are borne out by what was presented yesterday, are that it will not be until after the next UK election that we see such plans, when the new UK Government—whichever party that may be—takes forward its own spending review. That Government will choose which period that covers, from 2025-26 onwards.

**Willie Coffey:** So the current spending review period is coterminous with the general election cycle.

**Dr Cumming:** That is the choice that the UK Government made in this instance.

**Willie Coffey:** I turn to Alyson Stafford. Is there any indication of whether we should expect those figures to change in the coming years? It is clear that we are facing a major event—a general election—this year.

As you and I know, and as everybody around the table knows, there are always discussions between current Governments and potential Governments that may be formed by other parties about spending intentions and commitments and so forth. Is there any indication that the picture may change?

**Alyson Stafford:** The only data that we have to work with is still what is published by the Office for Budget Responsibility. The OBR oversees the economic forecasts, and it will interpret the spending plans as best it can. A huge amount of UK resources goes on serving UK debt, and quite a lot of other things take priority before we get down to departmental spend, which is the key figure that impacts and informs the settlements for the devolved Administrations. We will have the OBR numbers, and those will provide us with the best—but not, by any means, the fixed—position to work with.

**Willie Coffey:** Alison Cumming, you set out clearly the way in which you approach changing circumstances. However, should the position change—you mentioned priorities, contractual commitments, health and safety commitments and so on—are we, as a Government, in a position to adapt to such changes in order to bring more projects or programmes into line? Is that the way in which we work, and is that how you advise ministers about what can and cannot be done if the financial picture improves in the coming years?

**Dr Cumming:** We have regular discussions with the Deputy First Minister, in her role as Cabinet Secretary for Finance, around the things in the budget that, because of the funding position, ministers were not able to fund at all, or to the level that they would have wished, to which money could be directed in order to have the greatest impact if additional funding were to become available for external reasons or because there had been an underspend as against existing spending plans.

I will give an example. Several times, in giving evidence to Parliament on the 2024-25 budget, the Deputy First Minister has spoken about how, should the capital position change, additional funding for the affordable housing supply programme would be a key priority for the Scottish Government. That is an example of a programme where it is possible to scale up spend in-year if the funding circumstances allow it.

**Willie Coffey:** You mentioned financial transactions. Did you say that we are not expecting any in the coming period? That will impact on the housing programme, will it not?

**Alyson Stafford:** Yes, it is very much linked to that. We will have financial transactions funding of £176 million in 2024-25. Interestingly, when the former First Minister set out the national infrastructure mission in the 2018 programme for government, we were expecting, and modelling, financial transactions of the order of £0.5 billion per annum. That just goes to show how things change. The financial transactions allocation of £176 million in 2024-25 represents a reduction of 62 per cent since 2022-23—or a reduction of £290 million, if you prefer numbers rather than percentages.

You are right, therefore—that funding can be used only for very specific things. As I am sure that you are aware, it is in the form of loans, rather than grants to people. It has been a material source for the affordable housing programme, and it has also been the means of financing the Scottish National Investment Bank for onward investments and attracting more investment into Scotland.

**Willie Coffey:** For the benefit of the committee—and, I am sure, of everyone else—can you say where the financial transaction money comes from? What is the source of that?

**Alyson Stafford:** It is part of the UK Government budget settlement so, again, it is calculated on consequentials. However, there are very specific conditions on how it can be used. Unlike block grant funding, which can, through bodies such as Transport Scotland, be spent and invested—for example, it can directly pay for contractors—financial transactions funding allows loans to be made outside the scope of the public sector. It is, therefore, another way of interacting with private sector investment, through loans that might be partnered with other private moneys to enable investment in things in Scotland.

**Willie Coffey:** How have we hitherto deployed the financial transaction money? What have we done with it? Where has it principally been spent?

**Alyson Stafford:** A large part of it has been spent on affordable housing. The other part has been spent on investment, through the Scottish National Investment Bank. If the committee would like a few examples of where it has been used in that respect, I could give one or two.

**The Convener:** I do not think that the committee needs examples of Scottish National Investment Bank portfolio investments; we can look those up elsewhere.

**Alyson Stafford:** Okay—that is fine.

**Willie Coffey:** My questions were as broad as I could make them, to retain the committee's interest, with regard to the source of that funding, its impact and the general direction of the spend, as well as the clear impact that there will be if we do not have that funding.

I will leave it there, convener, and invite colleagues to ask their questions.

**Graham Simpson:** Alyson Stafford, you have been asked a couple of times about the capital grant from the UK Government. Just so I can get it clear in my own mind, what was the overall block grant, and was it up or down on last year?

11:00

**Dr Cumming:** Is it the total figure that you are looking for?

**Graham Simpson:** The total—everything.

**Dr Cumming:** We have the capital figure in front of us; we are just finding the total figure.

**Alyson Stafford:** I am just making sure that I have the right sheet in front of me, too.

The UK grant allocation for 2023-24 is £5.574 billion; it is £5.636 billion for 2024-25.

**The Convener:** Is that capital or revenue, or both?

**Alyson Stafford:** That is capital.

**The Convener:** That is capital only.

**Graham Simpson:** I am asking for the figure for everything. What is the total block grant?

**Alyson Stafford:** Sorry—you are asking for the total block grant.

**Graham Simpson:** The total block grant.

**Alyson Stafford:** Overall, or capital?

**Graham Simpson:** Overall. Everything—capital and revenue.

**Alyson Stafford:** Okay—sorry. For 2024-25, the figure is £59.7 billion. For 2023-24, it is £60.3 billion.

**Graham Simpson:** Okay. So, you would say that that has gone down.

**Alyson Stafford:** Sorry?

**Graham Simpson:** According to your figures, the amount is less.

**Alyson Stafford:** The amount for 2024-25 is less than the amount for 2023-24.

**Graham Simpson:** Right.

**Alyson Stafford:** Just so you know what we are referring to—this might be helpful for the

committee clerk, too—the information is at page 106 of the “Scottish Budget: 2024-25” publication from December 2023. That is annex B.

**Graham Simpson:** We will check those figures.

Looking at the capital programme, you have been quite keen, Ms Stafford, to blame everyone else bar the Scottish Government for a series of delays and pauses. The committee had a list of projects from the Auditor General dated March 2023; you have since provided us with a very helpful update in your letter of January 2024. I am going through that, and I see that there are still delays, with projects held up and costs that have gone up. It makes for pretty grim reading. We cannot say that it is a one-year problem, because delays in projects have been going on for some time, have they not?

**Alyson Stafford:** To respond, first, to your question about the Scottish Government laying blame elsewhere, I think that I have been clear in my advice, and in my responses to the questions so far, that the capital delivery has had two particular challenges in the programme overall, and that has very much concerned the overall budget. We have seen reductions in the budget, and we have seen construction inflation. Those are the things that I have cited in particular as the challenges for managing a capital budget.

I accept that capital projects and programmes are subject to delays; everyone tries really hard to minimise those. Some delays happen because of appropriate due process, whether that involves consultation with local citizens or spotting an appropriate opportunity to change something in the operational areas that we have talked about and having the scope to do that.

I would like to bring some balance to the matter. There are different ways in which capital budgets can be utilised, and there is also a difference between doing that and then trying to get the most effective delivery when capital projects are taken forward.

**Graham Simpson:** I am all for balance. However, the A9 project, for example, has been delayed because of years and years of dithering in decision making. You could not possibly argue that the A9 delay is because of a one-year budget decision made elsewhere.

**Alyson Stafford:** This is probably the appropriate point for me to bring in the acting chief executive of Transport Scotland, because she will have PhD knowledge of what has been happening on the A9. If I may, I will bring in Alison Irvine.

**Alison Irvine:** Thank you for that question about the A9, Mr Simpson. You will be aware that the A9 has been subject to extensive inquiry by the Citizen Participation and Public Petitions

Committee. In fact, I was at that committee, along with some former chief executives of Transport Scotland, a few weeks ago, as was the then Cabinet Secretary for Transport, Net Zero and Just Transition, Màiri McAllan. There is quite a lot of information out there about where we are at with the A9 and where we will go next.

To pick up on your point about dithering, I highlight that the A9 is a £3 billion project—at 2008 prices—and it is a lengthy, complex and challenging programme of work to deliver. There has been extended consultation with communities and landowners along the route, which has taken a slightly longer period of time than we would have anticipated in 2008.

One fundamental reason for our current position with the A9, however, has been the change in status from the non-profit distributing revenue model that we had previously been using for some of our public-private partnership schemes. Peter Reekie can correct me if I get the date wrong, but I think that that change happened in about 2014. Work has been needed, therefore, not only from Transport Scotland but across Government, to identify opportunities and ways to fund the work. That is quite complex, as has been set out.

The programme that the cabinet secretary announced in December last year, which sets out our revised plans, gives quite a lot of detail. It gives a revised earliest completion date of 2035; sets out the intention for how some of the early projects will be funded; and refers to a 2025 decision point with regard to further use of the mutual investment model.

**Graham Simpson:** Mr Reekie, do you want to come in? You were mentioned.

**Alison Irvine:** That was just to confirm the date.

**Graham Simpson:** Okay. I am going to ask you about funding for the A9, but I will come back to that, if that is all right.

**The Convener:** Time permitting.

**Graham Simpson:** How much time do we have left for this session, convener?

**The Convener:** About 15 minutes at the most.

**Graham Simpson:** I will be very quick.

**The Convener:** That is not 15 minutes solely for you.

**Graham Simpson:** I understand that.

**Alison Irvine:** We could spend it all talking about the A9.

**Graham Simpson:** We could.

What is the refresh of the rail decarbonisation plan that is mentioned in some of your documents?

**Alison Irvine:** You will be aware that a rail decarbonisation plan was published in 2021. However, as a result of budget changes stemming from 2022, which impacted on some of the projects in that overall programme, we are taking a look at how best to deliver the decarbonisation of those assets.

**Graham Simpson:** Is that code for delay?

**Alison Irvine:** Funding decisions that were made in 2022 had an impact on our ability to deliver the plan. I think that that is set out in the major projects reporting information that members should have.

**Graham Simpson:** Essentially, that means that things such as the Fife project and the Borders railway decarbonisation will take longer.

**Alison Irvine:** It means that the timescales over which those things will be delivered will be different because no funding is available to deliver them.

**Graham Simpson:** The East Kilbride line work is a pretty major project. Work has started on electrifying that line and extending a loop, although I do not want to get into that level of detail. Can you confirm that, when that work is complete, there will not be electric trains running on that line initially?

**Alison Irvine:** I am sorry, but are you asking whether there will not be electric trains running on that line?

**Graham Simpson:** Yes—initially.

**Alison Irvine:** I am not sure where you got that information from.

**Graham Simpson:** ScotRail.

**Alison Irvine:** We are electrifying the route. The Barrhead section opened in December last year, and electric trains run on that. I am surprised to hear that ScotRail has said that there are not going to be electric trains.

**Graham Simpson:** We will take that offline.

I will go back to the A9. There is a serious question about how that work will be funded. A funding model that is very similar to a private finance initiative approach will be used for a number of sections of the A9. The Government says that it is against PFI. How can you have any level of certainty that those sections will attract funding?

**Alison Irvine:** First of all, no decision has been made yet. The commitment that ministers made was that there would be a decision point in 2025



on the funding stages for the remaining sections of the dualling programme. You will have seen in various other forms of evidence that, at this point, the mutual investment model, with the cost of borrowing, does not provide us with a value-for-money opportunity. The programme that has been set out by ministers in Parliament says that there will be a decision point at that time but, at this point, the earliest completion date in the programme assumes that that decision will be taken then.

**Graham Simpson:** Is that a decision on whether to proceed with that model of funding?

**Alison Irvine:** Yes. At that point, ministers will face a choice on prioritisation across not only the transport portfolio but the wider capital programme.

**Graham Simpson:** So there is a huge level of uncertainty about the funding model and therefore about whether those projects can go ahead.

**Alison Irvine:** I point to some of the evidence that Alison Cumming and Alyson Stafford have already given on the way in which we are operating at the moment. We have a one-year forward look in respect of what our future budget will be in our capital programme. We provide advice to ministers on the best possible options that they have, but the fact that we have to operate with no forward spending plan limits everybody's opportunity to make longer-term financial decisions. The information that we presented on the A9 is as credible and robust as it can be within the limitations of the information that we have at this point in time.

**Graham Simpson:** Do you agree that there is a great deal of uncertainty about whether we can use that funding model?

**Alison Irvine:** At this point in time, I can say that ministers have chosen not to use it. There is a decision point for them in 2025 on what funding model will be used. To a certain extent, we rely on the financial advice and financial information that are provided to us by a vast range of sources. I am not in any better or different position to come up with a forecast of what might or might not happen at that time.

11:15

**Graham Simpson:** You have said that ministers have chosen not to use that funding model, but—

**Alison Irvine:** No. I said that, in respect of the next three projects, ministers have chosen at this point in time not to use that funding model.

**Graham Simpson:** Yes, but following that—

**Alison Irvine:** Following that, a decision will be made in 2025 on whether a mutual investment model remains appropriate.

**Graham Simpson:** Okay. In the interests of the very short time that we have left, I will leave it there, convener.

**The Convener:** Excellent. Thank you.

With regard to the expiry of PFI contracts, what deliberations are made about those contracts? What support is given to the organisation, whether it is a local authority or another public body, to make the transition? Do you factor in alternatives to returning the contract in-house? Do you consider extending the role of the private contractor on the PFI contracts, if it is an operational matter? Do you consider putting the contract out to tender so that other private providers might come in, or is the default position of the Government that those contracts will return in-house, or come in-house?

**Alyson Stafford:** The issue is about the assets moving into public ownership. That is the transition. We turn to the expertise in the Scottish Futures Trust to support that transition, working with local partners in the particular area.

You asked about the nature of the support. Peter, please could you take us through what you do?

**Peter Reekie:** Yes, I am happy to do that. We have a small specialist team that works with public authorities, principally on accommodation projects. Our focus with regard to accommodation projects is on hospitals, schools that are operated by local authorities, a couple of colleges and a prison. We are encouraging the authorities that hold those PFI contracts to look at their options for the end of those contracts at least five years in advance.

In 2020, we published guidance on a programme approach to that, because individual public authorities, including local authorities, will face a number of common characteristics. We provide support in the form of an expiry review. By the end of the 2024-25 financial year, we expect to have done one of those reviews for all the accommodation projects that will expire this decade. That is about 20 accommodation projects this decade out of a total of about 40 projects in the next 10 years. Therefore, an awful lot of expiries are coming up.

We provide guidance on how to understand the asset condition better and particularly emerging information on the data that needs to be handed back with the asset. It is no good getting a building if you do not have all the records and information associated with it. As has been said, a number of staff will be involved in delivering those contracts who might have to transfer to different

organisations, and future maintenance contracts or self-provision by the authority will have to be planned for.

Most authorities deliver their facilities management services through a combination of direct service provision and some contracted-out services—maybe for specialist provision such as lifts. Every authority, when it has a PFI project that is coming to an end, will have to consider how it fits the future maintenance of that asset into its portfolio of existing facilities management. That is for the individual authority to determine. Our support is in helping them to think through the process involved. We have a template document for roles and responsibilities and the actions that they need to take and consider in that five-year period.

Our team is only three people, but we try to work with all public authorities that have accommodation projects coming to an end to get them in the best position. We strongly recommend that the time to start looking at that is around five years out—possibly more for the acute hospitals and complex projects. That work will be subject to the same resource pressures as all other work across the public sector is, but our guidance is there to help authorities to manage a smooth handover, because that is a resource-intensive phase. Similarly, getting into the contracts to start with is a resource-intensive phase.

**The Convener:** Thank you. That was a very useful introduction to that area. It sparks off in my thought process the idea that we might want to have an evidence session just on that, because it is a big area, and it will get bigger over the next few years.

We are short on time, but the deputy convener has a final question or two about maintenance backlog and estate issues.

**Jamie Greene:** Before I go on to maintenance, I want to give Mr Morrison the chance to say something. I am sure that he did not want to get out of bed early for nothing.

I have a specific question, Mr Morrison. I believe that you are in charge of health infrastructure investment. Will you give us some comfort that the remaining six of the promised 11 national treatment centres will go ahead? The briefing paper from Audit Scotland sheds some doubt on whether that is the case.

**Alan Morrison (Scottish Government):** All health projects in development are on pause, including the national treatment centres, so we do not have a timeline for those projects at the moment. If the budget position improved, we would have to prioritise them against all other projects in our portfolio that have been paused.

**Jamie Greene:** So will nothing be built at all?

**Alan Morrison:** It is ultimately for ministers to decide that, but I do not have a timeline for when the programme would restart.

**Jamie Greene:** I am sure that we can delve into that further. That is a worrying response.

On the capital maintenance backlog, the one thing that struck me as really concerning is in paragraph 26 on page 18 of the Auditor General's briefing paper:

"The Scottish Government cannot currently provide an overall figure for the level of capital maintenance backlog across the Scottish estate."

Is that because the information is not available or because the number is available but is just too scary? We know, for example, that the national health service backlog is over £1 billion, and I have heard figures of around £500 million for the Scottish Fire and Rescue Service. I am sure that there are figures for the prisons, the police estate and the courts. That is before we even take into account things such as uncovering reinforced autoclaved aerated concrete—RAAC—in buildings, which is still happening almost weekly.

Are we looking down the barrel of a complete disaster in maintenance backlogs with which we will never be able to catch up? That is perhaps a question for Ms Stafford.

**Alyson Stafford:** You will not be surprised that the infrastructure investment plan in 2021 set out the aim of doubling the spending on maintenance. The hierarchy that my colleague stepped us through a moment ago about how the 2024-25 budget allocation was applied included maintenance. It is still seen as a priority, for sure. Addressing the backlog will be a combination of maintenance where the estate can be made good and estate replacement strategies for some areas. That is worked through in each individual programme of activity.

**Jamie Greene:** Based on what we have just heard, there is no estate replacement strategy. It is all on pause. You have accumulated an immense backlog and you have talked at great length about the 2024-25 budget. It is absolutely right to look at what we have in the purse at the moment, but backlogs, by their nature, are an accumulation of underinvestment over a substantial period—a decade or more in some cases. Is it the case that we simply did not fix the roof while the sun was shining, which has left us in the precarious position of having billions of pounds' worth of backlogs from which we might never recover?

**Alyson Stafford:** I go back to what I said to Mr Simpson about balance. Ministers are alive to the issues and are certainly trying to strike the right

balance between maintaining existing estate and, where needed, replacing it and taking forward the advancement. However, we all agree that money that is not there cannot be spent.

**Jamie Greene:** But it was there. That is the point. It might not be there now, but it was there for many years.

**Alyson Stafford:** Actually, when you look back, you see that our capital budgets were much different from what they are now, and other areas around safety were taking absolute priority. The Queensferry crossing is one example of a priority project that needed to be taken forward. To keep some balance in our conversation, it was also one of the projects that was brought in on time and on budget.

That is to recognise that the judgments that ministers have made over the years have sought to get the best use of the public pound between things that had to be replaced from a safety perspective, such as the Forth road bridge. That took a significant proportion of the budget over a number of years. Those judgments have had to be weighed up.

Ministers remain committed to the sorts of things that you have heard them commit to but, at the same time, they need to be realistic about what can still be done with the moneys that are available.

**The Convener:** Thank you very much for that answer. We are right out of time. I apologise. You might be exhausted, but we have not exhausted our questions, and we might wish to put some of them in writing to you as a follow-up.

I thank Alyson Stafford, Alison Cumming, Peter Reekie, Alan Morrison, Alison Irvine and Morag Angus for their contributions. Their evidence has been very helpful, and it is part of a continuing dialogue that we have around many of those areas, which are very much of interest for the Public Audit Committee.

I draw the public part of the meeting to a close. The committee will go into private session.

11:26

*Meeting continued in private until 11:39.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

---

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

---

All documents are available on  
the Scottish Parliament website at:

[www.parliament.scot](http://www.parliament.scot)

Information on non-endorsed print suppliers  
is available here:

[www.parliament.scot/documents](http://www.parliament.scot/documents)

For information on the Scottish Parliament contact  
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: [sp.info@parliament.scot](mailto:sp.info@parliament.scot)

---



The Scottish Parliament  
Pàrlamaid na h-Alba